

MNI POLITICAL RISK ANALYSIS - US Daily Brief 02-07-25

by Adam Burrowes

The White House *(times subject to change)*

-	President Trump has no public events scheduled
---	--

KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

Washington

President Donald Trump has no public events on his schedule, indicating he will spend most of the day on the phone with wavering House Republicans to coax the 'One Big Beautiful Bill' over the finish line.

- 14:00 ET 19:00 BST: State Department Spokesperson Tammy Bruce will brief reporters at the Department of State.

Big Beautiful Bill

After a marathon, 26-hour, vote-a-rama, the Senate yesterday passed the GOP's 'One Big Beautiful Bill' in a 51-50 vote, with Vice President JD Vance casting the tie-breaking vote.

- The breakthrough came after Senate Majority Leader John Thune (R-SD) flipped the vote of moderate Senator Lisa Murkowski (R-AL), who used her leverage to secure a Medicaid carveout for Alaska.
- As expected, fiscal hawk Senator Rand Paul (R-KY), 'Medicaid moderate' Thom Tillis (R-NC), and blue-state moderate Susan Collins (R-ME) voted 'no' on the bill. Tillis, amid attack from Trump, on Sunday, announced he would not seek re-election. Collins has largely escaped criticism from GOP leadership, who likely acknowledge that a 'no' vote on the package will bolster her chances of re-election in 2026.

Early this morning, the House Rules Committee voted 7-6 to advance the package to the House floor for a final vote. After nearly 12 hours of deliberation, conservative Reps Chip Roy (R-TX) and Ralph Norman (R-SC) joined with Democrats to vote against the rule, signalling that House Speaker Mike Johnson (R-LA) will face stiff opposition from his conservative flank.

- Norman told reporters: "Our bill has been completely changed. ... It's a non-starter."
- Roy [said on X](#): "They're backing away from the spending cuts, the spending restraint. They're backing away from the reforms that we think makes the math work,"

The House will convene at 09:00 ET 14:00 BST today for a first procedural vote to accept the rule on the bill, offering conservatives an opportunity to leverage the GOP's razor-thin majority in search of concessions.

- Reminder: If all members are present and voting, Speaker Johnson can only drop three votes. Rep Thomas Massie (R-KY) is likely to be a 'no', providing Johnson only a two-vote buffer to work with.
- Punchbowl News' 'Big Mad Index' identifies the House Republicans to watch during voting. Since the last update, Punchbowl has removed the SALT Republicans from the list.

Figure 1: 'Big Mad Index'

BIG MAD	NO FOR NOW	KTF (KNOWN TO FOLD)	MEDICAID MAD
Troy Nehls	Thomas Massie (always no)	Victoria Spartz	Don Bacon
Warren Davidson	Eric Burlison	Chip Roy	Juan Ciscomani
Josh Brecheen	Andy Harris	Nick LaLota	David Valadao
Greg Steube	Jeff Van Drew		Jen Kiggans
Bob Onder	Marjorie Taylor Greene		Rob Bresnahan
Keith Self	Greg Murphy		Jeff Hurd
Dan Crenshaw	Young Kim		
Randy Fine			
Tim Burchett			
Andy Ogles			
Ralph Norman			
Andy Biggs			

Source: Punchbowl News

Speaker Johnson is likely to follow a playbook he has used in previous House votes. He will take steps to bring the package to the floor, regardless of public support from wavering reps. He will then engage in personal outreach with individual lawmakers, seeking to assure them that conservative priorities will be addressed in future legislation.

- Johnson will be backed by President Trump's range of coercive tools, including the threat of primary action in 2026; pressure to endorse the bill's boost to border security; and warnings of the tax consequences if the bill is not signed into law.
- Using this strategy, Conservative rebellions were overcome in Johnson's speaker election in January, two votes on government funding bills, and the House's first run at the Big Beautiful Bill in May.
- Our baseline scenario is that this strategy will succeed again, but conservative opposition may be more robust this time as conservatives believe the Senate has jammed them with a bill that sidesteps their priorities and balloons deficits.

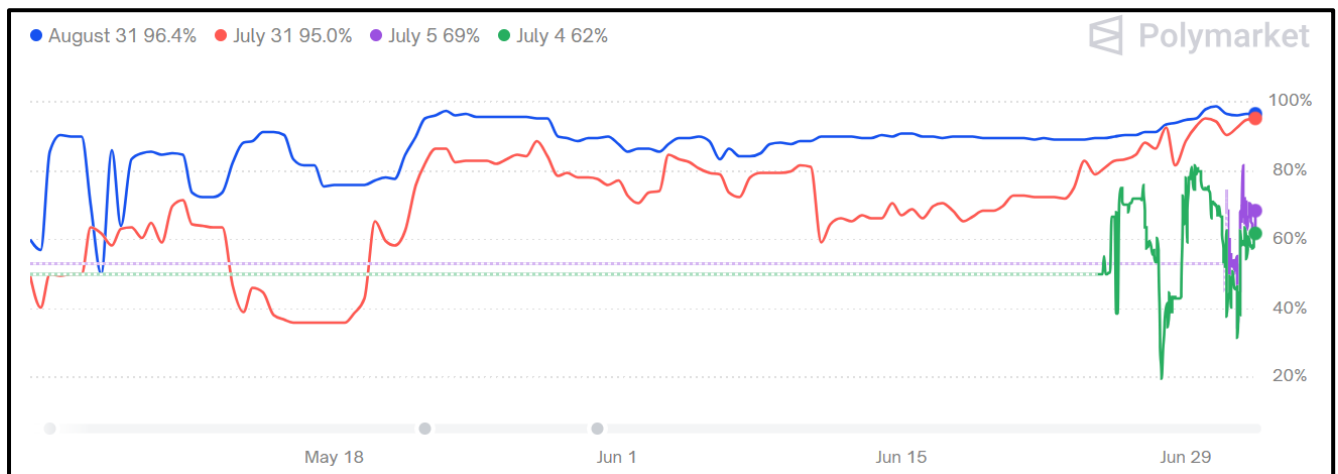
Republican leadership want the final bill on Trump's desk by Friday, July 4. That target is self-imposed and missing it will have few major consequences.

- Indeed, Trump yesterday appeared to soften his stance on the self-imposed July 4 deadline, telling reporters today: "I'd love to do July 4th but I think it's very hard to do July 4th.... I would say maybe July 4th or somewhere around there."
- As the package includes a USD\$5 trillion hike to the federal debt limit, the worst-case scenario for markets is the tail risk that Johnson fails to overcome conservative opposition and is forced into conference with the Senate to resolve differences. This

could theoretically stretch for weeks, bringing a possible late-summer X-Date into play. However, we consider this scenario unlikely.

- GOP Whip Tom Emmer (R-MN) downplayed the likelihood the bill could be altered and returned to the Senate: “I think the Senate did what the Senate had to do. got it passed. Now we’re going to do the same thing in the house... This bill is going to be voted on as is... It’s going to pass”.

Figure 2: “Reconciliation bill passed by...?”



Source: Polymarket

House Outlook

Politico notes that “dozens of Republicans” across the Republican conference are threatening to vote down the bill, citing “deeper Medicaid cuts, steeper deficit hikes and less onerous clean-energy provisions than expected”.

- Axios confirms: “One House Republican, speaking on the condition of anonymity, told Axios there are “well over 20” GOP lawmakers threatening to vote against the bill.”

A substantial cross section of the two groups of holdouts would rather take time to rework the package and send it back to the Senate instead of jamming the Senate version through the House under a self-imposed deadline, adds Politico.

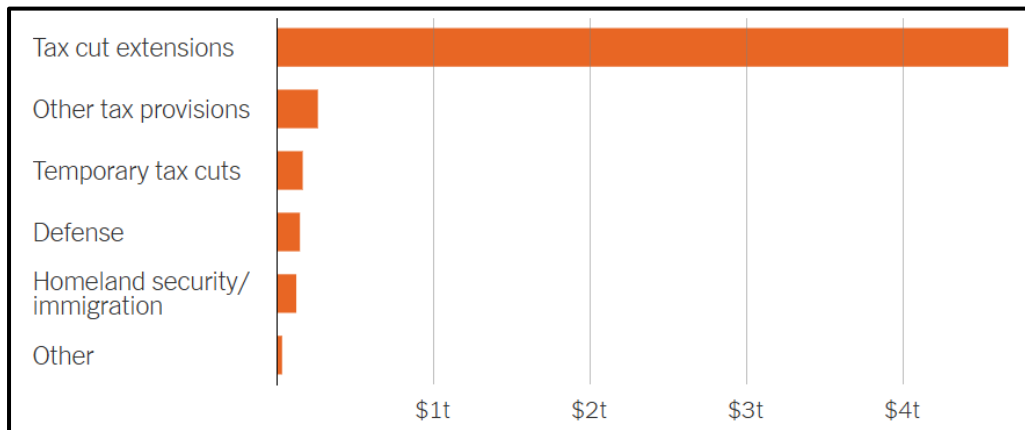
- Johnson said he was “not happy” with the Senate bill: “We’ll see. I’ve got to play the cards that are dealt to me... And we’re working through that. ... But we remain optimistic we’re going to land it at this point.”
- In a positive sign for Johnson, Rep Nick LaLota (R-NJ), the most outspoken holdout on State and Local Tax, indicated that he would likely back the bill, in light of a wraparound amendment for New Jersey and other states.

To complicate House proceedings today, inclement weather has forced the cancellation of hundreds of flights to Washington-area airports, including Reagan National.

- The New York Times [reports](#) that stranded House members are making the trip by car to ensure their votes are recorded.

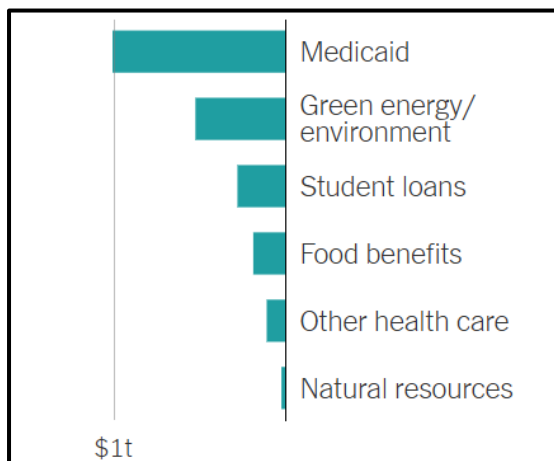
- Johnson told Fox News yesterday: “We’re having weather delays getting everybody back right now. But assuming we have a full House, we’ll get it through the Rules Committee in the morning, we’ll move that forward to the floor and hopefully we’re voting on this by [Wednesday] or Thursday at latest, depending on the weather and delays and all the rest — that’s the wildfire that we can’t control.”
- The New York Times has a comprehensive rundown of every item in the bill, including the corresponding CBO scores [here](#).

Figure 3: Big Beautiful Bill, 10-Year Costs



Source: New York Times

Figure 4: Big Beautiful Bill, 10-Year Savings



Source: New York Times

Trade and Tariffs

President Trump yesterday renewed his threat to cut off trade talks and unilaterally impose tariff rates on trading partners, including Japan.

- Trump said, when asked whether he would extend the negotiating period with trading partners: “No, I’m not thinking about the pause. I’ll be writing letters to a lot of countries.”

- Bloomberg [reports](#): “US stocks pulled back after Trump’s comments ... The S&P 500 Index quickly dropped 14 points on the headlines after trading was steady earlier in the day. The benchmark was down 0.1% as of 3:36 p.m. in New York. The Cboe VIX Index jumped above 16.8 before paring its advance.”
- Treasury Secretary Scott Bessent and economic advisor Kevin Hassett have both indicated that the White House will announce new trade deals with a raft of countries upon the conclusion of the One Big Beautiful Bill.

Japan

Trump escalated his criticism of Japan, suggesting he could impose a tariff rate upwards of 30%, if Tokyo fails to take steps to reduce its trade surplus with the US. “I’m not sure we’re going to make a deal. I doubt it with Japan, they’re very tough. You have to understand, they’re very spoiled,” Trump said.

- Bloomberg notes that Trump deepened his criticism of Tokyo for not accepting US rice exports. He also said that auto trade between the two nations is imbalanced. Japan should be forced to “pay 30%, 35% or whatever the number is that we determine, because we also have a very big trade deficit with Japan,” Trump said.

Japan’s chief trade negotiator Ryosei Akazawa told reporters today that an agreement “that would hurt our national interest for the sake of timing should not be made”, adding that he has no plans to travel to the US for an eighth round of talks.

- Japanese Prime Minister Shigeru Ishiba said this morning that Japan will boost domestic demand, expand export destinations to protect Japanese industries if auto exports to the US are set to drop, per Reuters.

Nikkei [reports](#): “Nearly three months since the US imposed a 25% tariff on automobile imports, Japanese carmakers are starting to raise prices and preparing to boost American production. Toyota has decided to increase vehicle sales prices in the U.S. by an average of \$270 from July.”

- Nikkei adds: “Japanese automakers kept prices unchanged at first after the tariffs were imposed. But Subaru and Mitsubishi Motors have since raised them, while Mazda Motor is exploring doing so. They have little choice but to raise prices, having reached their limit in absorbing cost increases.”

India

Trump was more positive about the prospect of a trade deal with India, telling reporters, “possibly. That’s going to be a different kind of a deal.”

- Trump continued: “It’s going to be a deal where we’re able to go in and compete. Right now, India doesn’t accept anybody in. I think India is going to do that, and if they do that, we’re going to have a deal for much less tariffs.”
- India’s foreign minister Subrahmanyam Jaishankar said this week his country is close to finalizing an agreement with the US, as they work through thorny issues including coming industry-specific tariffs and market access for genetically modified crops from America, per Bloomberg.

Congressional Business

The House is IN and voting on the '*One Big Beautiful Bill*'

The Senate is out

Committee Schedule –

Russia-Ukraine

The Pentagon has halted the delivery of Patriot air-defence and other key munitions to Ukraine, with Trump officials stressing the need to focus more on the longer-term threats from China and, more immediately, military needs in the Middle East, per the Wall Street Journal.

- Bloomberg reports that the move was spearheaded by Under Secretary of Defense for Policy, Elbridge Colby, who has long argued that the US is overextended abroad militarily.
- WSJ notes: "The shipments were in Poland when they were being halted and included Patriot air-defense interceptors, air-to-air missiles, Hellfire air-to-ground missiles and surface-to-surface rockets, artillery rounds, and Stinger surface-to-air missiles."
- The New York Times writes: "Some of those systems were scheduled for delivery to Ukraine over the next year or so. But the signal to President Vladimir Putin of Russia may be that the United States is gradually getting out of its role as Ukraine's major supplier of advanced weaponry. That, in turn, may encourage Mr. Putin to drag out talks about a cease-fire, figuring that the Ukrainian forces may soon be starved of ammunition and antimissile systems."

Israel

Trump voiced optimism yesterday that he could secure a Gaza ceasefire ahead of a meeting with Israeli Prime Minister Benjamin Netanyahu, expected to take place at the White House early next week.

- Trump said on [Truth Social](#): "Israel has agreed to the necessary conditions to finalize the 60 Day CEASEFIRE, during which time we will work with all parties to end the War. The Qataris and Egyptians, who have worked very hard to help bring Peace, will deliver this final proposal. I hope, for the good of the Middle East, that Hamas takes this Deal, because it will not get better — IT WILL ONLY GET WORSE."

Axios notes: "The renewed diplomatic push comes as Israel pounded Gaza with deadly strikes Monday. Hamas' demand that the US guarantee a permanent end to the war remains "the key sticking point" in talks."

- Politico writes: "Whether it's expanding Israel's regional relations via the diplomatic agreements known as the Abraham Accords, supporting Syria's reconstruction or ending the wars that began during Biden's term — none will be possible so long as the war between Israel and Gaza continues apace."

Iran

Iranian Foreign Minister Abbas Araghchi told [CBS News](#) that Iran's nuclear enrichment facility at Fordow suffered "serious and heavy damage" in the US airstrikes on the location in late June.

- Araghchi said: "No one exactly knows what has transpired in Fordow. That being said, what we know so far is that the facilities have been seriously and heavily damaged," adding that "The Atomic Energy Organization... is currently undertaking evaluation and assessment,."
- Araghchi's comments come after a Washington Post [article](#) over the weekend claimed that an intercepted call from Iranian officials gained by US intelligence "included Iranian government officials speculating as to why the strikes directed by President Donald Trump were not as destructive and extensive as they had anticipated,".

The scale of damage at the Fordow, Natanz and Isfahan nuclear facilities has been the subject of intense speculation. Secretary of Defense Pete Hegseth launched into a furious [broadside](#) at reporters at a Pentagon briefing, criticising the media for supposedly downplaying the actions of US service personnel and not waiting for all intelligence on the situation to come to light.

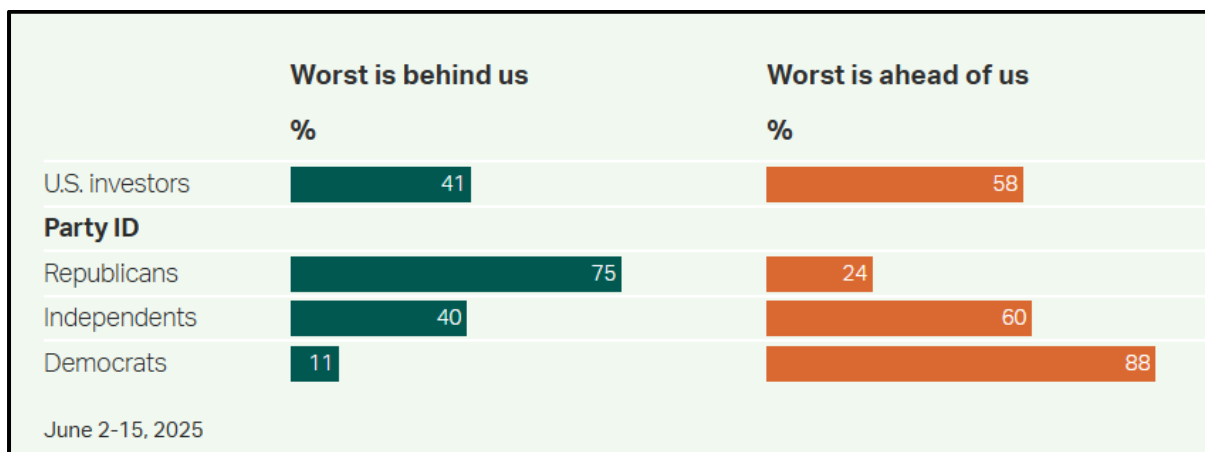
- Araghchi's comments could be seen as an effort to overplay the damage done at Fordow in an effort to avoid any further strikes (albeit this looking increasingly unlikely at present).
- State media have confirmed President Masoud Pezeshkian's approval of a law suspending Iran's cooperation with the UN's International Atomic Energy Agency (IAEA). IAEA Director General Rafael Grossi warned that Iran could begin enrichment "within months" without his agency's oversight.

Chart of the Day

A new survey from [Gallup](#) has found that, "Most investors foresee volatility persisting through 2025 and believe the worst is still to come, rather than "behind us." Despite this, investor confidence in the stock market as a means of building retirement wealth remains high."

- Gallup notes: "Democratic investors (48%) are far more likely than Republican investors (9%) to say they are very concerned about recent stock market volatility and are twice as likely to be very or somewhat concerned overall (82% vs. 41%). Concern among independents falls between the two partisan groups, similar to the national average."

Figure 5: "How concerned are you that Iran will further retaliate against the United States in response to the airstrikes?"



Source: Gallup

IMPORTANT: This email contains information protected by copyright which can only be used in accordance with the terms of your Market News subscription agreement. UNAUTHORIZED DISCLOSURE, PUBLICATION, REDISTRIBUTION OR FURTHER DISSEMINATION OF THIS INFORMATION MAY RESULT IN CRIMINAL PROSECUTION OR OTHER SEVERE PENALTIES. Any such authorization requires the prior written consent of Market News. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News. Market News takes any such violation seriously and will pursue available legal remedies.

This document may contain forward-looking statements. Forward-looking statements may be identified by the use of such words as; "may," "might," "will," "would," "should," "could," "expect," "plan," "planned," "intend," "anticipate," "believe," "estimate," "estimated," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and other similar terms. Forward-looking statements are not historical facts or guarantees of future performance but instead express only beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside the control of Market News. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Subscribers are cautioned not to place undue reliance on any forward-looking statements or examples. None of Market News or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright @ 2023 Market News Ltd & Hawking LLC d/b/a Market News. All rights reserved.

POLITICAL RISK