

PRESS RELEASE

(FOR IMMEDIATE RELEASE)

From Stability to Positive Waves? Why America's Economic Compass No Longer Points True North

**"The era of seamless trade, and predictable growth is over—
and the new rulebook is still being written"**

New York, October 7th, 2025.

M Capital Group ("MCG") released its economic outlook report, *Rewriting America's Economic Rulebook – Signals Through Unsatisfactory Noise*, highlighting a profound structural change of the U.S. economy. The report contends that recent macroeconomic data, including a 3.3% GDP rebound in Q2 2025, paints a mixed picture of strength. It is not anymore about broad-based expansion, MCG sees the start of a new paradigm marked by policy-driven growth, fractured trade dynamics, and rising household adaptation.

The U.S. economy stock markets seem to continue its journey, while the private sector is showing signs of breath grasps. Equity markets have remained resilient but underlying private-sector activity shows clear strain. Household debt reached \$18.4 trillion in Q2, with 4.4% of balances delinquent, the highest in more than a decade. Delinquencies are especially elevated among younger and lower-income cohorts, with over 10% of student loan debt now 90+ days past due. Corporate defaults have accelerated as well: Fitch estimates that defaults among private middle-market borrowers rose to a 5.5% rate in Q2, while new issuance has contracted 16% year-over-year. Business investment has cooled, particularly in long-cycle infrastructure and manufacturing segments exposed to volatile input costs, with prices for key materials such as steel, copper, and aluminum climbing 29% to 34% year-to-date.

Meanwhile, the Federal Reserve cut the federal funds rate to 4.00–4.25% at its September meeting, marking the first move cut since early 2023. Futures markets see mixed odds of additional cuts before year-end, reflecting persistent uncertainty. While headline inflation has moderated, core services inflation remains above 4%, and labor market data point to a gradual softening rather than a sharp break. Monetary clarity has faded, and policy friction has become the new norm. MCG emphasizes that the return of tariffs and industrial policy is not a short-term detour but a permanent redrawing of the economic map.

The report highlights how recent policy moves are redefining America's economic architecture. Key inputs such as steel, aluminum, and copper have surged in price by 29% to 34%, eroding manufacturer margins, down by as much as 22%, from 15.3% to 11.9%, and leaving firms increasingly cautious with capital investments, which have declined 8.7% year-on-year as of Q2 2025. At the same time, the Federal Reserve is grasping with interest rates, amid sticky core inflation, creating a prolonged "higher-for-longer" regime that complicates investment planning.

Christian Mouchbahani, Managing Partner at M Capital Group reflected that: "We are witnessing the unwinding of the post-2008 macro playbook. This is not a crisis, but a rewriting of a new order since WWII. Strategy will matter to navigate un-certainty."

Looking ahead, M Capital Group emphasizes that strategy may matter more than certainty. MCG views the next 12–18 months not as a period for confident prediction, but for deliberate positioning. In a policy-driven, multipolar world, the emerging global economic order could reshape the way businesses, investors, and consumers operate. Trade flows may shift toward regional blocks, altering supply chain economics and market access. Capital markets could see deeper fragmentation, prompting new approaches to portfolio diversification and risk pricing. For investors, asset allocation strategies may tilt toward real assets, geopolitical "safe zones," and policy-aligned sectors. For businesses, agility in sourcing and market targeting will be essential, while consumers may face changing price structures and product availability. In this environment, MCG expects outperformance will come from institutions able to navigate incomplete rules, monetize volatility, and adapt to a slower, more fragmented cycle. This is not a crisis forecast, but a shift in mental model—the destination may remain unclear, yet the terrain is already changing.

For M Capital Group, also trade realignment and regulatory bottlenecks are suppressing private investment and delaying key energy transitions.

Please find attached M Capital Group Research Report: The Rewriting of America's Economic Rule Book – Signals Through the Noise – October 2025

M Capital Group ("MCG") provides unique international expertise with local know-how mainly in Merchant Banking, Global Advisory, and Asset Management. MCG acts as partner of choice for corporations, entrepreneurs, management teams, governments, institutional investors and high net worth individuals, across industries and geographies, with specific targeted expertise. MCG draws upon long established and exclusive senior relationships in the US, Europe, Middle East, Africa and Asia.

"Our Word is Our Bond."

HASHTAGS:

#MCGresearch #USEconomy2025 #tariffshock #globalrealignment #industrialpolicy
#AIproductivity #coreinflation #debtcycle #reshoring #allyshoring #creditstress
#Fedpause #supplychainrisk #consumerfragility #structuralrecession

#manufacturingcosts #slowgrowthera #strategicresilience #macroshift
#geopoliticalcapital #regulatorybottlenecks #policyfriction #multipolareconomy
#currencyfragmentation #FDI2025 #realassetrotation #ratevolatility #creditrepricing
#energytransition #financialrealignment #wagepressure #laborshortage #globaltrade
#policycycle2025 #stagflationwatch #debtburden #householdvulnerability
#privateinvestmentcooling #economicrulebook

CONTACT US AT:

Email: ahan@mcapital-group.com

FIND US AT:

Website: <https://www.mcapital-group.com>

LinkedIn: <https://www.linkedin.com/company/m-capital-group/>

Facebook: <https://www.facebook.com/M-Capital-Group-108368137575409>

Twitter: https://twitter.com/MCapital_Group

Instagram: <https://www.instagram.com/mcapitalgroup/>