

MNI POLITICAL RISK ANALYSIS - US Daily Brief 02-09-25

by Adam Burrowes

The White House *(times subject to change)*

14:00 ET 19:00 BST

President Trump makes an announcement

KEY DATES:

- ❖ End of Congressional recess: Today
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

US President Donald Trump will make an Oval Office announcement at 14:00 ET 19:00 BST. The event will be Trump's first public appearance since a marathon Cabinet meeting last Tuesday.

- The announcement is expected to focus on defence. The Wall Street Journal [reported](#) last week that the Trump administration is drawing up plans to rebrand the Department of Defense as the Department of War.
- The Daily Caller published the [transcript](#) of an hour-long interview with Trump, recorded on September 29.

Politico notes that despite a flurry of social media activity, an interview with the Daily Caller, and several appearances at his Virginia golf club, Trump's light public schedule has fueled speculation about his health.

- "...after several days of intense speculation, the questions are going to keep coming about his health, with various (Trump-hating) corners of the internet now utterly fixated with the president's bruised hands, swollen ankles, tired-looking eyes and goodness knows what else," writes Politico.
- On Wednesday, Trump will hold the newly elected president of Poland, Karol Nawrocki at the White House.
- Secretary of State Marco Rubio kicks off a trip to Florida, Mexico, and Ecuador today with remarks at the Lech Wałęsa Solidarity Prize Awards Ceremony in Miami.

September Agenda

Congress is back in session today after the August recess, with lawmakers facing a hectic schedule in the coming weeks. The most pressing business is the September 30 government funding deadline. As appears to be no viable track for lawmakers to pass the required 12 annual appropriations bills to avoid a government shutdown on October 1, a short-term funding patch is likely required.

- Any short-term funding measure will need a handful of Democrat votes to clear the Senate filibusters. President Trump's effort to cancel previously approved funding via a controversial ['pocket rescission'](#) has scrambled the outlook. The implied probability

of a shutdown is roughly 50% per [Polymarket](#). While the prevailing view is that Democrats will never willingly force a shutdown, that assessment likely understates the risk, with Senate Minority Leader Chuck Schumer (D-NY) under intense pressure to take a stand against Trump's agenda.

- Schumer said in a [letter to colleagues](#) today: *"The only way to avoid a shutdown is to work in a bipartisan way... However, as we near the funding deadline, Republicans are once again threatening to go-at-it-alone—heading our country towards a shutdown and making the health care crisis even worse. With the Trump Administration's attempt of the so-called "pocket rescission," it is clear that Republicans are prioritizing chaos over governing..."*
- Punchbowl News writes: "Right now, a potential government shutdown seems more likely than not. And if there isn't a shutdown, federal agencies could limp along on a series of short-term funding bills — continuing resolutions — throughout this year and next, giving Trump and White House officials even more sway over federal spending."

DC District Court Judge Jia Cobb is expecting additional filings today from Fed Governor Lisa Cook and the Department of Justice on Cook's request to temporarily block Trump from firing her. Legal experts believe Cook will prevail, but the case could make it to the Supreme Court, setting up a major test for the conservative-majority bench.

- At 10:00 ET 15:00 BST on September 4, the Senate Banking Committee will hold a hearing to consider CEA Chair Stephen Miran's nomination to fill the Fed board seat that was unexpectedly vacated by Adriana Kugler, last month.
- Democrats will use the hearing to highlight Trump's threat to the Fed's independence, but there is little they can do to delay Miran's confirmation unless four Republican Senators join with Democrats. There has been little evidence of that level of dissent. The expectation is that Miran will be confirmed in time for the Sept. 16-17 Federal Open Market Committee meeting.
- At some point in the coming weeks, the Senate HELP Committee will hold a confirmation hearing for EJ Antoni, Trump's pick to replace ousted Labor Statistics chief Erika McEntarfer at the BLS.

On the legislative front, Republicans will continue work on a second reconciliation bill, the budget procedure used to pass the 'One Big Beautiful Bill'. With the GOP likely to lose control of the House of Representatives in 2026, a second massive party-line package — teed up for next summer — could be the final chance for Trump to enact durable policy change in Congress.

- Reps. Ro Khanna (D-CA) and Thomas Massie (R-KY) are expected to trigger a bipartisan discharge petition today calling on the DOJ to release documents related to the so-called 'Epstein files'. The issue has been a vulnerability for Trump, especially with the MAGA faction of his coalition, but stonewalling from the White House appears to have neutered the political fallout. Trump's approval rating took a hit from his response to the case but has since stabilised.

Beyond Congress, the redistricting war is expected to extend to Missouri this week, with the GOP-controlled state legislature looking to create an additional Republican House seat for 2026. Ohio, Florida, and Indiana could be next in line. Democrats have responded with their

own gerrymandering efforts, but have less flexibility as blue states are more likely to have independent redistricting commissions. The New York Times [notes](#) that the GOP could gain around five seats in total from a nationwide effort.

- At some point this week, Trump is expected to send federal law enforcement agents, and maybe National Guard troops, into Chicago. Other Democrat-run cities, including Baltimore, Boston, San Francisco, and New York City, could also see similar treatment.
- Republicans are working on a new 'comprehensive crime bill' touted by Trump in a Truth Social post. During the Congressional recess, DOJ officials met with a small group of Republican staffers to discuss assembling a crime package.

Federal Reserve

Treasury Secretary Scott Bessent told Semafor yesterday he will begin interviewing candidates to be the next Fed chair today. "It's going to start, depending on where they're based, either Zoom or in-person interviews," he said.

- Bessent said he has "an open mind" on the best pick to replace Jerome Powell next May, with an "incredible list" of candidates lined up.
- He also told Reuters in a separate interview: "The Fed should be independent. The Fed is independent, but I, I also think that they've made a lot of mistakes."

Reuters notes that Bessent said he believes that Cook should be removed or step down if the allegations against her are true, and noted that she had not denied them: "I've been very surprised that the Fed has not done an independent review. She hasn't said she didn't do it. She's just saying the president can't fire her. There's a big difference."

- Bessent added that "there's a very good chance that Stephen Miran is seated before the September meeting." Kugler's permanent replacement, as well as a replacement for Governor Lisa Cook if the courts allow it, "will likely come from" the same list of candidates as the chair nominee, Bessent said. The judge assigned to Cook's case on Friday requested more written arguments before issuing a ruling, per Semafor.

The New York Times' Dealbook notes that, "More prominent voices, including [Christine Lagarde](#) of the European Central Bank and the billionaire financier [Ray Dalio](#), have warned about the dangers from President Trump's all-out assault on the Fed."

- And yet, writes Dealbook, "as U.S. stocks hover near a new high, equity investors seem unperturbed. The S&P 500 notched its fourth-straight month of gains in August despite worries about tariffs' effects on inflation and consumer spending — and concerns that Trump could bulldoze the sanctity of Fed independence."

Tariffs

Treasury Secretary Bessent told Reuters yesterday that he is confident the Supreme Court will uphold Trump's use of 'IEEPA' emergency powers to impose tariffs on trading partners, but said the administration has a backup plan if it does not. The comments follow an appeals court decision last week that upheld a previous ruling from the Court of International Trade in May.

- Bessent told Reuters “he was preparing a legal brief for the U.S. solicitor general, who will oversee the government's appeal to the Supreme Court, that will underscore the urgency of addressing decades of trade imbalances and stopping the flow of deadly fentanyl into the United States.”
- Reuters notes: “The 7-4 decision by the U.S. Court of Appeals for the Federal Circuit in Washington, D.C., [on Friday] addressed the legality of what Trump calls “reciprocal” tariffs imposed as part of his trade war in April, as well as a separate set of tariffs imposed in February against China, Canada and Mexico aimed at halting imports of fentanyl.”

Bessent said: “I’m confident the Supreme Court will uphold it - will uphold the president's authority to use IEEPA. And there are lots of other authorities that can be used - not as efficient, not as powerful.”

- Reuters notes that Bessent said the influx of deadly fentanyl, linked to some 70,000 deaths a year in the United States, was a legitimate reason to call an emergency: “If this is not a national emergency, what is?” Bessent said, adding, “When can you use IEEPA if not for fentanyl?”
- Bessent said the brief, to be submitted today or tomorrow, would focus on the idea that US trade deficits threaten national security: “We’ve had these trade deficits for years, but they keep getting bigger and bigger. We are approaching a tipping point ... so preventing a calamity is an emergency.”

India

Trump claimed on Truth Social yesterday that India offered to lower tariffs on US imports to zero in response to a 50% tariff rate on exports to the US, levied by Trump in retaliation for New Delhi’s protectionist trade policies and purchase of Russian oil.

- Trump wrote on [Truth Social](#): “*What few people understand is that we do very little business with India... The reason is that India has charged us, until now, such high Tariffs, the most of any country, that our businesses are unable to sell into India. It has been a totally one sided disaster! Also, India buys most of its oil and military products from Russia, very little from the U.S. They have now offered to cut their Tariffs to nothing, but it’s getting late.*”
- Bloomberg notes: “India’s government hasn’t officially responded to Trump’s remarks, but Commerce Minister Piyush Goyal said at an event on Tuesday that both sides continue to engage to reach a trade agreement.”

Trump's claim that India has offered such a major concession came as a surprise, as outwardly, Indian Prime Minister Narendra Modi has pushed back against the tariff rates and sought to bolster ties with Russia and China at this week’s Shanghai Cooperation Organisation summit in Beijing.

- The New York Times notes on the SCO summit: “In a speech, President Xi Jinping took not-so-subtle jabs at the U.S., urging leaders to oppose a “Cold War mentality, bloc confrontation and bullying.” Russia’s president, Vladimir Putin, blamed the West for the war in Ukraine. And Prime Minister Narendra Modi spoke of “promoting multilateralism and an inclusive world order,” or a system in which countries like India have more say in global affairs.”

- Semafor reports: “The displays of warmth and laughter between the leaders of India, China, and Russia in Tianjin underscored how much [Trump] has shaken up global diplomacy. [Modi] held hands with [Putin] and shared a car ride with him, and also met with China’s Xi Jinping at the summit, in what analysts said signaled to Trump that India will align with other powerful nations if Washington pressures it to stop buying Russian oil.”
- Modi’s friendly exchanges with two world leaders who seek to challenge the US with an alternative world order constituted “deliberate diplomatic theater... that will make Trump squirm,” The Economic Times wrote.
- Bessent downplayed the broader implications of the SCO summit: “It happens every year for the Shanghai Cooperation Organization. It’s more of the same. And look, these are bad actors ... India is fueling the Russian war machine, China is fueling the Russian war machine ... I think at a point we and the allies are going to step up.”

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 16:00 ET 21:00 BST: HOUSE Rules Committee to consider FY26 Energy-Water funding bill and three Congressional Review Act resolutions related to the Bureau of Land Management
- 17:00 ET 22:00 BST: HOUSE Appropriations: Fiscal Year 2026 Labor, Health and Human Services, Education, and Related Agencies Bill

The House will begin considering 10 bills today, including the Stop Chinese Fentanyl Act of 2025. Votes are scheduled for 18:00 ET 23:00 BST.

- The Senate will vote to move forward on the fiscal 2026 National Defense Authorization Act at 17:30 ET 22:30 BST.
- A House Appropriations subcommittee will mark up Labor-HHS-Education at 17:00 ET 22:00 BST. “Republicans are [proposing](#) a \$13.7 billion overall spending cut — and their plan includes slashing Labor Department funding by 28 percent; zeroing out the Corporation for Public Broadcasting; and renaming AmeriCorps to the America First Corps,” per Politico.
- Appropriations Democrats said in a [statement](#) on the Labor-HHS bill: “The legislation is an assault on education and job training, slashes medical research, abandons ongoing public health crises, and eliminates funding for reproductive health.”

Housing

Bessent told the [Washington Examiner](#) that Trump may declare a ‘national housing emergency’ this fall to address rising house prices – a ‘core issue’ for the Trump administration in the coming months. The Washington Examiner notes that there hasn’t been a national housing emergency declared since the 2008 recession.

- The Examiner also notes that, “Since entering office, Trump has declared nine national emergencies, allowing him to expand his executive powers to address

issues such as immigration and trade. He also declared a “crime” emergency in August to tackle violent crime in Washington.”

- Bessent said: “We’re trying to figure out what we can do, and we don’t want to step into the business of states, counties, and municipal governments. We may declare a national housing emergency in the fall.”
- Bessent said housing affordability would be a critical leg of Republicans’ 2026 midterm election platform. Bessent declined to list any specific actions the president may take, but he suggested that administration officials are directly studying ways to standardize local building and zoning codes and decrease closing costs, per Bloomberg.
- Bill Pulte, the Director of the Federal Housing Finance Agency, told Fox Business this morning that Trump is “focused on getting the housing market booming,” adding that the administration is, “looking at what is available.”

Taxation

The Treasury Department gave Axios, “a first look” at the list of 68 jobs that qualify for a new tax deduction under the “no tax on tips” pledge in President Trump’s “big, beautiful bill.” Full list [here](#).

- Axios notes: “Until now, the administration hadn’t specified the eligible occupations. There’s good news on the list for everyone from golf caddies and party DJs to home electricians.”
- Some eligible jobs include: Bartenders, wait staff, cooks and fast-food workers. Gambling staff, dancers, musicians and coatroom attendants. Bellhops, concierges, desk clerks and hotel maids. Home maintenance workers, landscapers, electricians, plumbers and cleaners.
- Planners, photographers or officiants for private events; tutors, babysitters, nannies and pet caretakers. Massage therapists, hairdressers, manicurists, tattoo artists, exercise trainers, and tailors. Golf caddies, tour guides and sports instructors. Taxi, rideshare or bus drivers; delivery people, home movers and vehicle cleaners.

Ukraine War

Treasury Secretary Scott Bessent told Fox News yesterday that “all options are on the table” for further sanctions on Russia, after Trump’s first deadline for Russian President Vladimir Putin to make progress on peace talks with Ukraine passed yesterday.

- Bessent said: *“President Putin, since the historic meeting in Anchorage, since the phone call, when the European leaders and President Zelensky were at the White House the following Monday, has done the opposite of following through on what he indicated he wanted to do – as a matter of fact, he has, in a despicable manner, increased the bombing campaign.... I think with President Trump, all options are on the table, and I think we’ll be examining those very closely this week.”*

Politico notes that both Ukrainian President Volodymyr Zelenskyy and French President Emmanuel Macron were keen to point out Putin’s obfuscation. Trump’s second, extended two-week deadline is now approaching fast — and it seems unlikely anything will change.

- Trump conceded in a [Daily Caller](#) interview: "I thought the easiest [war to end] would be this one, in a certain way. because of relationships — because, you know, I just felt I knew. But it doesn't seem, it's going to get, it's going to get done, but it's taking long ... You know, sometimes people aren't ready for it."

Reuters and Russian state-run Tass reported this morning that Putin said at a meeting with Slovakian Prime Minister Robert Fico in Beijing that "Europe's claims that Russia allegedly plans to attack it are a provocation or complete incompetence," adding, "Russia was forced to defend its interests and people in Donbass, this is the essence of the conflict in Ukraine".

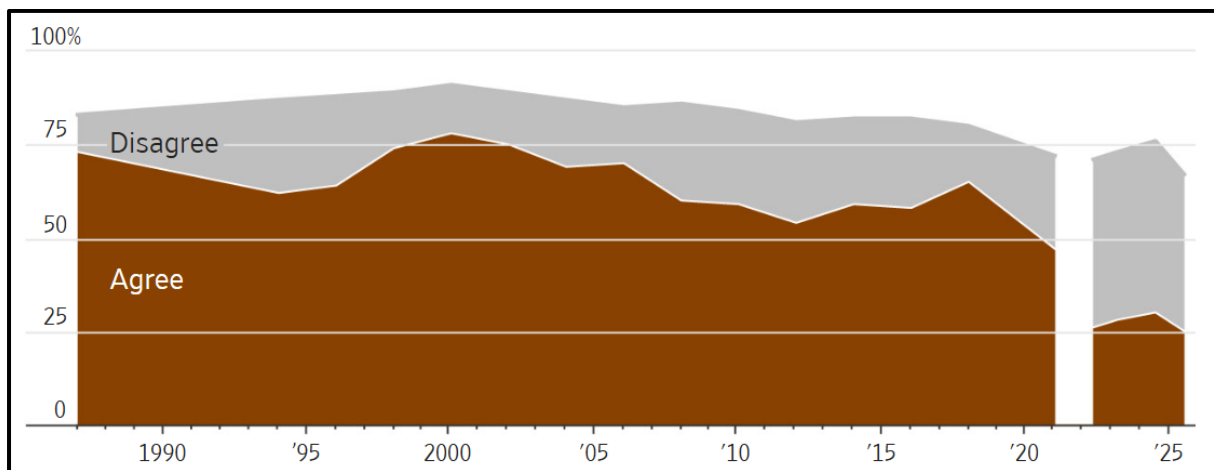
- Putin claimed that Russia "have never opposed Ukraine's European Union membership", but Ukrainian membership of NATO is "a different question" and "unacceptable to Russia", adding "NATO tried to absorb almost the entire post-Soviet space, Russia was forced to react to this."
- Putin added that he discussed with Trump in Alaska options for ensuring Ukraine's security after the end of the conflict, and he is confident in the possibility of finding a consensus on the issue of ensuring Ukraine's security.

Chart of the Day

A new [survey](#) from the Wall Street Journal/AP-NORC has found that "the share of people who say they have a good chance of improving their standard of living fell to 25%, a record low in surveys dating to 1987. More than three-quarters said they lack confidence that life for the next generation will be better than their own, the poll found."

- The Journal notes: "Nearly 70% of people said they believe the American dream—that if you work hard, you will get ahead—no longer holds true or never did, the highest level in nearly 15 years of surveys."
- The poll found "a somewhat brightening view of the current economy. Some 44% rated the economy as excellent or good, up from 38% a year ago, though still a smaller share than the 56% who now view the economy as not good or poor."

Figure 1: "People like me have a good chance of improving our standard of living"



Source: Wall Street Journal, AP-NORC

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