

## J. Michael Locke Musings

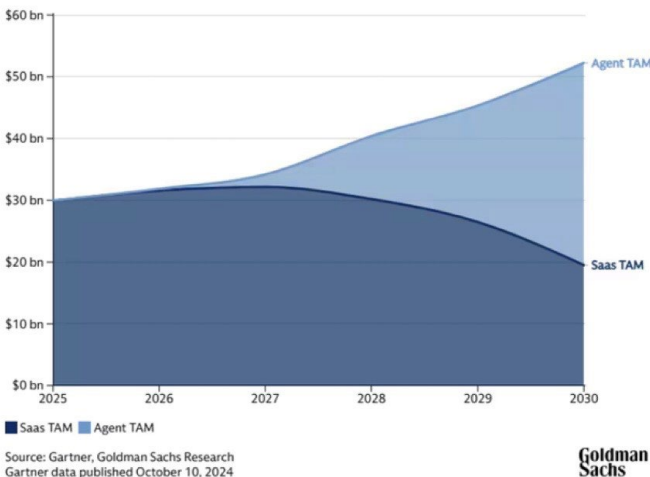
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### #278: Musing February 8, 2026

Is Ai going to kill software like video killed the radio star? Lots of value wiped out of software stocks this week after Anthropic released Claude Cowork which is reportedly very good at writing code. Non-computer people can just tell Claude what they want (called “vibe coding”) and presto, you have the software (ex. a website). Glad our son didn’t listen to me and major in computer science to pursue software development. I heard a podcast where the creator of Claude talks about how he manages a team of “agents” writing code rather than people. Welcome to the new world. Interesting graph from GS on how this affects the TAM (total addressable market):

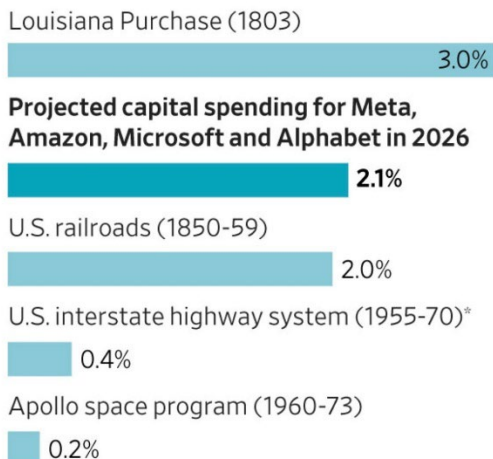
#### The profit pool in software is expected to shift toward AI agents

Illustrative shift in total addressable market (TAM) for software as a service (SaaS) and agents



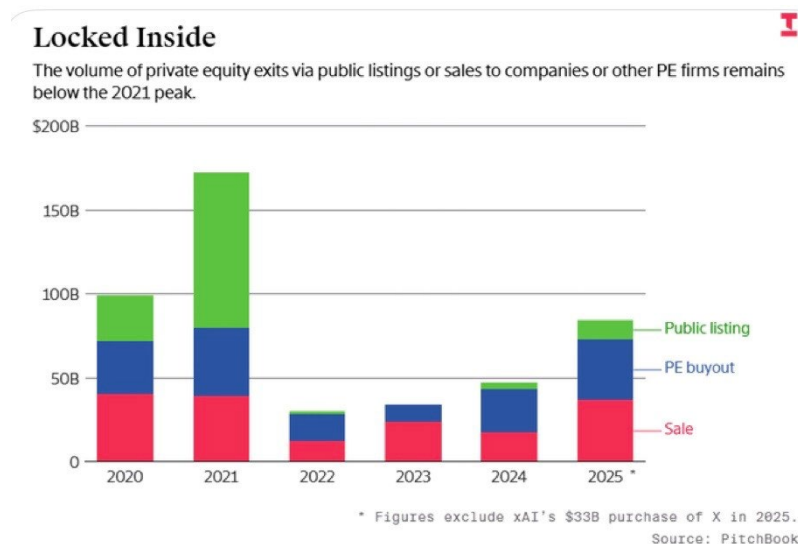
The major tech firms all reported earnings and the amounts being spent on Ai are staggering. It is estimated to be over \$700 billion this year. The tech firms are spending way more than our country spent to build our national rail system or get to the moon. From WSJ:

## Spending as percentage of GDP, annual average



I think I basically got it right last week when writing about gold and the value of the dollar although one reader pointed out to me that the gold market is not that heavily traded so if sizable investors moved from buying treasuries to gold it would cause major price movements in gold.

The private equity world is in choppy waters. After many years of great results, the last five years have been difficult. From Forbes: "Hundreds of private equity firms are now drowning in a sea of competition, searching for lifeboats of new capital as they cling to portfolios of nearly unsaleable investments. Meanwhile, their investors are losing patience." Hard to ask investors to accept an illiquidity premium. The S&P is outperforming most PE firms and you can cash out your money any day. Interesting graph on PE exits:



If you wanted another sign that "mainstream media" is dead, the Washington Post laid off 30% of its workforce causing protests. I don't understand why anyone thinks they have a right to a job or to Jeff Bezos' money. The business lost \$100 million last year. The journalists should focus on why they create

stuff people don't want to pay for.

Interesting fact: the average interest rate on credit cards is 24% according to the WSJ.

Watch the developing trend of three year bachelor degrees. The higher education ROI needs to improve. Shortening the degree to three years will help.

Watch the water issues out west. Near record low snowfall so far in Colorado which ultimately will mean less water in the Colorado river and trouble for California. (thanks Tom Formolo)

If you want to see incompetence and the dangers of a socialist system, visit the Western Springs, Illinois post office.

The Epstein files are just sad. Our society is infatuated with those with wealth (even if you can't figure out where it came from -- I say he was a Mossad agent). All you had to do was see the art in his house and know he was a bad guy yet the President of Harvard, Founder of Netflix, WH General Counsel and British Royalty are all hanging with him.

Who cares about the Olympics?

Not sure I even care about the Super Bowl other than commercials.

Jml