The Week in Breakingviews: Exceptional no more

Peter Thal Larsen, Reuters Breakingviews, September 28, 2025

At the end of last year, one phrase kept cropping up in my conversations with professional money managers: "American exceptionalism". U.S. markets had produced superior performance for so long that they had sucked in capital from around the planet. American equities accounted for 67% of the MSCI All-Country World Index. Giant companies like Nvidia (NVDA.O) were worth more than many countries' entire stock markets. How long could this continue? Since Donald Trump returned to the White House in January, investors have had plenty of opportunities to rethink. Just consider what the president has said and done in the past week alone.

His administration upended immigration rules by chaotically slapping a $100,000 fee on new applications for H-1B visas, the main method for American companies to lure talented workers from around the world. He has cancelled renewable energy projects, telling the United Nations that "they don't work". Trump's tariff war on U.S. trading partners continues: branded pharmaceuticals, heavy trucks and kitchen cabinets are the latest product categories to face import levies. He has sent the U.S. Department of Justice after his enemies, filing criminal charges against former FBI Director James Comey.

And the president is exerting his authority over private companies. On Thursday he blessed a deal to transfer 80% of TikTok's U.S. assets from its Chinese owner ByteDance to a new consortium at a supposed valuation of $14 billion, far below most estimates of the short video app's worth. If that figure is accurate, the transaction would amount to state-enabled expropriation on a scale rarely seen outside Vladimir Putin's Russia. Judging by financial markets, however, little has changed. After a brief dip in April when Trump launched his trade war, all three main U.S. stock market indices have risen to all-time highs. American equities still account for 65% of the global benchmark, even though a decline in the dollar has lifted the relative value of non-U.S. stocks.

The U.S. dollar remains the dominant currency for global trade and payments. These two trends strike me as incompatible. Lower taxes, deregulation, and the ongoing artificial intelligence boom may pump up corporate earnings for a while. Yet a country which is at best indifferent – and at times downright hostile – to companies and workers from overseas may struggle to attract capital on the same scale as in the past. Promises of loans and loan guarantees extracted from Japan and South Korea in return for lower tariffs may help, as Trump adviser-turned-Fed Governor Stephen Miran argued this week. Eventually, however, investors may be forced to conclude that a country with an increasingly volatile and unpredictable government deserves a less exceptional rating.

Who would want to run a big global car company? Already grappling with the transition from combustion engines to battery-powered vehicles, executives must now steer around Donald Trump's tariffs. The Trump administration's $100,000 fee for hiring skilled foreign workers sent panic through tech giants like Microsoft (MSFT.O), while upending hiring policies at companies from JPMorgan to India's Tata Consultancy Services. There's a long-established principle in global debt markets that governments can borrow at cheaper rates than companies. Yet the gap has narrowed and, in some cases, inverted. Among French companies with investment-grade credit ratings, 7% can borrow for less than the sovereign. As governments in the developed world grapple with high debt levels and large companies like Microsoft sit on vast cash piles, expect to see the credit markets get more freakish.

This major US auto lender went bust as record number of Americans lag on debt payments. How to protect yourself now

Rudro Chakrabarti, Yahoo! Finance, September 14, 2025

Americans are struggling to pay their bills, and the collapse of a major auto lender shows just how dire things are getting. Tricolor Holdings, a Dallas-based used-car dealer that made loans to people with poor credit, filed for bankruptcy on Wednesday. The company operated 65 dealerships across six states and specialized in selling cars to Spanish-speaking buyers who couldn't get loans anywhere else. The company's failure comes at a time when millions of Americans can't keep up with their car payments. Right now, 6.6% of people with bad credit are at least 60 days behind on their auto loans — the highest level since tracking began according to an Axios roundup [1]. Even people with good credit are falling behind more often than they did last year.

The warning signs were everywhere

Tricolor's bankruptcy didn't happen overnight. The company, which had been praised by major investors like BlackRock for helping underserved communities, was actually in deep trouble. Fifth Third Bank discovered what it called "fraudulent activity" at Tricolor and took a hit of up to $200 million investigative reporting from Barron's revealed [2]. JPMorgan Chase faces similar losses, with about $200 million at risk [2]. Origin Bank has another $30 million tied up with the failed company

[2]. The timing couldn't be worse for American families. Total household debt has hit a record $18.39 trillion, and Americans now spend about 11% of their income just on debt payments according to the Federal Reserve Banks of New York and St. Louis [3], [4] . That's money that can't go toward groceries, gas, or saving for emergencies.

Why your car loan is getting harder to pay

The auto loan crisis is hitting families especially hard. Car prices are sitting just under $50,000 on average, while loan rates have climbed above 9% for new cars and almost 14% for used ones [1]. Add in car insurance rates that are up 19% from last year, and many families simply can't afford their vehicles anymore [1]. Young people are suffering the most. Among Gen Z borrowers with auto loans, 7.5% are behind on payments — the highest of any age group according to LendingTree [5]. Mississippi leads the nation with nearly 10% of auto loan borrowers having at least one late payment, followed by Louisiana and Georgia [5].The problem goes beyond just car loans. Credit card debt has exploded to $1.21 trillion, with the average interest rate hitting 22.25% [6]. Student loan problems are back too, with 7.7% of borrowers falling seriously behind after pandemic protections ended according to KPMG research [7].

What happens when you can't pay

Missing a car payment starts a dangerous cycle. After 30 days, your lender reports you to credit bureaus, which damages your credit score and makes future borrowing more expensive. You'll also face late fees that make catching up even harder. If you hit 90 days late, you're in default. Your car can be repossessed, you lose all the money you've already paid, and you still might owe thousands more. Last year alone, Cox Automotive reported that 1.73 million vehicles were repossessed — the highest number since 2009 [8]. If you're struggling with car payments, don't wait until it's too late. Contact your lender immediately to discuss options. Many will work with you on a payment plan or temporary reduction rather than lose money on a repossession.

Consider these emergency steps if you're falling behind:

Use your emergency fund if you have one — this is exactly what it's for. Ask family or friends for a short-term loan, but create a clear repayment plan. Look into refinancing your auto loan for a longer term or lower rate to reduce monthly payments. For those still managing their payments, now is the time to prepare. Build an emergency fund, even if it's just $500 to start. Pay down high-interest credit cards as fast as possible. And think twice before taking on new debt, especially with rates this high.

The bigger picture matters

Tricolor's collapse isn't just about one company. When auto lenders fail and millions of Americans can't pay their bills, it signals trouble for the whole economy. Lenders are already getting pickier about who they'll approve for loans, which means buying a car will get even harder. The Federal Reserve might cut interest rates later this year, which could provide some relief. But with debt levels at record highs and more people falling behind every month, families need to take action now to protect themselves. Don't become another statistic. If you're struggling with any debt — whether it's your car, credit cards, or student loans — reach out for help today. The sooner you act, the more options you'll have. Remember, even people with steady jobs and decent credit are having trouble keeping up. You're not alone, and there's no shame in needing help during these tough times. What matters is taking action before small problems become big ones.