

MNI POLITICAL RISK ANALYSIS - US Daily Brief 02-12-25

by Adam Burrowes

The White House *(times subject to change)*

11:30 ET 16:30 GMT	President Trump hosts a Cabinet Meeting
14:00 ET 19:00 GMT	President Trump makes an Announcement

Key Dates:

- ❖ Dec. 2: Tennessee Special Election (**TODAY**)
- ❖ Jan. 30: Government funding expires
- ❖ Jan 31: Texas Special Election
- ❖ April 16: New Jersey Special Election

Washington

President Donald Trump will host a ninth Cabinet meeting at the White House at 11:30 ET 16:30 GMT. He will make an announcement at 14:00 ET 19:00 GMT. If previous Cabinet meetings are a guide, expect today's meeting to be an extended event, broadcast in full, with extensive press questions.

- White House Press Secretary Karoline Leavitt told reporters yesterday the announcement will be on an "initiative to create Trump accounts to give the next generation of Americans a jump start on savings. It will be a very exciting announcement indeed, especially for all of the parents across the country with young children and babies."
- Last month, Treasury Secretary Scott Bessent floated the idea that Trump's supposed USD\$2000 'tariff dividend cheques' could be deposited into the Trump accounts to minimise the risk of inflation.

Trump spoke with Israeli Prime Minister Benjamin Netanyahu yesterday to discuss the need for "disarming Hamas and demilitarizing the Gaza Strip, and expanding the peace agreements," per Netanyahu's office.

- Axios [reports](#), "The Trump administration is concerned that Israel's repeated strikes inside Syria risk destabilising the country and undermining hopes of an Israel-Syria security agreement," according to two senior US officials.
- Trump issued a statement on [Truth Social](#) in support of Syrian President Ahmed al-Sharaa, whom he welcomed to the White House last month to announce the removal of sanctions.
- Netanyahu's office said in a [statement](#) that Trump invited Prime Minister Netanyahu for a meeting at the White House "in the near future".

The Wall Street Journal [reports](#) that, "The Trump administration has agreed to inject up to \$150 million into a startup trying to develop more advanced semiconductor manufacturing techniques in the U.S., its latest bid to support strategically important domestic industries with government incentives."

- The report notes, “Under the arrangement, the Commerce Department would give the incentives to xLight, a startup trying to improve the critical chip-making process known as extreme ultraviolet lithography, the agency said in a Monday release. In return, the government would get an equity stake that would likely make it xLight’s largest shareholder.”

Tariffs

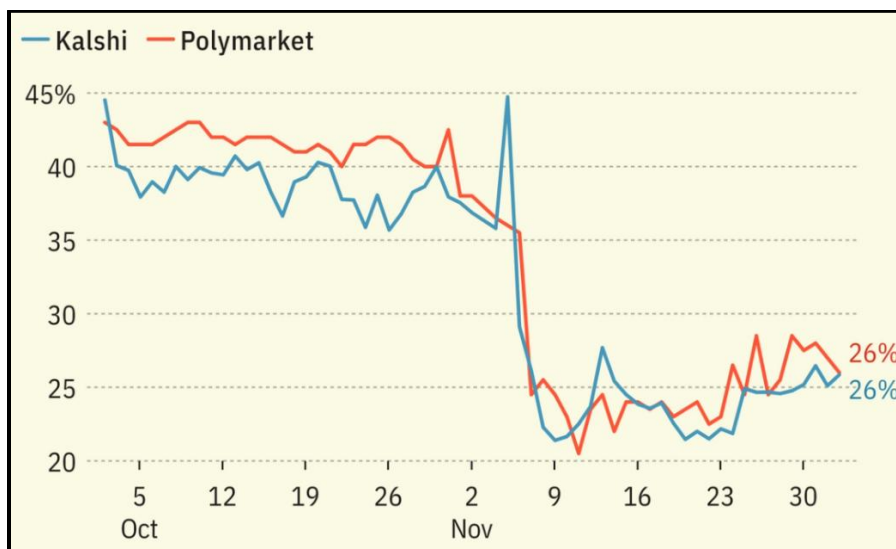
Semafor reports that, “Businesses are preparing for a ruling from the Supreme Court on the legality of Trump’s tariff regime any day now.” The case covers tariffs imposed via the 1977 International Emergency Economic Powers Act. It does not cover sectoral tariffs, such as those on metals and autos, which were imposed via a more conventional authority.

- Prediction markets, noting that justices – including conservative appointees - appeared sceptical of the national security justification during last month’s public hearing, consider it more likely than not that the court will rule against Trump.

Bloomberg [reports](#) that Costco “joined a fast-growing list of businesses suing the Trump administration to ensure eligibility for refunds if the US Supreme Court strikes down the president’s signature global tariffs policy.”

- “The Supreme Court heard arguments on Trump’s tariffs on Nov. 5. The justices put the fight on a fast-tracked schedule but didn’t say when they intend to rule. In the meantime, businesses of all sizes have brought cases pressing similar legal claims with the goal of avoiding uncertainty about their eligibility for refunds if the court rules against Trump,” Bloomberg notes.
- USTR Jamieson Greer told Fox Business last month, “I think a lot of folks are saying [the ruling] may come before the end of the year. I think that’s probably right. We know that on a normal schedule, the court may not release its rulings until spring or even as late as June. My guess is they’ll do it sooner than that, and whatever happens, we’ll be ready for next steps.”

Figure 1: SCOTUS will rule in favour of Trump’s tariffs, per prediction markets



Source: Semafor

Pharmaceuticals

Washington and London struck a deal for the UK to increase available funds to pay for new medicines in return for tariff-free access to US markets for UK pharmaceutical products. The UK “agreed to increase the baseline threshold used to assess if medicines can be used by the NHS”, per Sky News.

- The Wall Street Journal [describes](#) the deal as the “first major success in President Trump’s drive to get other countries to pay more for medicines that he says are unfairly subsidized by American consumers.”

USTR Jamieson Greer said in a [statement](#), “For too long, American patients have been forced to subsidize prescription drugs and biologics in other developed countries by paying a significant premium for the same products in ours.” He added that he hoped more countries would follow the UK’s “constructive negotiations.”

- The Journal notes, “The UK has long been a powerhouse in drug discovery... But it has been losing this advantage. In 2009, Swiss pharma giant Novartis operated seven sites in the U.K., two of which were manufacturing sites, and employed 4,000 people. It now has one site, focused mostly on commercial operations, with 1,200 employees.”

North America

The Office of the US Trade Representative (USTR) confirmed in a statement that it will hold a public hearing on December 3-5 on the United States, Mexico, Canada trade agreement (USMCA) in preparation for the first Six-Year Joint Review of the USMCA on July 1, 2026.

- Per the USTR, the public hearing will be held at the following times:
 - Wednesday, December 3, 2025, from 9:00 AM – 6:50 PM EST
 - Thursday, December 4, 2025, from 9:00 AM – 6:15 PM EST
 - Thursday, December 5, 2025, from 9:00 AM – 3:20 PM EST

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- ❖ 10:00 ET 15:00 GMT: HOUSE Financial Services: Oversight of Prudential Regulators
- ❖ 10:30 ET 15:30 GMT: HOUSE Energy and Commerce: “Securing America’s Energy Infrastructure: Addressing Cyber and Physical Threats to the Grid.”
- ❖ 14:00 ET 19:00 GMT: HOUSE Financial Services: Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity: Examining Primary Dealers and Their Balance Sheet
- ❖ 14:30 ET 19:30 GMT: HOUSE Foreign Relations: Hearings to examine China’s challenge to American AI leadership.

Banking Regulation

The House Financial Services Committee will hold two hearings today related to banking regulation and monetary policy. Livestreams of both hearings can be followed [here](#).

- At 10:00 ET 15:00 GMT, the panel will hear testimony from the Federal Reserve's Vice Chair for Supervision Michelle Bowman, Comptroller of the Currency Jonathan Gould, Chairman of the National Credit Union Association Kyle Hauptman, Acting Chairman of the Federal Deposit Insurance Corporation Travis Hill.
- Don't expect much new information on the Fed's monetary policy thinking from Bowman as the central bank is in blackout ahead of next week's rate decision.
- At 14:00 ET 19:00 GMT, the panel's Task Force on Monetary Policy will meet for a hearing entitled, "Examining Primary Dealers and Balance Sheet Constraints."

Congress

Axios reports that House lawmakers are quitting Congress at a record rate. Axios notes, "In previous cycles, the party with more departures tends to lose seats — if not the majority," adding, "Republican retirements and resignations have outpaced Democrats by a nearly 2-to-1 ratio in the first 11 months of the year."

- Axios writes, "Call it the congressional JOLTS rate. Like its Bureau of Labor Statistics counterpart, a high reading for one party doesn't predict a House flip any more than a bad JOLTS number calls a recession. But it's not a great sign for Speaker Mike Johnson [R-LA], who needs to worry that early GOP retirements could strip him of his gavel this year."
- Former Republican House Speaker Kevin McCarthy said, "The time to watch is really between Thanksgiving and Christmas. That's when you see the most departures. I'd always go after members in that period to give them a taste of what was to come, if they decided to stay for another cycle."

Figure 2: House Departures Announced in the First 11 Months of the Session

	Republicans	Democrats	Start of session party split
2017	26	12	241 R - 194 D
2019	21	9	235 D - 199 R
2021	11	21	222 D - 211 R
2023	10	21	222 R - 212 D
2025	26	18	220 R - 215 D

Source: Axios

Defence

Politico reports that lawmakers are planning to release a compromise National Defense Authorization Act on Thursday, teeing up a potential House vote as early as next week.

- Politico cautions, "House and Senate Armed Services leaders wrapped up their NDAA discussions before heading home for Thanksgiving... But House and Senate

leadership from both parties have yet to sign off, leaving room for possible delays as either party could try to attach additional legislation to the must-pass bill before the end of the year.”

- House Armed Services Chair Mike Rogers (R-AL) and ranking member Adam Smith (D-CA) said Monday night that GOP leaders are still hammering out the final issues. Rogers noted that he believes a moratorium on state AI regulation will not make it into the final version of the NDAA, despite an effort from Trump and some GOP leaders to include the language, per Politico.

Tennessee Special Election

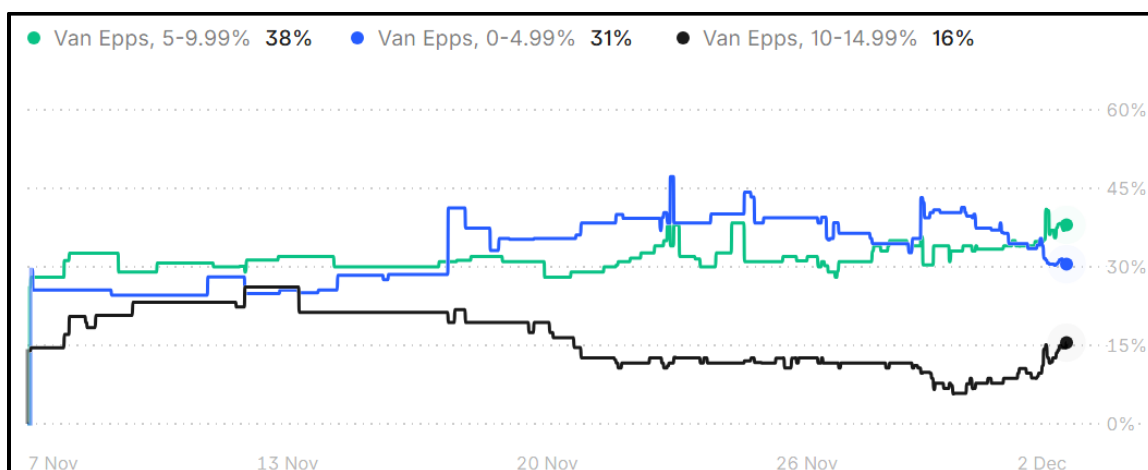
Voters in Tennessee’s 7th Congressional District head to the polls today to vote in a special election to fill the vacant seat of former Republican Rep. Mark Green, who resigned earlier this year. Republican Matt Van Epps is running against Democratic state Rep. Aftyn Behn. Polls close at 20:00 ET 01:00 GMT.

- Van Epps is strongly favoured to win, which is unsurprising as Trump and Green both won the district by over 20 points last November. However, a resurgent Democratic Party – buoyed by last month’s off-year election ‘blue wave’ - and a weakened Trump have set the race up as a bellwether for the GOP ahead of next year’s midterm elections.
- As noted in yesterday’s edition of this newsletter, a Van Epps win within five percentage points is likely to increase GOP anxiety that the party is heading for a midterm wipeout. According to Kalshi, that result is now less likely than a 5-10 percentage point win, following a shift yesterday.

Punchbowl News writes, “Special elections are, for lack of a better term, “special.” Turnout is unpredictable, even goofy. And truth be told, Republicans and Democrats both say that Matt Van Epps, the GOP candidate, is likely to win... It’s quite the statement that [Behn’s] even competitive in this ruby-red district.”

- Politico notes, “cold weather and possibly some snow are forecast for today, which could unsettle Republicans already worried about voters not turning out.”

Figure 3: Tennessee 7th Special Election Margin of Victory



Source: Kalshi

Redistricting

Indiana State Republicans yesterday released a [draft Congressional map](#) that, if enacted, would likely eliminate the two Democratic Representatives from the state's delegation at the 2026 midterm elections. The draft comes amid a standoff between President Trump and Republican state senators, who have so far blocked action on a new map.

- State Senator Michael Bohacek (R) wrote on Facebook on Sunday he would block a new map, citing a Truth Social post by Trump using a slur to describe Minnesota Governor Tim Walz (D-MN): "I will be voting NO on redistricting, perhaps [Trump] can use the next 10 months to convince voters that his policies and behavior deserve a congressional majority."
- The Indiana redistricting push is one of several nationwide efforts to produce more favourable maps for 2026. The Republican-controlled Florida state legislature will meet on Thursday to discuss drawing a new map.

We are still awaiting a SCOTUS ruling on the GOP-drawn Texas map that kicked-off the redistricting war. Justice Samuel Alito temporarily reinstated the map after it was struck off by a lower court for violating racial gerrymandering laws. A final decision is likely to come by December 8, when filing for political candidates closes.

- An expert told ABC News, "Maybe there is still a chance [for the GOP] to gain some seats but Democrats could come out ahead. There's still a lot of uncertainty going into 2026."
- Axios notes on the broader significance of redistricting, "The number of truly competitive House races is shockingly small - roughly 10% of the 435 House seats, give or take."
- Punchbowl writes, "Republicans picking up seats in redistricting is no longer a sure thing... House Republicans may net a few seats when it's all said and done, but it will no longer be the massive boon that Trump and GOP leaders once hoped."

Ukraine War

US special envoy Steve Witkoff and President Trump's son-in-law, Jared Kushner, are set [to meet](#) Russian President Vladimir Putin at 09:00 ET 14:00 GMT in Moscow to discuss the amended 19-point peace plan negotiated between American and Ukrainian officials in late November.

- Putin had [called](#) the initial 28-point peace plan a potential "basis" for a future agreement. However, this plan was viewed by Kyiv, its European allies, and Russia hawks in the US as too favourable towards Moscow.

The trip comes after a Sunday meeting in Florida between Witkoff, Kushner, Secretary of State Marco Rubio and a Ukrainian delegation led by the head of Ukraine's National Security and Defense Council, Rustem Umerov.

- US and Ukrainian officials both characterised the meeting as "productive" but neither Washington nor Kyiv has described the details of the latest proposal. Key questions remain over territorial concessions and post-war security guarantees for Ukraine.

Ukrainian President Volodymyr Zelenskyy met yesterday with French President Emmanuel Macron in Paris and spoke with leaders from Germany, Poland, Italy, the UK and the European Union to “ensure that European countries and other participants in the Coalition of the Willing are meaningfully involved in developing decisions.”

- Reuters reports, Europe [fears](#) the prospect of a deal that will not punish or weaken Russia as its leaders had hoped, placing the continent’s security in greater jeopardy.

The Moscow meeting comes after Russia claimed that it has taken the key ‘fortress belt’ city of Pokrovsk in the Donbas. Pokrovsk has seen some of the most intense fighting of the war. Ukraine’s armed forces deny that the city has been fully captured by Russian troops. The Institute for the Study of War [writes](#), “Russian forces are not yet confirmed to have seized all of Pokrovsk despite operating within the town for over 120 days [...] though it remains unclear whether Ukrainian forces may occupy limited scattered positions in northern Pokrovsk.”

- Even if Pokrovsk is not entirely in Russian hands, Moscow’s forces have been making slow, steady (and costly) advances on the frontline in Donbas and the southern Zaporizhzhia oblast. The loss of Pokrovsk would make the neighbouring city of Myrnohad effectively impossible to defend. With these cities under Russian control, Moscow’s forces would then be able to turn to the remaining ‘fortress belt’ cities of Kostyantynivka, Druzhkivka, Kramatorsk and Slovyansk. If Russia gained control of these cities it would mean effective full control of the Donbas, and leave Russian forces with a clearer path towards Kyiv.

Venezuela

Observers will be watching today’s White House Cabinet meeting for a signal that the Trump administration has made a decision on the next steps in Venezuela. Trump met with members of his national security team yesterday, but there have been few details from the meeting.

- Politico notes, “If [reports](#) that Trump issued an ultimatum to Venezuelan leader Nicolás Maduro last week are true, then this story could suddenly start moving very quickly at any time.”

In light of major press and Congressional scrutiny over reports that Defense Secretary Pete Hegseth ordered a second lethal strike on an alleged drug boat in October, there will be particular focus on Hegseth’s comments.

- The Wall Street Journal notes, “Trump has offered Hegseth only measured support in recent days. Given that the White House is preparing for a possible armed conflict with Venezuela, Hegseth’s future in the administration could be a huge story in the days ahead.”

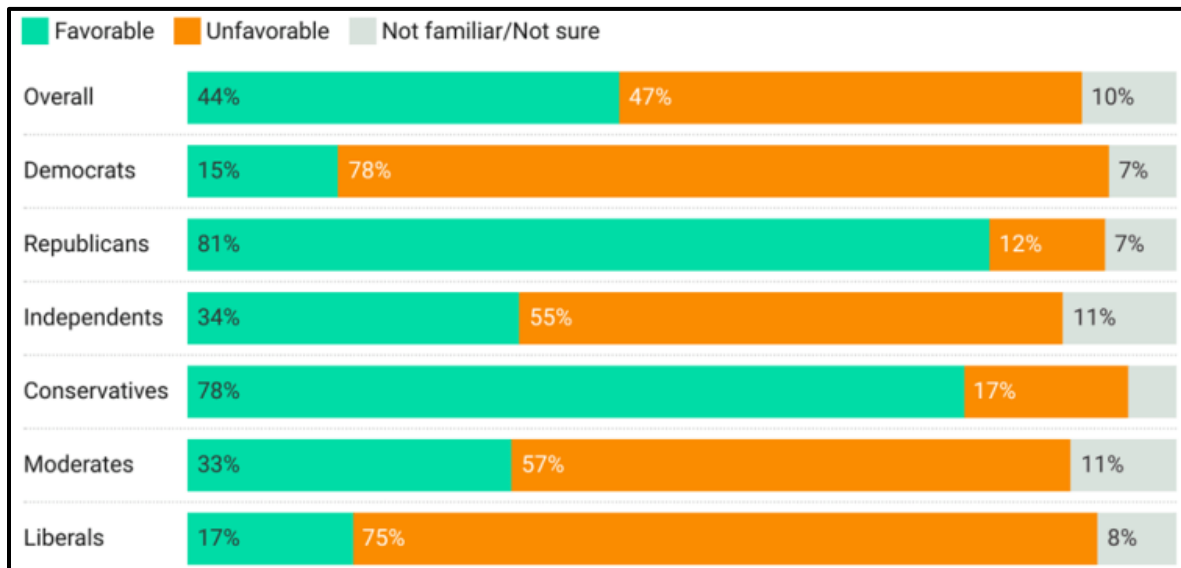
Chart of the Day

Tipp Insights [reports](#), “as December begins and 2025 nears an end, voters appear to be a lot happier with President Donald Trump than in recent months, with both his “favorability” and “approval” ratings climbing. Trump’s actions to promote peace abroad, build a stronger

economy, and end the flow of illicit drugs across the U.S. border have struck a chord with average Americans.”

- The report notes, “Overall, it was a bounce back for Trump. Not surprisingly, Democrats were parsimonious in their grading, with just 14% giving A and B grades for Trump policies, while independents (29%) and especially Republicans (73%) were far more generous in grading Trump.”
- Morning Consult [reports](#) similar positive signs for Trump after a challenging November, “Perceptions of Trump’s economic handling continue to improve: Trump’s net approval ratings on the economy and trade remain on the upswing. Voters are only 2 percentage points more likely to disapprove than approve of his handling of the economy, his best net rating on that issue since early August and a significant improvement on his all-time low of 10 points underwater nearly a month ago.”

Figure 4: President Trump Favourability



Source: I&I/TIPP

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