

MNI POLITICAL RISK ANALYSIS - US Daily Brief 02-10-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST

President Trump receives his Intelligence Briefing

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

At 11:00 ET 16:00 BST, President Donald Trump will receive an intelligence briefing at the White House. He has no other engagements in his diary.

- Bloomberg reports that the US and Japan are arranging for Trump to visit Japan on October 27. The trip would be Trump's seventh international trip and first non-Middle East visit to Asia of his second term.
- The trip would come a few days before the October 31 APEC leaders' summit in South Korea, where Trump is expected to meet Chinese President Xi Jinping.

Yesterday, Trump signed an [Executive Order](#) providing NATO-like security guarantees for Qatar that regards "any armed attack on the territory, sovereignty, or critical infrastructure of the State of Qatar as a threat to the peace and security of the United States."

- Semafor notes, "The move was ostensibly made to reassure Washington's Gulf allies following the Israeli strike — Saudi Arabia has already reached a mutual-defense pact with nuclear-armed Pakistan — but Politico nevertheless called it a "shocking departure from the administration's America First approach."

At 10:00 ET 15:00 BST, House Republican leaders will hold a news conference in House Speaker Mike Johnson's Capitol Hill rotunda.

- MNI's Markets Team has published a comprehensive guide of data releases likely to be impacted by the government shutdown [here](#).

Government Shutdown Day 2

The US government shutdown has entered Day 2 without any significant movement toward a resolution. Congress is out for the day in observance of Yom Kippur, but lawmakers will continue a press blitz to influence messaging surrounding the shutdown.

- Yesterday, the Senate voted for the third time on the GOP's 'clean' November 21 Continuing Resolution and the alternate Democratic CR with healthcare and policy provisions. Both failed again, as expected, with no change in the vote share.
- The same three Democratic senators, John Fetterman, Catherine Cortez Masto (D-NV), and (Democrat-aligned Independent) Angus King (I-ME) voted in favour of the CR. Republican Senator Rand Paul (R-KY) voted 'no'.

- Axios notes that Senate Republicans are eyeing at least seven Democratic Senators as potential flips. Jon Ossoff (D-GA), Jeanne Shaheen (D-NH), Gary Peters (D-MI), Maggie Hassan (D-NH), Minority Whip Dick Durbin (D-IL), Kirsten Gillibrand (D-NY), and Brian Schatz (D-HI).
- They are all holding firm for now but voted in favour of the funding bill in March. Several of the senators, including Peters, Shaheen, and Durbin aren't running for re-election next year, so may be less inclined to toe the party line.

On the Senate floor yesterday, there was an extended huddle - reportedly discussing an extension of the Obamacare enhanced premium tax credits - among some of the key senators who could provide the five additional Democratic votes needed to reopen the government.

- However, as Punchbowl notes, "Party leaders aren't directly involved. There's no Senate "gang" to break the deadlock. And the fundamentals of the showdown haven't changed."
- Semafor's Burgess Everett [reports](#), "It's very early in the "way out" shutdown talks, but there's been some discussions about a 3-4 week CR, which Democrats want to align with the ACA [Obamacare subsidies] marketplace period starting Nov. 1."
- Everett continues, "Some think a shorter CR and a commitment to address the expiring subsidies could be workable. If that CR passed but ACA negotiations failed, it would put Congress right back where it is now... This is not at the leadership level, but people are talking at least and in a shutdown, that's something."

Meanwhile, a pressure campaign from the White House designed to inflict maximum pain on Democrats got underway yesterday. White House Office of Management and Budget Director Russell Vought announced in a [series of posts on X](#) that the White House has frozen USD\$18 billion in federal infrastructure funds allocated for New York City's Second Ave. subway and Gateway tunnel projects.

- It is unlikely a coincidence that the OMB's first move targeted the home state of Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Hakeem Jeffries (D-NY).
- Vought also announced that the Trump administration is cancelling nearly \$8 billion in funding for energy programs in 16 states that voted for former Vice President Kamala Harris in the 2024 presidential election.
- The Washington Post [reports](#) that the White House on Wednesday abruptly fired a large share of the council members advising the National Endowment for the Humanities, retaining only four appointees of Trump.

Punchbowl writes that Vought's aggressive moves are backfiring, "Democrats are digging in deeper. If the White House goes ahead with mass layoffs of federal employees, that could drive wobbly Senate Democrats away from the GOP CR and toward Schumer."

- Senator Kevin Cramer (R-SD) said, "Russ is less politically in tune than the president. We, as Republicans, have never had so much moral high ground on a government funding bill in our lives. ... I just don't see why we would squander it."

- Senator Chris Murphy (D-CT) said, “I obviously ended up in a different place than leadership in March, but I understood it was a very tough call. I don’t think it’s a tough call this time.”
- Senator Chris Coons (D-DE), a well-known bipartisan negotiator, told reporters, “Schumer and [Senate Majority Leader John] Thune [R-SD] are talking about what would it take to re-open government, what are Democrats’ concerns about health care costs. This is not going to be easy to solve. But our caucus is united, and Schumer is leading well in this moment.”

Following Vought’s memo last week directing federal agencies to “use this opportunity to consider reduction in force (RIF) notices,” White House press secretary Karoline Leavitt told reporters that the layoffs to federal workers are happening in “two days, imminent, very soon.”

- Trump wrote on Truth Social overnight, “Republicans must use this opportunity of Democrat forced closure to clear out dead wood, waste, and fraud. Billions of Dollars can be saved. MAKE AMERICA GREAT AGAIN!”
- House Speaker Mike Johnson (R-LA) told Fox yesterday the shutdown gives Republicans an opening to “do some things that we would not otherwise be able to do, because we would never get Democrat votes for them.”
- The White House “gets to decide now what services are essential, what programs and policies should be continued, and which would not be a priority,” Johnson said.

National Economic Council Director Kevin Hassett, a frontrunning candidate for Fed Chair, told Punchbowl News that Cabinet secretaries can use a shutdown “as an opportunity to change the structure of the human resources team or whatever.”

- Hassett added, “I think the hope is that that doesn’t happen, that the Democrats come back tomorrow, the next day, open the government. But I think that it should put a lot more pressure on the Democrats to know that they’re playing with fire a little bit. Because it is possible for Cabinet secretaries, if they so choose, to have reductions in force.”
- Punchbowl notes that Hassett “sounded a bit bearish on a straight extension of enhanced premium tax credits for Obamacare.” He said of Democrats: “They could have made it permanent if they wanted.”

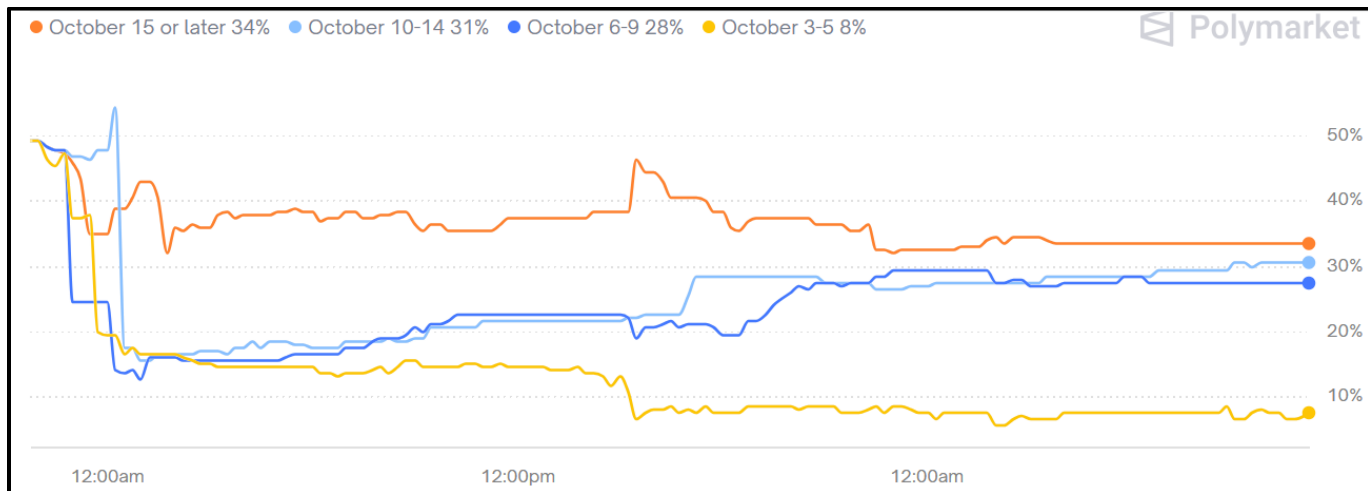
Wall Street appears to be largely shrugging off the shutdown, despite the looming lapse of key economic data. Barron’s writes, “The stock market might be flying only partially sighted but it still looks like clear skies ahead. Limited economic data and the latest legal decision over the Federal Reserve have investors increasingly confident of interest-rate cuts and continued equity gains.”

- NEC Director Kevin Hassett told Punchbowl that if it is a long shutdown, “then there would be an economic impact, for sure.”
- Treasury Secretary Scott Bessent told CNBC this morning, “We could see a hit to GDP” from the shutdown, adding that federal layoffs are just a “talking point”.

Data from Polymarket offers few clues about the duration of the shutdown. Bettors see a resolution in early October, mid-October, or longer as equally likely.

- A majority on the prediction market Kalshi are wagering it will last at least 10 days, with the two parties still far apart on issues like extending health subsidies, per NYT.

Figure 1: When will the Government Shutdown End?



Source: Polymarket

Federal Reserve

The Supreme Court said Wednesday that Fed Governor Lisa Cook will be allowed to stay in her position until the high court hears oral argument in January, a victory for now for the official President Trump tried to fire in August.

- "The application for stay presented to The Chief Justice and by him referred to the Court is deferred pending oral argument in January 2026. The Clerk is directed to establish a briefing schedule for amici curiae and any supplemental briefs responding to amici," the court noticed.
- Axios writes, that the decision "means Cook will be allowed to participate in the remaining two Fed policy meetings of the year — and that Trump does not have a vacancy with which to appoint a new governor until at least early 2026."
- White House spokesperson Kush Desai said in a statement, "President Trump lawfully removed Lisa Cook for cause from the Federal Reserve Board of Governors. We look forward to ultimate victory after presenting our oral arguments before the Supreme Court in January."

NEC Director Kevin Hassett said in his interview with Punchbowl that he hasn't had a formal interview to be the next central banker. Hassett did say that Powell should leave the Federal Reserve board when his term is up as chair.

- And Hassett also said he thinks the Fed should continue to cut rates aggressively, "All of a sudden, if inflation takes off next week, you would have to reconsider," Hassett said. "I think the politically neutral Federal Reserve should be data dependent, and they should watch their targets and make sure that we hit them."
- Treasury Secretary Bessent told CNBC this morning he is "over the halfway point in Fed job interviews", with the first round of interviews to be completed "next week". He will then present Trump with "three to five" candidates.

Pharmaceutical Tariffs

The White House has paused a 100% tariff on pharmaceutical products that was supposed to take effect yesterday.

- Politico reports, “According to a White House official, the Trump administration has paused its plan to enact the duties as it attempts to negotiate agreements with pharmaceutical giants to avoid higher tariffs on their name-brand products — like the deal it announced with Pfizer Tuesday.”
- Commerce Secretary Howard Lutnick told reporters in the Oval Office during the Pfizer announcement that the administration is “going to let [the talks] play out and finish these negotiations, because they are the most important thing to the American people.”
- As noted in yesterday’s edition of this newsletter, Pfizer will get a three-year pause on the pharmaceutical tariffs in exchange for participation in a direct purchasing platform called “TrumpRx” and a USD\$70 billion pledge to boost its US manufacturing. The Trump Administration expects more similar deals to follow.

Law and Order

Trump wrote on Truth Social yesterday that he had “no choice” but to deploy federal troops to Portland, Oregon, to “restore law and order”. National Guard troops could arrive in Portland as soon as today, with Memphis, Tennessee, next in line for a federal security operation.

- Trump said, “Portland is a NEVER-ENDING DISASTER. Many people have been badly hurt, and even killed. It is run like a Third World Country. We’re only going in because, as American Patriots, WE HAVE NO CHOICE. LAW AND ORDER MUST PREVAIL IN OUR CITIES, AND EVERYWHERE ELSE!”
- Trump added in a second message, “ANTIFA and the Radical Left Anarchists have been viciously attacking our Federal Law Enforcement Officers, men and women who are simply doing their job, protecting Federal Property, and enforcing Federal Immigration Laws and the Rule of Law. We will never allow MOBS to take over our streets, burn our Cities, or destroy America. The National Guard is now in place, and has been dedicated to restoring LAW AND ORDER, and ending the Chaos, Death, and Destruction! We are a Nation of LAW, and we will PREVAIL.”
- The Hill notes, “The Defense Department authorized 200 members of Oregon’s National Guard to be deployed to Portland, days after Trump said he would send troops to protect the city and an Immigration and Customs Enforcement (ICE) facility.”

The Associated Press [reports](#), “Defense Secretary Pete Hegseth, Attorney General Pam Bondi and White House Deputy Chief of Staff Stephen Miller on Wednesday rallied members of a federal law enforcement task force that has begun operating in Memphis as part of President Donald Trump’s crime-fighting plan for the city.”

- Miller called the task force an “all of government, unlimited support operation” that would make the city “safer than any of you could ever possibly imagine.” He predicted that “businesses and investment are going to pour in, and Memphis will be richer than ever before,” per AP.

Agriculture

Trump wrote on Truth Social that soybeans will be a “major topic of discussion” when he meets with Chinese President Xi Jinping later this month. A face-to-face meeting is expected to take place on the margins of the APEC summit in South Korea, but Beijing has yet to confirm the plans.

- Trump said, *“The Soybean Farmers of our Country are being hurt because China is, for “negotiating” reasons only, not buying. We’ve made so much money on Tariffs, that we are going to take a small portion of that money, and help our Farmers. I WILL NEVER LET OUR FARMERS DOWN! Sleepy Joe Biden didn’t enforce our Agreement with China, where they were going to purchase Billions of Dollars of our Farm Product, but Soybeans, in particular. It’s all going to work out very well. I LOVE OUR PATRIOTS, AND EVERY FARMER IS EXACTLY THAT! I’ll be meeting with President Xi, of China, in four weeks, and Soybeans will be a major topic of discussion. MAKE SOYBEANS, AND OTHER ROW CROPS, GREAT AGAIN!”*

Bloomberg notes, “Soybean futures jumped after the post by as much as 1.9%, before paring gains slightly, the biggest intra-day move since Aug. 21.”

- According to Bloomberg, “Data from the US Department of Agriculture show China hadn’t booked a single cargo as of Sept. 18, weeks into the new marketing season — a first in records going back to 1999. Last year, the US made up one-fifth of China’s soybean imports, worth more than \$12 billion, and accounting for more than half of total US soy export value.”
- Treasury Secretary Bessent indicated to CNBC this morning that a bailout for soybean farmers is in the pipeline, “we’ve got their backs”, he said.

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Crypto

Senator Steve Daines (R-SD) “let slip” during a Senate Finance Committee hearing yesterday that he’s working on a framework to provide clarity on the taxation of cryptocurrencies, according to Politico.

- Politico notes that Senator Cynthia Lummis (R-WY), one of Washington’s top crypto advocates, separately told Politico that Senate tax writers are incorporating proposals on crypto tax legislation in a new discussion draft.
- Politico writes, “It all comes as lawmakers agree that they urgently need to figure out how to tax the crypto world to catch up with an expanding industry. There’s similar momentum happening around the issue in the House, where Ways and Means

member Max Miller announced back in July he is developing his own digital asset tax framework and expects to unveil the details in the coming weeks.”

Ukraine War

The Wall Street Journal [reports](#) that the US “will provide Ukraine with intelligence for long-range missile strikes on Russia’s energy infrastructure, American officials said, as the Trump administration weighs sending Kyiv powerful weapons that could put in range more targets within Russia.”

- The Journal writes, “The expanded intelligence-sharing with Kyiv is the latest sign that Trump is deepening support for Ukraine as his efforts to advance peace talks have stalled. It is the first time, officials say, that the Trump administration will aid Ukrainian strikes with long-range missiles against energy targets deep inside Russian territory.”

The report comes after Vice President JD Vance told Fox News on Sunday that the White House is weighing up Ukraine’s request for long-range missiles, including Tomahawks and Barracudas, that have ranges of up to 1500 miles.

- Vance said, “We’re certainly looking at a number of requests from the Europeans. And one of the things, again, that I think has really worked about the president’s policy in Ukraine and Russia is that it’s forced the Europeans to step up in a big way. ... It’s something the president’s going to make the final determination on.”

Belgian Prime Minister Bart De Wever told reporters this morning, ahead of a meeting of the European Political Community, that he told EU leaders, “I want your signature,” that they will share the risk if the EU uses roughly EUR200 billion of frozen Russian assets held at Belgium’s Euroclear for a ‘reparations loan’ for Ukraine.

- De Wever called on other European countries to be “transparent” about how much they hold in frozen Russian assets. “I want a maximum of legal certainty, I want solidarity, and I want transparency.”
- On October 1, MNI’s Political Risk team posted a [short PDF](#) outlining the EU’s ideas for using frozen Russian assets, the obstacles it faces, and the risks posed. Indeed, Bloomberg [reported](#) yesterday, “Russia may nationalize and swiftly sell off foreign-owned assets under a new privatization mechanism in retaliation for any European moves to seize Russian holdings abroad, according to a person close to the government.”

Iran

The US Treasury Department yesterday [announced](#) new sanctions on Iran’s ballistic missile and conventional weapons capabilities. Secretary of State Marco Rubio said new sanctions will target “44 individuals and entities involved in Iran’s nuclear program,” in addition to increased export controls on 26 entities and three addresses associated with the program, per Politico.

- Treasury said in a statement that the action “is in support of the September 27 reimposition of U.N. sanctions on Iran. All U.N. Member States are required to swiftly implement U.N. restrictions on Iran’s nuclear, missile, and other arms programs;

including arms embargos, export controls, travel bans, asset freezes, and other restrictions on individuals and entities, including banks, involved in Iranian nuclear and missile activities.”

Treasury Secretary Scott Bessent said, “The Iranian regime’s support of terrorist proxies and its pursuit of nuclear weapons threatens the security of the Middle East, the United States and our allies around the world. Under President Trump’s leadership, we will deny the regime weapons it would use to further its malign objectives.”

- Politico notes, “The move comes just days after the United Nations, led by France, Germany and the United Kingdom, decided to reimpose sanctions on Iran over its nuclear program. The countries cited Iran’s refusal to allow inspectors from the International Atomic Energy Agency to regain access to the country’s nuclear sites.”

Venezuela

A senior administration official told Semafor that the Trump administration isn’t ruling out launching military strikes inside Venezuela as it continues its campaign against drug cartels.

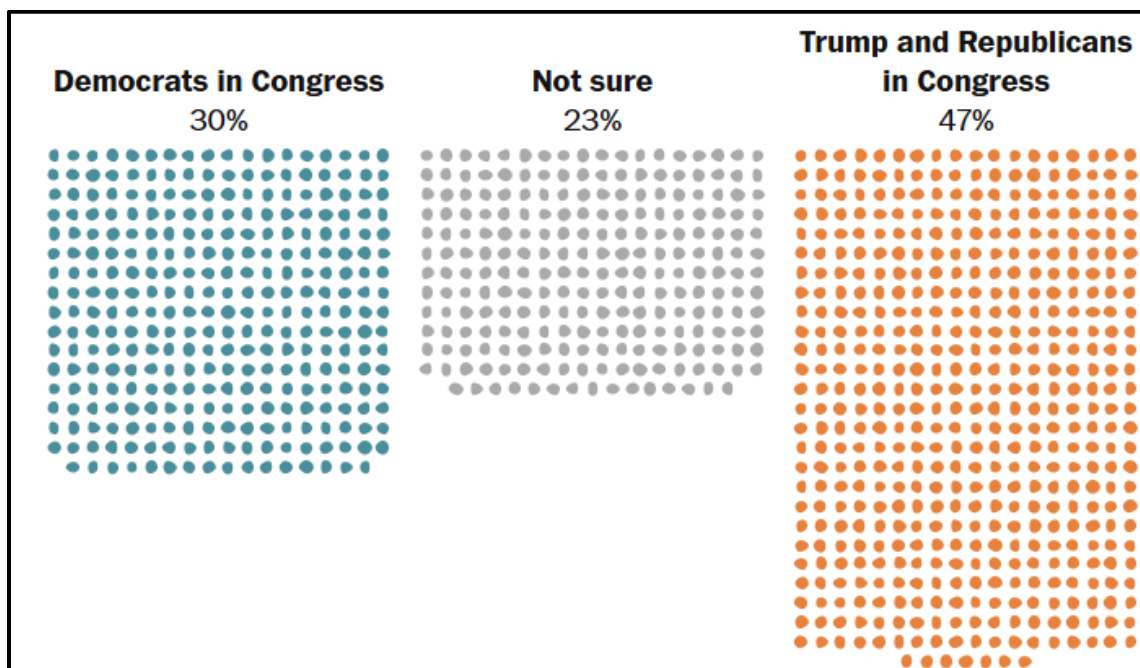
- The official said, “If Venezuela is sending drug cartels to the United States by land or sea, he’ll consider action on it,” expanding on comments made by Trump earlier this week hinting at further action against alleged cartel members “coming by land.”
- Semafor notes, “The comments forecast what might be next for Venezuela, after Trump asserted there are “absolutely no drugs” coming into the US by water following the administration’s deadly strikes against alleged drug boats off the Venezuelan coast. Notably, the US military continues its buildup in the region — prompting Venezuelan leader Nicolás Maduro to make preparations this week for a state of emergency in the country.”

Chart of the Day

A new survey from the [Washington Post](#) has found that “significantly more Americans blame President Donald Trump and congressional Republicans for the shutdown than Democrats, though many say they are not sure.”

- The Post notes, “People express moderate concern about the shutdown’s impact at this early stage, with “somewhat concerned” the most common answer. A large majority support Democrats’ call to extend federal health insurance subsidies in general, though just under half support the party demanding this if it extends the government shutdown.”
- The report adds, “The poll shows two factors driving opinions about Republicans. Political independents are more than twice as likely to say Trump and Republicans are responsible for the shutdown as Democrats, 50 percent vs. 22 percent. Second, while 67 percent of Republicans blame Democrats for the shutdown, an even larger 87 percent of Democrats blame Trump and Republicans. That gap may shrink as the shutdown goes on.”

Figure 2: Which party do you think is mainly responsible for the government shutdown?



Source: Washington Post

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