



MNI POLITICAL RISK ANALYSIS - US Daily Brief 10 Dec-25

by Tom Lake

MNI (London)

The White House (times subject to change)

14:00 ET 19:00 GMT	President Trump participates in a roundtable in the Roosevelt Room of the White House
17:00 ET 22:00 GMT	President Trump greets a group of pastors in the Oval Office of the White House.

Key Dates:

- ❖ *Jan. 30: Government funding expires*
- ❖ *Jan 31: Texas' 18th congressional district special election (runoff)*
- ❖ *Feb 14: Latest date for Georgia's 14th congressional district special election*
- ❖ *April 16: New Jersey's 11th congressional district special election*

Washington

Following his high-profile speech in Pennsylvania on 9 December (*more below*), President Donald Trump is set to hold a roundtable at the White House at 14:00ET 19:00GMT. There has been no confirmation yet as to the subject, with the event being billed as private. The president will then hold a meeting with a group of Christian pastors in the Oval Office at 17:00ET 22:00 GMT.

Secretary of Defense/War Pete Hegseth hosts the annual AUKUS Defense Ministers' Ministerial meeting at the Pentagon. He is set to welcome the Australian Deputy PM and Minister of Defence Richard Marles and British Secretary of State for Defence John Healey at 10:00 ET 15:00 GMT.

- The meeting could prove tense given the increasingly critical stance of some within the Trump administration towards the AUKUS submarine programme. An investigation by Undersecretary of Defense Elbridge Colby, a controversial figure within the Pentagon setup, is reported by Reuters to have identified issues with Australia's slow pace on constructing a base for nuclear submarines, and the US' ability to engineer enough Virginia-class subs to achieve its own aims, let alone provide for Australian demand as well.
- The National Security Strategy published over the weekend is also unlikely to improve the mood within today's meeting. Politico notes "*the longer, unpublished version pushes for even less military support for Europe, for the U.S. to work with countries like Italy and Hungary to pull them away from EU influence and for a new G7-like summit to be created between a "Core 5" — the U.S., China, Russia, India and Japan. Western Europe would not be at the table.*"



The Republican and Democratic House caucuses will hold their respective weekly conferences at 09:00 ET 14:00 GMT, followed by a GOP leadership presser at 10:00 ET 15:00 GMT, Speaker Mike Johnson (R-LA), House Majority Leader Steve Scalise (R-LA), Majority Whip Tom Emmer (R-MN), Republican Conference Chair Lisa McClain (R-MI), and Rep. Jen Kiggans (R-VA) are due to attend.

Democratic leadership press conference takes place at 10:45 ET 15:45 GMT, involving Democrat Caucus Chair Pete Aguilar (D-CA), Vice Chair Ted Lieu (D-CA), Rep. Shomari Figures (D-AL), and Sarah McBride (D-DE). Senate Minority Leader Chuck Schumer will hold a press conference alongside Sen. Amy Klobuchar (D-MN) regarding health insurance premiums at 10:15ET 15:15 GMT.

'Affordability'

President Trump delivered a high-profile address on the economy on the evening of 9 December in Mount Pocono, Pennsylvania. While ostensibly intended to address the rising concern of US voters from across the political spectrum regarding cost-of-living issues, Trump treated the speech as a campaign stump event, touting his tariff agenda, immigration crackdown, and claiming the Democrats are weaponizing the 'affordability' issue.

- Trump: *"I can't say affordability is a hoax because I agree the prices were too high. So I can't go to call it a hoax because they'll misconstrue that...But they use the word affordability. And that's the only word they say. Affordability. And that's their only word. They say, 'Affordability.' And everyone says, oh, that must mean Trump has high prices. No. Our prices are coming down tremendously from the highest prices in the history of our country."*
- The nature of the address will not have been unintentional, with the White House looking to take the fight to the Democrats on the issue (exemplified by Trump rating the US economy as 'A+++++' in his interview with Politico) ahead of the midterms. However, with Trump seemingly reluctant to stay on message with regard to the issue of cost factors affecting US households, it remains to be seen how effective the strategy proves if the intention is to have the president engage in a nationwide tour to tout the administration's economic credentials in the run-up to November 2026. Indeed, speaking to MS Now, Kentucky Gov. Andy Beshear (D) said, *"If Donald Trump wants to say that affordability is a hoax, if he wants to say that the economy is perfect, I hope he goes to every battleground state."*

Off-Cycle Elections

The Democrats continued their recent run of securing somewhat unexpected electoral victories in elections to state or city offices. On 9 December, for the first time in nearly 30 years, a Democrat won the mayoralty of the city of Miami. Eileen Higgins, a member of the Miami-Dade County Commission, defeated Republican candidate Emilio Gonzalez in the run-off by a comfortable 59%-41% margin.

- While the city of Miami has more registered Democrats than Republicans, Miami-Dade County backed President Trump in the 2024 presidential election. The scale of the loss, despite high-profile endorsements for Gonzalez from President Trump and Gov. Ron DeSantis (R), will cause some concerns for Republicans ahead of 2026.



- In a smaller, but still notable race, Democrats were able to win a seat in the Georgia State House that was viewed as strongly Republican. In the 2024 election, Eric Gisler was defeated by the Republican candidate by a margin of 22 points, with President Trump winning the area covering GA HD-121 by 12%. This time round, Gisler won with 51% of the vote, defeating Mack 'Dutch' Guest IV, a candidate backed by Gov. Brian Kemp (R) and other Republican leaders.

NDAA

The House of Representatives is set to vote on a rule regarding the National Defense Authorization Act (NDAA) at 13:30 ET 18:30 GMT, with the final floor vote due around 16:00 ET 21:00 GMT. The NDAA provides hundreds of billions of dollars for the funding of the US military for another 12 months and is generally viewed as one of (if not the) most critical pieces of legislation for Congress to pass.

- However, there is the prospect that a group of hardline conservative fiscal hawks in the Freedom Caucus look to delay the bill due to the continued provision of financial and military support to Kyiv, as well as the absence of a ban on digital currencies issued by central banks.
- It is the earlier rule vote that risks being the obstacle for Speaker Mike Johnson (R-LA). Given that these are usually not bipartisan votes, support from each member of his Republican caucus could be crucial. This is especially important given that two members, Carlos Gimenez (R-FL) and Maria Elvira Salazar (R-FL), are in Oslo, Norway for the presentation of the Nobel Peace Prize to Venezuela's opposition leader Maria Corina Machado.
- House Armed Services Committee Chair Mike Rogers (R-AL) attempted to paint a positive picture, saying, "We'll be fine. I'm an optimistic guy". In the event the initial rule vote fails, Rogers raised the option of a vote under suspension. This would need a two-thirds majority to pass, and could come with Democrat support.
- House Minority Leader Hakeem Jeffries (D-NY) said it "remains to be seen" whether such support would be forthcoming. With strong Senate support for getting the legislation passed as soon as possible, the process could be completed as soon as next week.

Healthcare

With President Trump refusing to support the extension of enhanced subsidies under the Affordable Care Act, the prospect of these lapsing come the end of January is becoming a much more likely prospect. As noted in yesterday's US Daily Brief, there appears to be an increasing number of Republican senators moving behind the bill from Senators Mike Crapo (R-ID) and Bill Cassidy (R-LA) that would replace tax credits from Obamacare, with the funds going into government-funded health savings accounts.

- Senate Democrats have panned the proposal, with minority leader Schumer saying on 9 December that, "*Their phony proposal is dead on arrival. It increases costs, adds tons of new abortion restrictions for women, expands junk fees and permanently funds cost-sharing reductions. Their bill is junk insurance.*"



- The prospect of Senate action has left Republicans in the House scrabbling to pass their own healthcare legislation by next week. This is also seen as unlikely to extend the Obamacare subsidies. While popular among fiscal conservatives, a number of GOP lawmakers are believed to be concerned about the impact of the loss of these tax credits on their midterm prospects. Speaker Johnson and House Majority Leader Steve Scalise (R-LA) are due to talk to their conference later today regarding what this plan could look like.
- Even with assurances that committee chairs and representatives will have a say, some are still calling for the renewal of Obamacare subsidies. Rep. Brian Fitzpatrick (R-PA) said on 9 December that *“We can agree that the current construct is flawed, but that letting them expire is not acceptable. That doesn’t work.”* He and Rep. Jen Kiggans (R-VA) claim to have the requisite majority support for a bill that would extend subsidies, and could look to use a discharge petition to get the legislation on the agenda without Republican leadership backing.
- House Democratic leadership, on the other hand, want pro-renewal Republicans to back their own legislation. Minority leader Jefferies said on 9 December, *“The most meaningful path forward, clearly, is for just a handful of Republicans to join us in the House and for just a handful of Senate Republicans to vote in the next day or so on the bill that will be on the Senate floor that will extend the Affordable Care Act tax credits.”*
- In any case, there appears to be a very limited prospect of any bipartisan agreement given the major differences on policy (Democrats calling for a clean three-year extension, Republicans digging in over restrictions on abortion funding). As such, with millions of Americans facing the loss of coverage or premium increases, the partisan rhetoric on the issue will only grow louder as midterms approach.

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- ❖ 10:00 ET 15:00 GMT: HOUSE: Financial Services: From Principles to Policy: Enabling 21st Century AI Innovation in Financial Services
- ❖ 14:00 ET 19:00 GMT: HOUSE: Foreign Affairs; South and Central Asia Subcommittee: The U.S. India Strategic Partnership: Securing a Free and Open Indo-Pacific
- ❖ 14:30 ET 19:30 GMT: SENATE: Foreign Relations; Africa and Global Health Policy Subcommittee: Hearings to examine maritime security in Africa, focusing on assessing threats to United States commercial diplomacy and national security interests.

Ukraine

With European capitals still reeling from President Trump's comments published on 9 December calling their leaders "weak" and reiterating previous claims that Russia has the "upper hand" on the battlefield, Ukrainian President Volodymyr Zelenskyy is expected to outline Kyiv's revised peace plan later today. The document is expected to refuse the ceding of territory to Russia, with "anti-Ukrainian points" stripped out of the previous document.



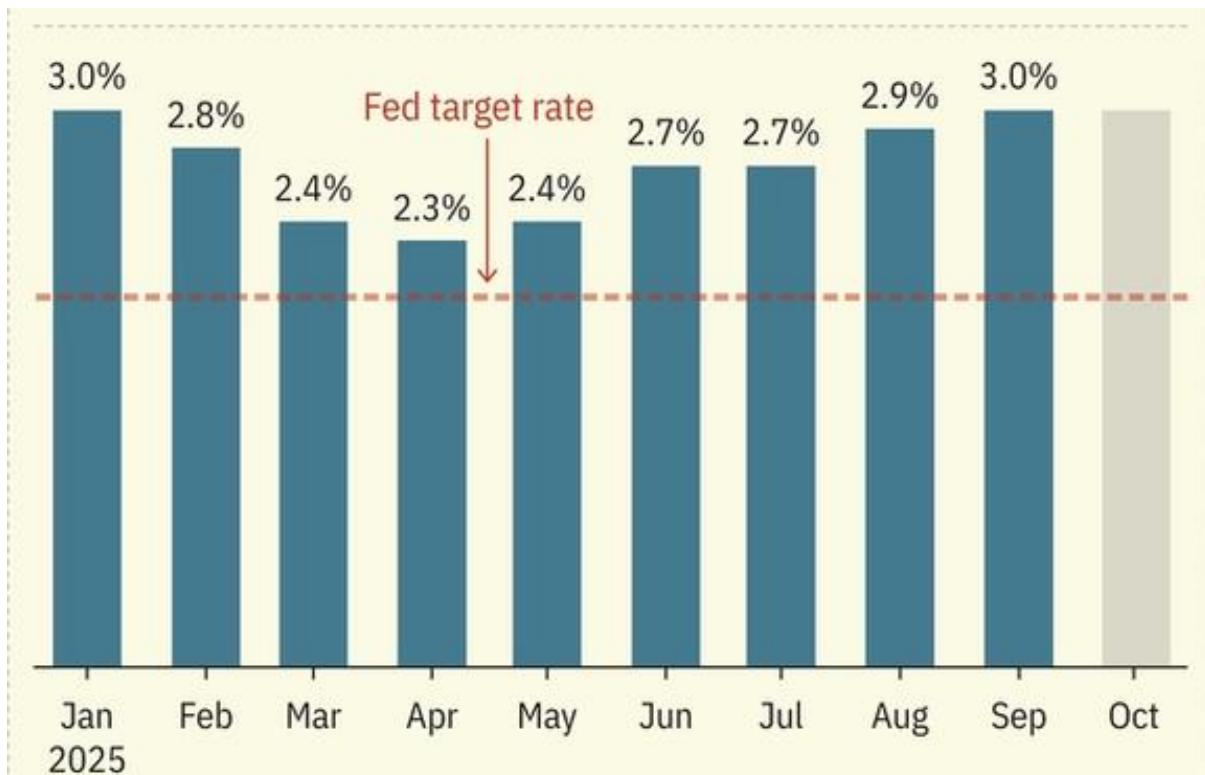
- While such a strategy risks drawing the ire of Trump, Zelenskyy does agree to hold presidential elections within the next three months if security guarantees are in place, responding directly to one of Trump's criticisms, claiming "It gets to a point where it's not a democracy anymore".
- Zelenskyy: "*I'm asking now, and I'm stating this openly, for the US to help me, perhaps together with our European colleagues, to ensure security for the elections. The issue of elections in Ukraine, I believe, depends first and foremost on our people, and this is a question for the people of Ukraine, not the people of other countries. With all due respect to our partners, I've heard hints that we're clinging to power, or that I personally am clinging to the presidency [and] that's why the war isn't ending. [This is] frankly, a completely unreasonable narrative.*" The Ukrainian president's term in office expired in 2024, but under the country's constitution, elections cannot take place during a period of martial law.
- Politico: "*With Russia unlikely to budge from its demands, the White House-driven peace talks appear stalled. And as Trump's irritation deepens, pressure is mounting on the Europeans backing Zelenskyy to prove Trump wrong.*" The article claims that the hard White House push for Ukraine to accept any deal comes as Trump becomes impatient amid perceptions that not only are Zelenskyy and European leaders blocking the prospect of peace, but of future economic cooperation between the US and Russia.

Chart Of The Day

The Fed meets later today with the expectation of a lowering of rates by 25bps, while also trying to set the economic scene amid an influx of delayed data coming down the line in January. With the issue of 'affordability' top of mind for many Americans (see above), questions around the identity of the next Fed chair remain salient ones with Trump answering in the affirmative to a question of whether the possible next chair's support for rate cuts was a 'litmus test' for the position.

- As Semafor notes, "*Frontrunner Kevin Hassett, currently the White House's chief economic adviser, said at a Wall Street Journal event that he would rely on his own judgment, not Trump's, if selected. Not everyone is buying it: "I don't think he can escape the president's reach by going to the Fed," Sen. Chris Van Hollen, a Maryland Democrat who serves on the committee with jurisdiction... "Anyone who's been that close to the president will be compromised."*"
- Even with inflation proving sticky, Republican lawmakers, by and large, back Trump's demands for lower rates. Sen. Cynthia Lummis (R-WY) said on 9 December that rate cuts would be, "*The signal to housing and those that want to buy homes — it's just going to be important to encourage them*". Sen. Bill Hagerty (R-TN), one of the most vocal Trump backers in the Senate, claimed, "*I see the trends, all in the near, medium and long-term, moving in the direction of lower inflation. At the same time, we've seen softer numbers in terms of manufacturing output and private sector payrolls*".

Figure 1. US Annual Inflation Since Start of Trump's Second Term



Source: US BLS, Semafor. N.b. No Oct data due to government shutdown.

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