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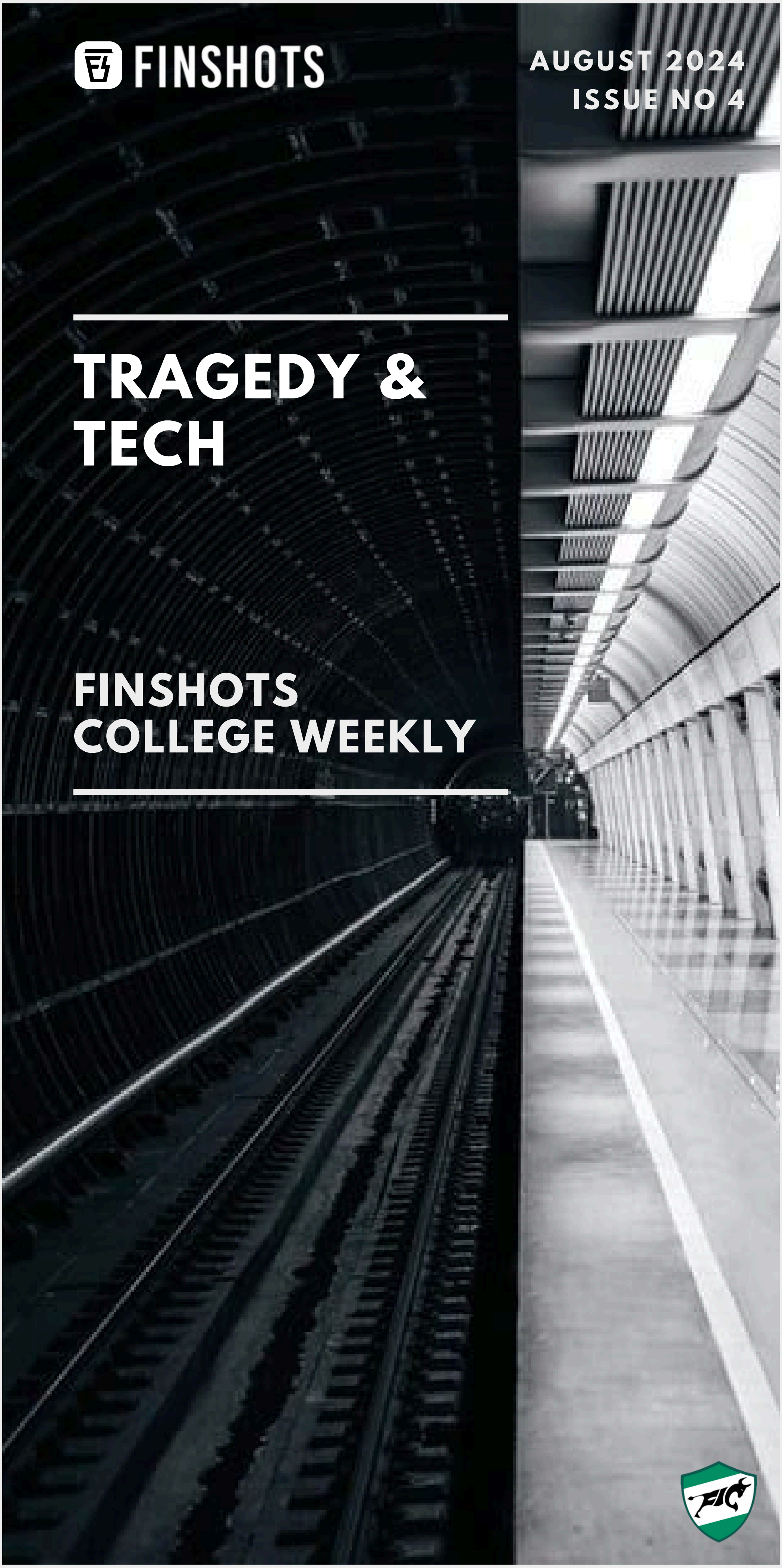

FINSHOTS

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FINSHOTS COLLEGE WEEKLY

Finshots College Weekly - Tragedy & Tech

In this week's newsletter, we talk about dark tourism, AI hype vs dot com bubble, giveaway winners and more.

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What drives us to sites of tragedy

When you type 'Catacombs of Paris' into your Google search bar, you'll likely stumble upon Tripadvisor's guide to must-visit places in Paris. Scrolling through, you'll find over 8,000 reviews for this intriguing site and an impressive 4-star rating.

Among these reviews, one caught our eye, and it read: “Exploring the Paris Catacombs was an awe-inspiring journey beneath the city's streets. The cool, silent tunnels lined with the bones of over six million Parisians created a hauntingly beautiful testament to history.” Another one read, “The entire family was intrigued. We spent about an hour here. Our kids are still talking about it!”

For starters, the Parisian Catacombs, which have been around since the 18th century, serve as an underground burial site for more than six million people. It's one of the largest cemeteries globally, covering an area of around 280 square kilometres and reaching a depth of 65 feet. However, only a small section is open to tourists.

Here, one of two thoughts might cross your mind.

"This is interesting. I must add it to my itinerary when I visit Paris."

Or you might ask yourself, "Who would willingly descend to the eerie depths of a city like Paris to see human remains?"

Well, believe it or not, upwards of 500 thousand people do this every year!

And it may be happening in India too.

Last week, the Kerala Police took to X (formerly Twitter) to request members of the public to avoid visiting landslide-hit areas in Wayanad for sightseeing. And NDTV in turn wrote an article on this subject calling it dark tourism.

Now, bear in mind, Wayanad is a popular tourist destination. So the advisory may just have been a word of caution. But there is also good reason to believe that an increasing number of people are taking to visit places drowning in distress, danger, and unsettling sights.

And this is what we want to discuss today - dark tourism.

Let’s start by looking at the works of John Lennon, a Professor at Glasgow Caledonian University in Scotland.

He argues that there's always been a morbid fascination with historical sites embroiled in death and disaster; and that places like cemeteries, disaster zones, battlefields, and crime scenes captivate our curiosity because they offer a glimpse into the complexities of human history.

It’s like that HBO series ‘Chernobyl’. It dramatised history’s most dreadful nuclear disaster and sparked renewed interest in tourism in the Chernobyl Exclusion Zone. Visitors from across the world started pouring into the site to learn about the tragic event. In 2019, the tourist flow at the exclusion zone peaked at over 124 thousand visitors, a substantial increase compared to previous years. That's when the Ukrainian president decided to make the site an official tourist destination and give it new life.

So a confluence of media, human intrigue and political intervention gave rise to a new tourist spot.

But it’s not always driven by intrigue.

Some of these places also serve as important memorials and educational opportunities.

Take, for example, World War II Holocaust sites, the 9/11 Ground Zero memorial, and our own Jallianwala Bagh. These destinations attract visitors because people want to pay their respects to the victims and learn about important historical events. It's not always morbid. It can also be a deeply respectful gesture.

There's also another reason why such gloomy places attract tourists.

It's because people often experience a mix of fear and excitement when they visit such locations. It's as if confronting danger and fear makes them feel alive. And it's not a new phenomenon either.

In ancient Rome, for instance, the Colosseum was a stage for the brutal sport of gladiatorial combat. Spectators flocked to see warriors engage in life-or-death battles. Their bloodshed served as a grim form of public entertainment.

Fast forward to 17th and 18th century London, where the imposing Tyburn Tree played host to grisly public executions and turned into a macabre social gathering.

In more recent years, the book *The Hot Zone* by Richard Preston introduced readers to the chilling realities of viral outbreaks, focusing on the Ebola virus. One of the locations highlighted in the book is Kitum Cave in Kenya, a site believed to be associated with the origins of certain deadly viruses. After the book's release, Kitum Cave became a destination for a new band of thrill seekers.

And like regular tourism, dark tourism also provides significant economic benefits to the countries that host these visits. The dark tourism market is approximately valued at $31.86 billion in 2024 and might reach $38.13 billion by 2031. It's one of the reasons why Kitum Cave was only briefly closed to the public and continues to remain open to this day. And with the advent of social media, you can bet that this number is only going one way and that's "up".

However, not everyone feels the same way about dark tourism.

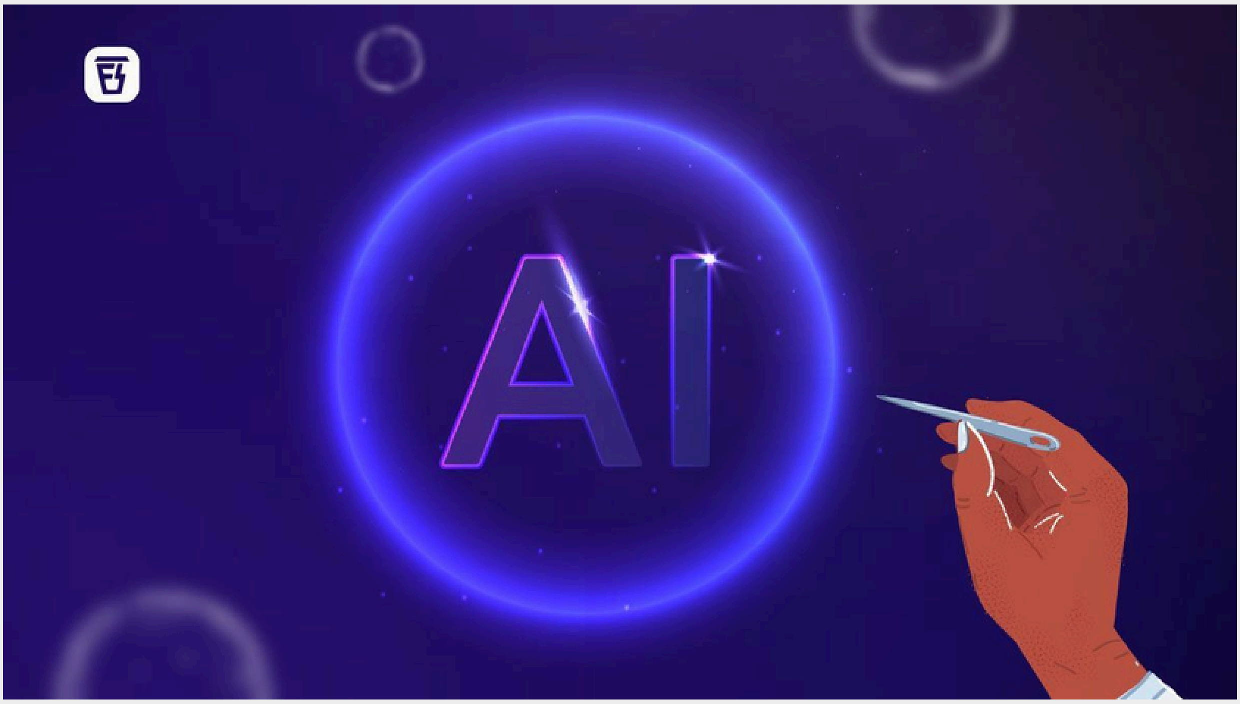
Take for instance, the 2011 nuclear meltdown at the Fukushima Daiichi Nuclear Power Plant in Japan, triggered by a devastating earthquake and tsunami. The disaster left deep scars, with homes, livelihoods, and lives lost. Since then the local communities have been hesitant to encourage visitors to the area.

Similarly, in June 2017, London witnessed the tragic Grenfell Tower fire, which claimed 71 lives. In the aftermath, tourists began arriving to take photos, including selfies, which deeply distressed the residents. One resident emphasised that Grenfell Tower is not a tourist attraction like the Eiffel Tower, indicating the inappropriateness of such behaviour.

In both instances, the idea of tourists visiting the site feels intrusive to the local communities still struggling to rebuild. The presence of curious visitors can be a painful reminder of their ongoing hardships. So yes, every tragic place cannot be a source of sightseeing and enjoyment.

We can only say that tourism, including dark tourism, is here to stay. And if you're ever planning on one, make sure you stay safe and, more importantly, sensitive to the sentiments of the place you visit!

Why the AI boom won't burst like the dot com bubble



In 2022, ChatGPT kicked off a gold rush in the world of AI, sparking dreams of a future where artificial intelligence would revolutionise everything. Tech giants jumped on the bandwagon, pouring billions into chips, data centres and all things AI.

The hype reached a fever pitch and in June this year, Nvidia, the chipmaker powering much of this AI revolution, soared past the $3 trillion market cap mark. Its shares skyrocketed nine times since 2022, even briefly surpassing Microsoft and Apple to become the world's most valuable company.

But then, reality hit.

Just days after reaching its 2024 high, Nvidia lost a staggering trillion dollars in valuation — about 30% of its total worth. And it wasn't just Nvidia. The whole gang of AI-heavy hitters — Microsoft, Apple, Tesla, Amazon, Meta, Alphabet, began to slide, shedding hundreds of billions of dollars in stock market value.

Panic ensued. Whispers of an AI bubble bursting began to echo, with many fearing a repeat of the infamous dot-com crash.

But is that really what's happening? Is the AI bubble about to pop? And if it does, will it crash in the same catastrophic way the dot-com bubble did?

To answer that, let's first understand how stock market bubbles take shape and eventually go poof.

Economic bubbles happen when the price of an asset, be it real estate, stocks or something else, rises far beyond its actual value. When investors see an industry gaining momentum, they start pouring money into it, driving prices up. This creates a bandwagon effect, with more people jumping in, convinced that prices will keep climbing. But eventually, they realise they've paid way too much for something that isn't worth it. So, they start selling and the same herd mentality that drove prices up now sends them crashing down. It's not just stocks that collapse, the industries behind them often do too.

Sounds a lot like the dot-com bubble, right? Well, yes and no because there's a subtle but important difference.

During the dot-com bubble, companies' stocks soared on nothing but hype, long before they had real business models.

Take e-commerce companies from that era, for example. They were selling everything online — toys, apparel and even groceries. And they invested heavily in warehouses, supply chains and even offered free deliveries to attract customers. They believed this would eventually lead to massive revenues and profits.

But the internet was just starting to take off and not enough people were online yet to support these businesses. Despite huge marketing spends, the customers didn't come in the expected numbers and profits were non existent.

Many of these companies, like Webvan, a grocery delivery service that went public in 1999, had to file for bankruptcy. Webvan's stock doubled on its first day of listing, giving the company a $6 billion valuation, even though it was making less than $10 in revenue per customer while spending over $27 to fulfil each order. Despite loyal customers and a great service, Webvan accumulated more than $1 billion in losses and shut down in 2001, eventually getting acquired by Amazon.

And if you haven't noticed the difference yet, during the dot-com bubble, many companies were flying high on unreal expectations and unproven business models. They were growing fast and breaking things, but not making any money.

So why are they crashing, you ask?

Well, the reasons are more practical.

First off, investors are expecting the US Federal Reserve (Fed) to cut interest rates. You see, inflation in the US has been hovering around 3%, much lower than 2022's 9% and closer to the Fed's 2% target. With inflation under control, investors believe that rate cuts are on the cards.

Lower interest rates make it cheaper for smaller companies to borrow money, allowing them to expand and turn profits more quickly. So, investors are pulling their money out of big tech and moving it into smaller companies. And since these AI giants are the big players, their stocks are taking a hit.

This move also makes sense because, let's face it, AI is a cash guzzler and it's not going to generate massive profits anytime soon. It's energy-intensive and demands immense computing power, both of which come at a steep cost.

To put things into perspective, it costs OpenAI close to $1 million just to run ChatGPT every day. But the revenue isn't matching up.

A Sequoia analysis suggests that for the entire AI industry to be sustainable, it needs to pull in at least $600 billion in revenue annually. But OpenAI, the largest player in the sector, is only making about $3 billion a year. The others aren't even close.

Yet, these companies are doubling down, planning to pump another $1 trillion into AI over the next few years. Even if the profits do come, they're likely a decade away, when more people find AI products beyond ChatGPT that are truly worth paying for. Essentially, AI companies will need to deliver significant value over the years to get consumers to open their wallets, just like what happened with the internet.

Remember how email disrupted traditional postal services or how digital news platforms started replacing physical newspapers, bringing down distribution costs? Social media and microblogging sites decentralised the web and turned it into a money-making machine. These tech giants figured it out after the dot-com crash and AI might follow a similar path.

And that's making investors impatient. It's no wonder that they're pulling back, realising it's not worth inflating these companies' valuations just yet.

But that doesn't mean AI companies will pack up and leave like many did during the dot-com bust. Once they figure out how to monetize AI, the hype and the money will be back.

And that's when investors will jump back in.

So yeah, is the AI bubble about to burst? Maybe not yet and definitely not in dot-com-style. But if it does pop someday, trust us, you won't miss the sound.

Money Tips: Money Shortcuts

Despite what people on the internet would tell you— making money has no shortcuts!!

Yup. See, the internet is a vanity of all things glittery. It tells you that making money is easy. That you don't have to do a 9-5 job to secure your future. You could simply sit at home and press a few computer keys and voila! You could be a crorepati!

A lot of influencers promote their own 3-hour masterclasses or even post trading strategies online through screenshots. It makes you believe that you can stop what you're doing and join the little party.

But here's the thing. All of this can be manipulated too. And the people who end up becoming rich in the process are these influencers themselves.

Look, this isn't a direct attack on influencers. It's just a word of caution for you. Just think about the process of stock market investing itself. It's not a cakewalk. And you cannot make money off it without knowing the nuances or just by copy-pasting what someone else does.

The real path to becoming a successful investor is learning. That way you educate yourself. You do your own research, maybe get some insights from reliable sources and then make calculated moves. Even then there's no guarantee that your money will grow.

So, the best thing you could do if you're passionate about the stock market is to begin with baby steps. Maybe set aside a small amount every month that you could use to learn how the stock market practically works. And when you do this, consider this money as an investment into your 'education'. Or as an expense. That way even if you lose it, you won't be disappointed. At least you spent it on learning a new financial lesson!

Growing your hard-earned money isn't as easy as the internet paints it. If it was, wouldn't everyone be driving luxury cars today?

What are your thoughts on this? Let us know

And that's all for today folks! If you learned something new, make sure to subscribe to Finshots for more such insights :)

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