



SPA
THE FINANCIAL ADVISORS



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**NAVIGATING AN ERA OF
GLOBAL UNCERTAINTY
& UNPRECEDENTED
CHALLENGES**

The United States is transitioning from unchallenged global supremacy to a more precarious position of sustaining influence – and potentially facing survival challenges.

Understanding this shift is critical for strategic capital allocation in 2026 and beyond.



The Great American Pivot: From Supremacy to Global Realignment to Crisis - The \$38 Trillion Challenge of Trust Deficiency

A Fragile Foundation

US national debt has surpassed \$38 trillion, with traditional foreign holders systematically reducing their Treasury positions. The Federal Reserve now holds unprecedented amounts, creating a precarious circular dependency in debt financing.

Holder Category	Approx. Amount (USD, Billions)
Federal Reserve	~4,556 B
Foreign Holders	~9,130 B
Pension Funds	~973 B
Mutual Funds	~4,421 B
State & Local Government	~1,700 B
Other	~5,753 B

The Traditional Lenders Are Exiting

China: Strategic Withdrawal

Reduced Treasury holdings by \$300B+ since 2020, diversifying into gold and non-dollar assets

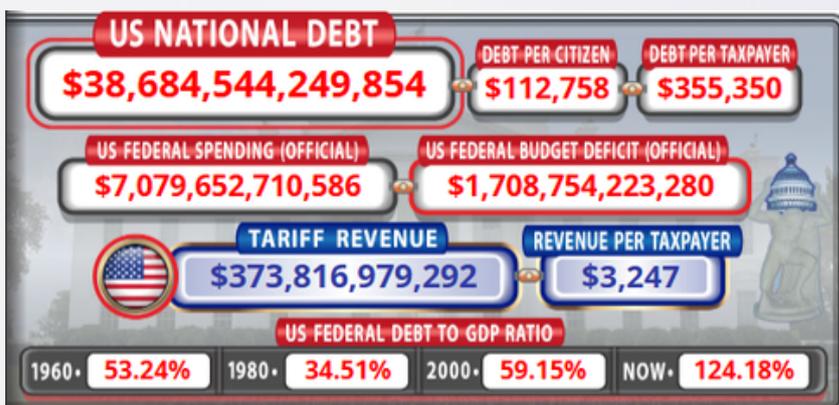
Japan: Domestic Priorities

Focusing on internal debt management as demographic pressures mount

OPEC Nations: Petrodollar Shift

Moving away from dollar-only pricing, exploring alternative settlement currencies

Category	Approx. Amt
Total U.S. National Debt	~\$38 trillion
Debt Held by the Public	~+\$28 - 30 trillion
Domestic Public Investors	~\$19 - 20 trillion+
Foreign Holders	~\$9+ trillion
Intragovernmental Holdings	~\$7+ trillion



Debt Servicing: An Unsustainable Trajectory

Annual interest payments on US debt now exceed \$1 trillion – surpassing defenses pending. With rates elevated and traditional buyers retreating, the Federal Reserve faces impossible choices: monetize more debt or risk market disruption.

18%

Debt Service Share

Percentage of federal budget consumed by interest payments

127%

Debt-to-GDP Ratio

Approaching World War II-era levels

1.2T

Annual Interest

Exceeds entire discretionary spending

Fracturing Global Alliances

The Trust Deficit Widens

Traditional US-led institutions – NATO, WTO, and multilateral frameworks – are experiencing unprecedented strain. European allies question dollar dependency, while South Asian economies accelerate regional trade agreements bypassing Western financial architecture.

- NATO members increase defense autonomy
- WTO disputes rise 40% year-over-year
- BRICS expansion accelerates de-dollarization

Tariff Wars & Territorial Tensions

Escalating tariff conflicts and geopolitical posturing around territorial acquisition create additional economic friction. These policies risk triggering retaliatory measures that fragment global supply chains and elevate input costs across developed markets.

Ukraine: Enduring Conflict

Ukraine's conflict challenges international borders and law, disrupting global energy, food security, and military alliances. It has triggered NATO's largest expansion and accelerated a new arms race.

Venezuela & Guyana: Essequibo Dispute

Venezuela and Guyana's escalating dispute over the oil-rich Essequibo region risks military confrontation, threatening South American stability and global energy markets.

Greenland: Arctic Rivalry

Climate change is opening Arctic shipping routes and exposing Greenland's rare earth minerals, intensifying competition among the US, China, and Russia for strategic access and influence.

Tech Valuations: Disconnected from Reality

AI Hype vs. Fundamentals

Trillion-dollar valuations built on unproven business models and speculative revenue projections

Concentration Risk

Top seven tech stocks represent 30% of S&P 500 market cap – unprecedented concentration

Capital Exhaustion

VC funding drops 60% from 2021 peaks as investors demand profitability over growth

Cryptocurrency: Illusion of Transparency

The Cover-Up Deepens

Despite promises of decentralization and transparency, crypto markets remain plagued by missing underlying assets, fake collateral, and opaque stablecoin reserves. Regulatory scrutiny intensifies as retail investors face mounting losses.

The crypto infrastructure lacks the foundational asset backing that investors assume exists.

Red Flags

- \$2T+ in unverified stablecoin reserves
- Exchange insolvencies expose custody gaps
- Institutional adoption stalls amid scandals
- Regulatory crackdowns accelerate globally

Employment & Inflation: The Twin Squeeze

Labor markets show contradictory signals – official unemployment remains low while layoffs accelerate in tech and finance. Real wages continue declining as inflation persists above target, eroding consumer purchasing power and savings.



Real Wage Decline

Adjusted for inflation since 2021

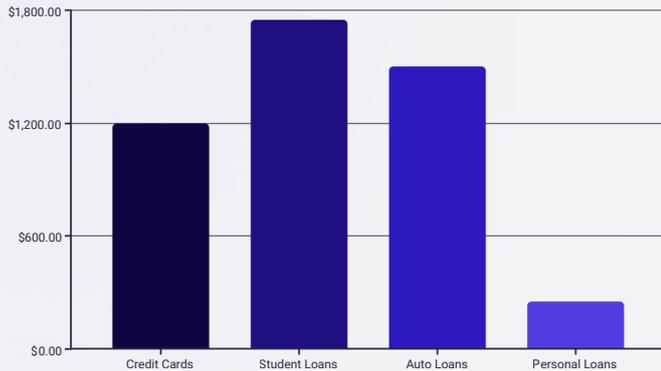
Core Inflation

Persistently above Fed's 2% target

Tech Layoffs

Year-over-year increase in terminations

Consumer Debt: A Ticking Time Bomb



Unsustainable Leverage

Credit card delinquencies reach decade highs while interest rates on consumer debt exceed 22%. Student loan burdens cripple millennial and Gen-Z spending capacity. Default rates accelerate as pandemic-era forbearance programs expire.

Banking Sector: Loaded with Illiquid Treasuries

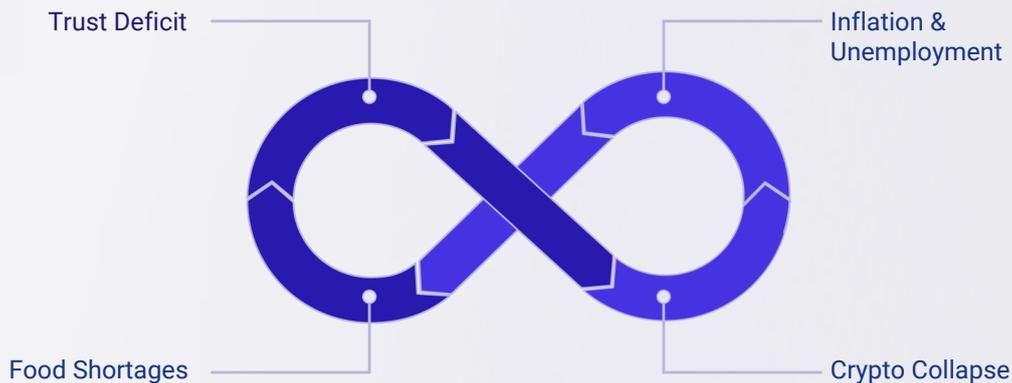
Regional and mid-tier banks hold unprecedented volumes of underwater US Treasuries. Mark-to-market losses exceed \$600 billion across the sector. Rising deposit outflows could force asset sales at losses, triggering cascading defaults reminiscent of the 2008 crisis.

Global Debt-to-GDP: A Worldwide Crisis

Developed Markets	Emerging Markets	China
Average: 124% debt-to-GDP Japan, Italy, and France exceed 150%, constraining fiscal flexibility	Average: 68% debt-to-GDP Rising dollar strength amplifies repayment burdens for dollar-denominated debt	Total debt: 295% of GDP Corporate and local government obligations create systemic risk

The global debt burden exceeds \$315 trillion – 355% of world GDP. No historical precedent exists for unwinding leverage of this magnitude without severe disruption.

Cascading Consequences Ahead



The unraveling will not be linear. Expect feedback loops where inflation drives unemployment, unemployment triggers defaults, and defaults erode institutional trust – accelerating capital flight and currency debasement.

Inflation, Unemployment & Food Scarcity

Inflation Acceleration

As central banks choose between recession and currency debasement, expect sustained inflation in essentials⁴energy, food, housing.

Structural Unemployment

Tech sector layoffs spread to finance and services. White-collar unemployment rises as AI displacement accelerates.

Food Supply Disruption

Fertilizer costs, climate shocks, and trade fragmentation threaten global food security. Prices surge in importing nations.

Trust Deficit & Institutional Collapse

Erosion of Confidence

When major banks fail, crypto exchanges collapse, and sovereign debt restructures begin, public trust in financial institutions evaporates. Expect capital flight to tangible assets – real estate, commodities, precious metals – as paper claims lose credibility.

- History shows that restoring institutional trust after systemic failure requires generational change and comprehensive reform.

Capital Protection: The Primary Mandate

The Reset: Years of Turbulence

Resetting the global financial architecture and establishing new leadership will require 3-5 years minimum. During this transition, volatility becomes the norm. Emerging economies – particularly India – position themselves as stability anchors amid Western deleveraging.



Capital Protection Strategy



Preserve Capital First

Prioritize return of capital over return on capital. Reduce exposure to overleveraged markets and illiquid assets.



Tangible Asset Allocation

Gold, silver, and select commodities provide currency-independent stores of value as new monetary systems develop.



Patient Opportunism

Maintain dry powder for deployment when quality assets correct to attractive valuations likely 30-50% below current levels.

Currency Transition: Bullion & Commodities

The New Reserve Assets

As dollar dominance wanes and alternative currencies emerge – potentially backed by commodity baskets or precious metals – investors should increase allocations to physical gold, strategic industrial metals, and agricultural commodities.

Central banks globally have increased gold purchases by 400% since 2022, signaling the direction of smart money.

The Emerging Indian Opportunity

While Western markets deleverage and reset, India stands ready with a powerful trifecta: demographic dividends, fiscal discipline, and accelerating structural reforms. The strategy is clear: protect capital through the correction, then pivot decisively toward economies architecting tomorrow's growth.

India's path won't be linear. Initial turbulence will test resolve as global shockwaves ripple through emerging markets. But unlike overleveraged Western economies, India's fundamentals position it for sustained recovery and long-term outperformance. Two viable approaches emerge:

- Stay the course: Ride out volatility with conviction in India's structural story
- Tactical repositioning: Exit during peak uncertainty, preserve capital, then re-enter at a discounted scenario when quality assets correct

Either path leads to the same destination – capturing India's decade of growth from a position of strength.

01

Protect capital through the turbulence

02

Accumulate bullion and select commodities

03

Wait patiently for quality asset corrections

04

Deploy capital into India's structural growth story

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