

MNI POLITICAL RISK ANALYSIS - US Daily Brief 12 Dec-25

by Tom Lake

MNI (London)

The White House (times subject to change)

13:30 ET 18:30 GMT	President Trump participates in a Swearing-In Ceremony for the CEO of the US International Development Finance Corporation and Chairman of EXIM Bank, Oval Office
15:00 ET 20:00 GMT	President Trump participates in a bill signing ceremony in the Oval Office

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

- At 13:30 ET 18:30 GMT, President Donald Trump will hold a swearing-in ceremony in the Oval Office for [financier Ben Black](#) to serve as CEO of the US International Development Finance Corporation (having been confirmed by the Senate in October), and financial analyst [John Jovanovic](#) as chair of EXIM Bank. This will be followed by a bill signing ceremony at 15:00 ET 20:00 GMT.
- The House meets for legislative business at 09:00 ET 14:00 GMT, with a vote on legislation allowing the Federal Energy Regulatory Commission a greater purview with regard to permitting reviews for gas pipelines due at 10:00 ET 15:00 GMT. House Minority Leader Hakeem Jeffries will hold a presser at 11:00 ET 16:00 GMT.

2026 Midterms Map

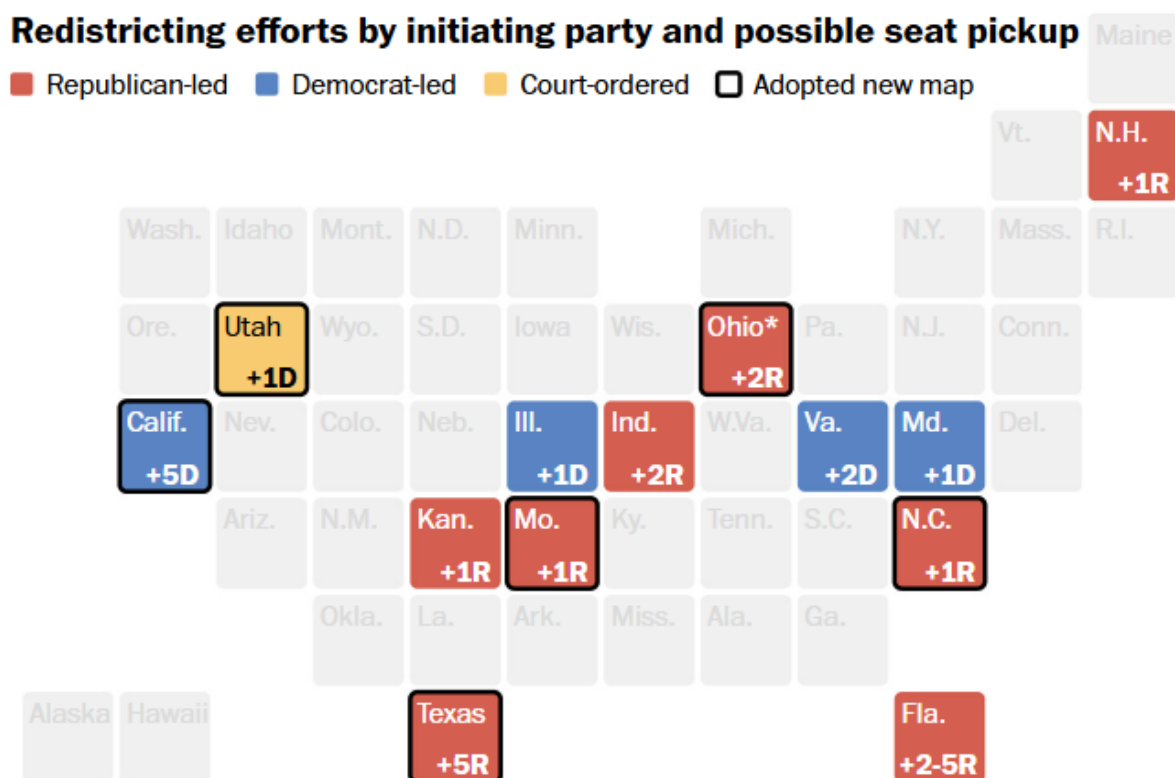
In a rebuke to President Trump on 11 December, Republican state senators in Indiana voted in enough numbers to defeat a proposal to redraw the state's congressional boundaries. In the Indiana State Senate, dominated by Republicans in a 40-10 split, the proposal was defeated by a margin of 31-19, with 21 Republicans voting alongside all 10 Democrats.

- As part of an increasingly wide-ranging campaign to redraw congressional boundaries in order to favour certain parties ahead of the midterms, Indiana, one of the most staunchly red states in the Union, had become a focal point for the president. The outcome of the Indiana vote could have nationwide ramifications, given the Democrats need only win four House seats to wrest control from the

Republicans (potentially even fewer come November 2026, depending on special elections).

- In a lengthy [Truth Social post](#) before the vote, Trump lambasted Indiana Senate majority leader Rod Bray, who opposed the map changes, as “*either a bad guy, or a very stupid one*”. Trump went on, “*Anybody that votes against Redistricting, and the SUCCESS of the Republican Party in D.C., will be, I am sure, met with a MAGA Primary in the Spring. If Republicans will not do what is necessary to save our Country, they will eventually lose everything to the Democrats.*”
- In the aftermath of the vote, speaking in the Oval Office, Trump said, “*Bray, whatever his name is [I will] certainly support anybody that wants to go against him [Bray has] done a tremendous disservice...It’s funny ‘cause I won Indiana all three times by a landslide, and I wasn’t working on it very hard*”. Reports of Trump individually calling state senators in the run-up to the vote may cast some doubt on this claim.
- The pushback in Indiana highlights an increasing trend for the GOP. Initial expectations of gains of seats in the House of Representatives, begun in process in Texas, has now stalled. Partially due to objections from Republicans like those in Indiana, and partly due to Democrats in California (and potentially soon in Virginia) redrawing their maps in favour of their own party.

Figure 1. Map of Congressional Redistricting Efforts



Source: Washington Post. Data as of 1 Dec. * Ohio is required to draw a new map under a provision of the state constitution.

- Following Indiana’s rejection of a new map, attention will inevitably turn towards other states’ future actions. Illinois Gov. JB Pritzker (D) issued a statement after the vote saying, “*Our neighbors in Indiana have stood up to Trump’s threats and political*

pressure, instead choosing to do what's right for their constituents and our democracy. Illinois will remain vigilant against his map rigging — our efforts to respond and stop his campaign are being heard.” It is unclear if the redistricting in his state, which could give the Democrats one more seat, will continue. Rep. Delia Ramirez (D-IL) said, “We’re watching to see what Indiana does. But you know, at best, being one district that would shift, I think a lot of people are wondering, is it worth doing all of that given the chaos.”

- In Maryland, the situation looks more complicated. State Senate President Bill Ferguson (D) is against redrawing the map. However, it has the backing of other senior state officials, including Gov. Wes Moore (D), as well as Rep. Steny Hoyer (D-MD), who has represented Maryland’s 5th Congressional District since 1981, and said, “I’m for us doing redistricting. No matter what.” Redistricting could give the Democrats an additional seat in the Old Line State.
- Punchbowl notes on Virginia, which will not redraw its map until 2026, “*Legislative leaders in Richmond are openly pushing the prospect of a 10D-1R map, which would net Democrats four seats. Some Democrats in the Virginia congressional delegation are less certain. They see a 9D-2R map as more likely. The current Virginia map is 6D-5R. “It’s not really up to me, but I think that’s gonna be a challenge with geography and population, if we want to keep communities of interest together,” Rep. Jennifer McClellan (D-Va.) said. “But, you know, anything’s possible.”*
- For the GOP, the next major battle comes in Florida, where redistricting could give the party an additional 2-5 seats, absolutely crucial given the fine margins in the House. However, major impediments come in the form of hardline state laws negating gerrymandering efforts, and disagreements between Gov. Ron DeSantis (R) and the Republican leaders in the State House on the other over the timing of any efforts to begin redistricting.
- [Politico](#): “*In Ohio, a bipartisan commission agreed to a map that could net the GOP two new House seats, and North Carolina and Missouri drew one red leaning seat each. And in Utah, a court ruling has given Democrats a solid blue seat in Salt Lake City. There are still ongoing legal challenges in a handful of those states. Taken together, Republicans are currently ahead by five seats. As the playing field continues to change, it remains unclear exactly which party will come out ahead before the midterms.*”
- The major decision affecting the national map is likely to come down to the US Supreme Court, when it rules on the case of *Louisiana v. Callais*. This could see a notable provision of the Voting Rights Act of 1965 removed. Under Section 2, ‘majority minority’ districts have been created in order to stop any intentional reduction in the voting power of minority communities. If the Court strips this provision, a number of districts in Republican-controlled states with large black, Hispanic, or Asian communities could be redrawn. There is no timeline for this decision, though, and no assurances of what decision the court will make.

Financial Stability Oversight Council

The most significant changes to the Financial Stability Oversight Council (FSOC) since its creation in 2010 were outlined by the council’s chair, Treasury Secretary Scott Bessent, in an introduction letter to the FSOC’s [annual report](#) on 11 December. The Council, set up in

the wake of the global financial crisis under the auspices of the Dodd-Frank Act, has the mandate of monitoring the US financial system to identify threats to stability and systemic risk.

- The tone of the letter is to indicate the view, prevalent within the Trump administration, that overbearing regulation is too-heavy a burden on corporate America and that supervision must be more light-touch in order to spur growth. The letter says that *“Regulations can stand in the way of growth and quality of life improvements that benefit all corners of American society”*.
- Bessent claims that *“prophylactic financial regulatory and supervisory policies generally do not account for their overall impact on economic growth. Most often, any cost-benefit analysis of a new regulation assesses the rule’s costs in isolation. The cumulative burdens of regulatory and supervisory regimes, and the interactions among individual rules, are rarely considered.”*
- Instead, Bessent announced that new work streams for the Council would zero-in on the areas of market and household resilience, and AI, in three separate working groups. Another work stream would assess crisis readiness, with a particular focus on cyber threats.
- Politico [notes](#), *“Broadly, the report painted the picture of a resilient financial system, despite lingering concerns over turmoil in Treasury markets after Trump’s sweeping new tariffs were announced in April. The report addresses growing concerns around private credit markets, foreign ownership of Treasuries, and various hedge fund strategies, but emphasized that the system remains robust.”*
- Before the meeting, Sen. Elizabeth Warren (D-MA), the Ranking Member on the Senate Committee on Banking, Housing and Urban Affairs, [wrote to Bessent](#), criticising the FSOC’s lack of meetings in 2025 and bemoaning that when it does meet, the prime topic on the agenda is *“Wall Street deregulation...the Council is actively sabotaging its own authorities.”* Warren: *“Taking this hands-off approach to financial stability would leave our financial system and economy at greater risk in any economic environment. But going down this path just as cracks are emerging in the financial system and yellow lights are flashing across our economy is especially reckless...”*

Congressional Business

The House is IN

The Senate is OUT

Committee Schedule –

- ❖ [09:00 ET 14:00 GMT](#): HOUSE: Energy and Commerce: Member Day Hearing, where Representatives can testify before the Committee on issues related to Energy/Commerce.

Healthcare

The ongoing internal battles within the House Republican Conference over legislation on healthcare continue today. While not immediately apparent as ‘market relevant’ the efforts to pass a healthcare bill have wide political and economic ramifications that will impact on markets. Most notably, should Obamacare subsidies end in January, it will see an estimated

21.8mn Americans' coverage end, resulting in premiums [that could more than double](#), with a significant impact on household finances.

- In an effort to reach agreement on putting a moderate GOP bill to the floor next week, at 09:00 ET 14:00 GMT, Speaker Mike Johnson (R-LA) brings together the leaders of the 'five families': the House Freedom Caucus (hardline right, 33 Reps), the Republican Study Committee (conservative, 188 Reps), the Republican Governance Group (fiscal conservatives, 46 Reps), the Main Street Caucus (moderates, 73 Reps) and the Problem Solvers Caucus (centrist, bipartisan, 23 Reps).
- Punchbowl: *"The GOP leadership is considering giving moderates an amendment vote on extending the enhanced Obamacare subsidies without adding abortion funding restrictions [...] This could, theoretically, smooth passage of the underlying GOP health care bill — even if the ACA amendment fails."*
- However, with two discharge petitions (intended to circumvent the Speaker) being put forward by moderate Republicans, including a two-year Obamacare extension with reforms, Johnson faces the prospect of these measures holing his bill below the waterline.
- The broad expectations are that by the time Congress rises for its Christmas recess at the end of next week, there will be no agreement in place.
- Efforts in the House come following [two failed votes](#) in the Senate on 11 December, that fell broadly along party lines (as was widely expected). As Punchbowl notes, *"there are major obstacles to a bipartisan outcome, including the fact that Democrats are getting less interested in cutting a deal and more comfortable using the issue against Republicans in 2026."*

Venezuela

Following the seizure of an oil tanker by US special forces earlier in the week, six more tankers have been placed on the Treasury Department's Office of Foreign Assets Control sanctions list.

- Speaking in the Oval Office on the evening of 11 December, Trump said, *"They've treated us badly and I guess now we're not treating them so good [...] If you look at the drug traffic, drug traffic by sea is down 92% and nobody can figure out who the 8% is, because I have no idea. [...] Anybody getting involved in that right now is not doing well. And we'll sort that out on land, too. It's going to be starting on land pretty soon."*
- White House Press Secretary Karoline Leavitt said that the seized tanker would be moved to the US, where its oil would be requisitioned (although this is reliant on legal approval). Leavitt claimed the seized tanker 'Skipper' was "known for carrying black-market sanctioned oil."
- As well as the six additional vessels, three of the nephews of Venezuelan President Nicolas Maduro, Efrain Campo Flores and his cousins Fransciso Flores de Freitas and Carlos Malpica Flores, have been put under US sanctions.
- The situation risks another fissure in global 'great power' politics, with Russian President Vladimir Putin holding a call with Maduro on 11 December in which he

“confirmed his support for the Maduro government’s policy aimed at protecting national interests and sovereignty in the face of growing external pressure” according to a Kremlin readout. Meanwhile, China’s Foreign Ministry [said](#) that Beijing “firmly opposes illegal unilateral sanctions and long-arm jurisdiction that lack a basis in international law and are not authorised by the UN Security Council”. China remains the largest buyer of Venezuelan crude.

AI Regulation

On 11 December, President Trump issued [an executive order](#) entitled “Ensuring a National Policy Framework for Artificial Intelligence” that could put the White House on a collision course with state capitals and colleagues within the Republican Party.

- The EO overrides state-level AI legislation that will allow for legal challenges to be submitted, as well as limiting federal grants if legislation is not altered to comply with the EO. Trump’s Special Advisor for AI and Crypto David Sacks, has pressed for state-level regulation of the industry to be significantly curtailed, and Attorney General Pam Bondi now has 30 days to establish an AI Litigation Task Force *“whose sole responsibility shall be to challenge State AI laws inconsistent with the policy”*.
- The EO states *“it is imperative that my Administration takes action to check the most onerous and excessive laws emerging from the States that threaten to stymie innovation”*, and that any oversight of the sector should *“sustain and enhance the United States’ global AI dominance through a minimally burdensome national policy framework for AI.”*
- NYT reports *“The order on Thursday, which has sparked broad, bipartisan opposition, is likely to be challenged in court by states and consumer groups on the grounds that only Congress has the authority to override state laws, legal experts said.”*
- Sacks, and many within the sector argue that the patchwork system of legislation at the state level (all 50 have introduced AI legislation in 2025, with 38 of them passing 100 different laws) acts as a disincentive to investment, growth, and development, particularly among startups.

Ukraine

The Financial Times [reports](#) that, according to its sources, Ukraine could be fast-tracked to join the European Union in 2027 as part of the US-led negotiations to end the war. The article claims “EU accession by January 1 2027 is specified in the latest draft of a Ukraine peace proposal being negotiated by US and Ukrainian officials with the support of Brussels,” in a development that would mean a change to the current procedure of EU accession, and the backing down of key opponents to Ukrainian accession such as Hungary.

- FT: *“US backing would also mean that President Donald Trump could order Hungary’s Viktor Orbán, who has so far held up Ukraine’s accession process, to drop his veto and allow Kyiv to start progressing through the political approval process.”*
- Speaking to reporters on 11 December, Ukrainian President Volodymyr Zelenskyy said that *“The issue of Ukraine’s future EU membership depends largely on the Europeans, and on the Americans too, in fact. Because if we agree a deal specifying*

when Ukraine becomes a member of the EU, the Americans, as a party to this agreement, will do everything so that our European path cannot be blocked by others in Europe over whom they have influence. So Europeans are really needed in the talks, and it is good that they are taking part."

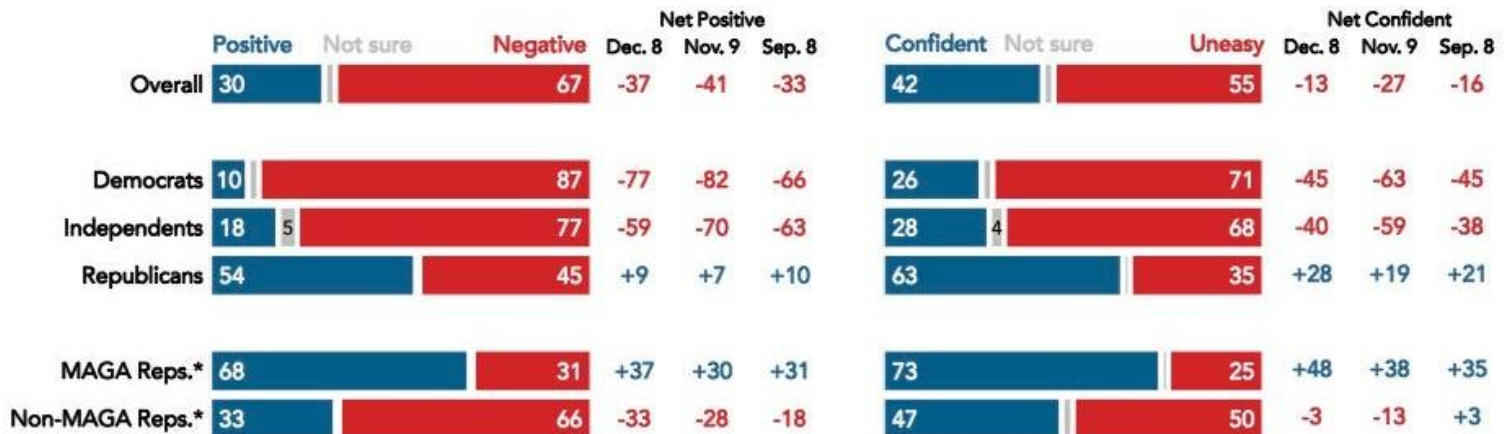
- Speaking in the Oval Office on Thursday, President Trump said he believed the US was *"very close with Russia to having a deal. I thought we were very close with Ukraine to having a deal"*, and confirmed that US officials would travel to Germany over the weekend to discuss some of the more difficult aspects of the peace framework. He acknowledged the difficulty with regard to the prospect of Ukraine ceding land, saying it was *"a little bit complicated, because you're cutting up land in a certain way, it's not the easiest thing, it's like a complex real estate deal times a thousand"*.
- Joining the EU would mark an entirely different prospect to Ukraine than that of joining NATO. With NATO membership (likely completely off the table for the foreseeable future), the US would be obliged under Article 5 to see an attack on Ukraine as an attack on all and respond accordingly. The EU has a similar collective defence provision, but of course, the US would be under no obligation to intervene, leaving France as the sole nuclear power with defensive obligations for Kyiv.

Poll Of The Day

Polling from Navigator Research shows respondents feeling more pessimistic about the economy overall than they were pre-government shutdown in September (net -33 then, net -37 now), with a majority remaining uneasy in their personal finances (net -13 confident).

- The shift in a more negative direction on the overall economy has somewhat siloed. Democrat respondents have shifted from net -66 in September to -77 now, while non-MAGA Republicans' rating of the economy has plunged from -18 then to -33 in December. For Independents, the situation is still negative, but something of an improvement from -63 to -57. For MAGA Republicans, the positive rating increases from +31 to +37.
- Regarding personal finances, there has been little shift. Democrat respondents remain steady (and 'uneasy') at -45, Independents fall from -38 to -40, while Republicans increase from +21 to +28. The split in GOP support remains clear, with MAGA Republicans (likely the much larger cohort in the sample size) moving from net +35 in confidence to +48, while non-MAGA Republicans cross over from net +3 to net -3.

Figure 2. Opinion Poll, ‘How would you rate the state of the US economy today?’ (LHS) and ‘Thinking about your personal financial situation over the next few months, do you feel confident or uneasy?’ (RHS)



Source: Navigator. Fieldwork: 4-8 December. N.b. 'MAGA Republicans' are Republicans who identify as 'a supporter of the MAGA movement' on a separate question, while 'non-MAGA Republicans' are Republicans who do not consider themselves supporters of the MAGA movement or are not sure. Approx 1,000 respondents.

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