

MNI POLITICAL RISK ANALYSIS - US Daily Brief 03-07-25

by Adam Burrowes

The White House *(times subject to change)*

| | |
|--------------------|---|
| 11:30 ET 16:30 BST | President Trump receives his Intelligence Briefing |
| 12:45 ET 17:45 BST | President Trump and the First Lady meet with Edan Alexander |
| 16:45 ET 21:45 BST | President Trump departs the White House en route to Des Moines, Iowa |
| 20:00 ET 01:00 BST | President Trump participates in the Salute to America Celebration, Des Moines, Iowa |
| 10:15 ET 03:15 BST | President Trump departs Iowa for the White House. |

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 will receive an intelligence briefing in the morning before holding a meeting in the Oval Office with Edan Alexander, a US-Israeli hostage freed from Gaza as part of a US-brokered deal on May 12. The event comes days before Trump is expected to meet with Israeli Prime Minister Benjamin Netanyahu at the White House to push for a new Israel-Hamas ceasefire agreement.

- In the afternoon, Trump will depart the White House for Des Moines, Iowa, where he will kick off a "spectacular" yearlong birthday party to mark 250 years of US independence, per AP.
- AP notes: "Organizers see the coming year of festivities as a way to help unite a polarized nation and bridge partisanship — a monumental task given the country's divides."
- At some point during the day, the House of Representatives is expected to pass the GOP's One Big Beautiful Bill, a major win for Trump.

Big Beautiful Bill

Early this morning, House Speaker Mike Johnson (R-LA) broke the deadlock on a procedural vote to adopt the rule and advance the One Big Beautiful Bill towards a final vote on the House floor.

- Consistent with previous votes, Johnson kept the rule vote open while he worked in concert with President Donald Trump to flip holdouts with political threats and promises to work on conservative priorities in future legislation.
- With the rule adopted, the House is now on a glide path to holding a final vote the massive reconciliation bill. The vote is likely to come as soon as House Minority

Leader Hakeem Jeffries (D-NY) concludes a lengthy speech on the floor (he's been going for over three hours). Jeffries announced ahead of the speech that he will take his "sweet time" and is at the podium reading from a folder of Medicaid stories. The action can be [followed on C-Span](#).

- The process played out largely as expected, with conservative hardliners registering their displeasure with the Senate-passed package, but ultimately unwilling to torpedo a bill that covers the bulk of Trump's domestic agenda.

Yesterday evening, the conservative House Freedom Caucus circulated a [three-page memo](#) outlining their grievances with the bill, claiming that the Senate package violates an agreement struck with GOP leadership in May.

- The group said: *"This Senate bill – relative to the House: 1) increases deficits, 2) waters down the already only partial repeal of the "Green New Scam" leaving, at best, 50% intact, 3) fails to ensure illegals are fully removed from Medicaid rolls, 4) eliminates the prohibition on Medicaid and CHIP funding for transgender surgeries, 5) only limits Planned Parenthood funding for one year not ten, 6) contains excessive pork for Alaska and Hawaii, and 7) includes more expensive SALT provisions (for just 5 years to reduce the "cost" as a gimmick) to bail out blue states in high tax jurisdictions electing socialists to run their cities."*

Punchbowl News summarises: *"The GOP bill will extend and expand the 2017 Trump cuts — including new tax cuts for tips, overtime and Social Security recipients, all presidential priorities — while also making huge cuts to Medicaid and SNAP funding. This will leave millions of Americans without health insurance. Republicans also included hundreds of billions of dollars in new defense and border security money."*

- Axios notes that Johnson, "didn't change the bill — only the minds of conservative holdouts... The bottom line: The gamble by Senate Majority Leader John Thune paid off. The House will eat the Senate's changes. Momentum won."
- The New York Times has a comprehensive round-up of the final contents of the bill [here](#). The bill text can be reviewed [here](#).

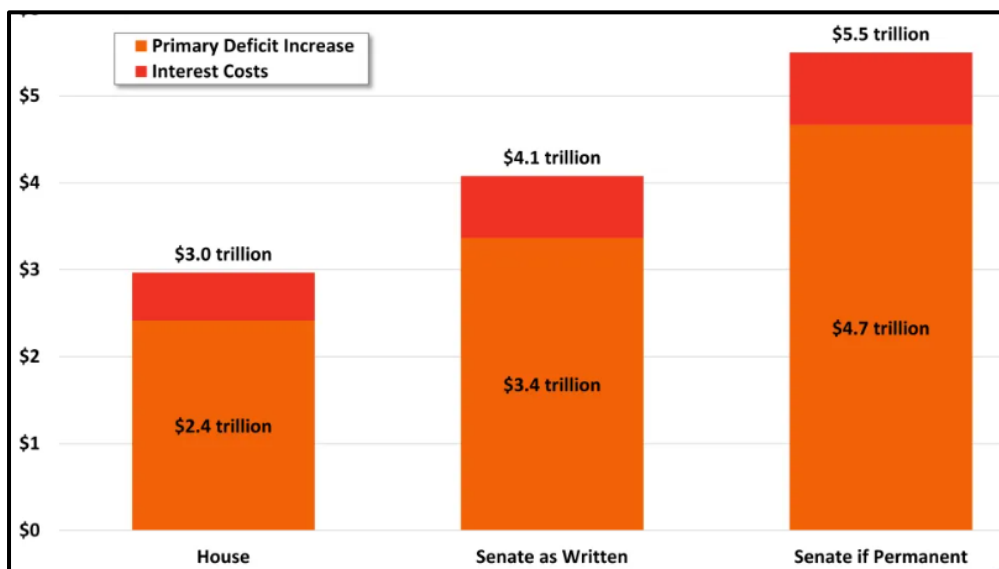
The nonpartisan Congressional Budget Office and the staff of the Joint Committee on Taxation [estimate](#), on a preliminary basis, "that enacting H.R. 1, as passed by the Senate on July 1, 2025, would decrease deficits by \$0.4 trillion, relative to the budget enforcement baseline for consideration in the Senate. Compared with CBO's January 2025 baseline budget projections, it would increase deficits over the 2025-2034 period by \$3.4 trillion."

- The above CBO note acknowledges that the Senate opted to score the package using a 'current policy baseline' rather than the traditional 'current law baseline'. That effectively zeroed out the cost of extending Trump's 2017 Tax Cuts and Jobs Act. Democrats and Republican deficit hawks have criticised the move as a budgetary gimmick to obscure the deficit implications of the package.
- The CBO notes that the amendment process on the Senate package would, "increase outlays by about \$90 billion; Decrease revenues by roughly \$20 billion; and Increase deficits by about \$110 billion," relative to the original Senate package.

The Committee for a Responsible Federal Budget [noted on July 2](#) that the Senate package would; “add \$4.1 trillion to the debt through 2034 – more borrowing than any reconciliation bill in history.

- “Add \$5.5 trillion to the debt if made permanent – more than the CARES Act, American Rescue Plan, Bipartisan Infrastructure Law, and the CHIPS and Science Act combined.
- “And, violate the House reconciliation framework by \$600 billion – with only \$1.4 trillion of gross spending cuts and \$4.5 trillion of tax cuts.”

Figure 1: Ten-Year Fiscal Impact, in Trillions



Source: Congressional Budget Office, Committee for a Responsible Federal Budget

Passing the bill will be a major demonstration of Trump’s influence over the Republican conference. But there are warning signs ahead, with [polling](#) indicating that there is little enthusiasm for the bill, even amongst Trump’s core base.

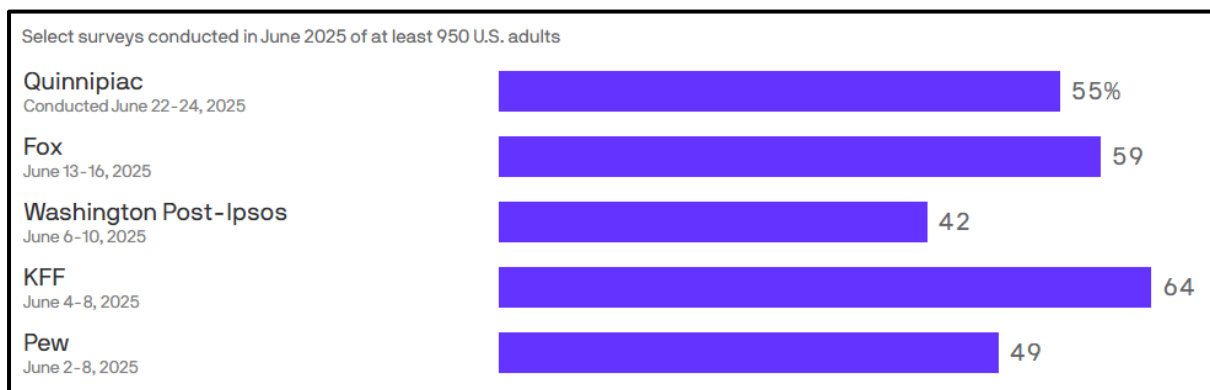
- The bill does little to firm up the Republican coalition that propelled Trump to the White House in 2024, with Politico noting: “The White House produced a domestic policy bill that could have just as easily been produced by any generic Republican administration.”
- Oren Cass, the chief economist of the conservative think tank American Compass, said in an interview that the bill is, “not something that has an especially coherent logic to it or much prospect of actually accomplishing the things that I think people want,”
- Cass continued, when asked if the bill tacked too closely to a conventional Republican wish list: “I think “conventional” might be a little generous... I liken it to a death march through a series of choices that nobody really wanted to be making. Nobody really has a case for it, and it’s not clear why it’s happening. I guess that might be the best that can be said for it.”

The polling data and lukewarm reception from MAGA-aligned economists indicate that the GOP will have a challenging lift over the next few months to sell the bill to the electorate

ahead of a midterm election campaign where Republicans are defending slim majorities in both chambers.

- GOP leadership is likely gambling that extending the TCJA and additional populist tax cuts conforming with Trump’s campaign pledges will be enough to overcome Democrat attacks on steep cuts to Medicaid and SNAP – the recipients of which made up a sizable portion of Trump’s 2024 coalition.

Figure 2: “Share of Americans who say they oppose the One Big Beautiful Bill Act”



Source: Axios

Trade and Tariffs

New analysis from the [JPMorganChase Institute](#) found that US companies could face an additional \$82.3 billion in costs as a result of existing tariffs. The report found that midsize US firms — which account for approximately one-third of private sector revenue and employment — can expect to pay \$2,080 more per employee at current rates, amounting to a 3% payroll hike, per Semafor.

- Semafor adds: “If tariffs revert to [Trump’s] “Liberation Day” levels, projected costs will more than double, driven by higher levies on China and other Asian nations. Given the “crucial” role of midsize firms in regional economies and national supply chains, the analysts wrote, tariffs could trigger a harmful “ripple effect,” inflicting damage on local businesses and consumers and depleting government tax revenues.”

Vietnam

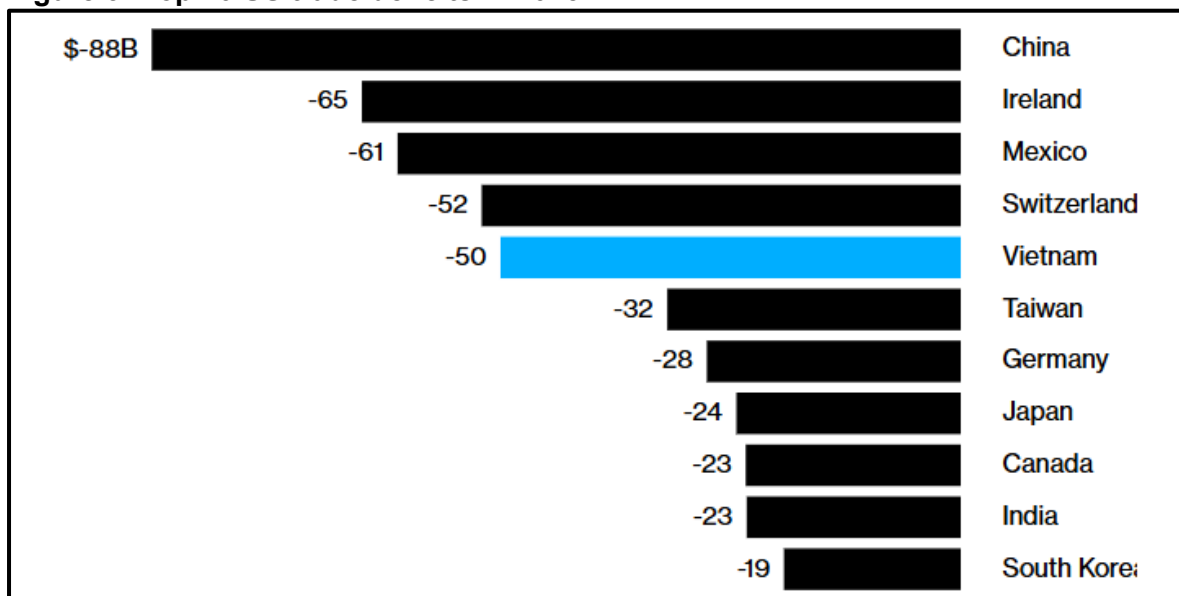
Trump yesterday announced that he had inked a trade deal with Vietnam, the third trade agreement struck by the White house, following bilateral frameworks with the United Kingdom and China.

- The deal provides the US with free access to Vietnamese markets while levying a 20% tariff on Vietnamese products imported into the United States. The deal also focuses on addressing Chinese ‘transshipment’ via Vietnam by levying a 40% tariff on goods from Vietnam that originate from other countries.
- Semafor notes: “China is Vietnam’s biggest trading partner, and Washington had accused Hanoi of acting as a channel for Chinese manufacturers to circumvent US duties.” Bloomberg notes: “As the US pushes for trade deals ahead of a July 9

deadline, Beijing is growing increasingly wary of agreements that isolate Chinese firms from global supply chains.”

- The New York Times reports: “Which products would fall under the higher tariff rate is unclear. It could refer to goods imported to the United States from Vietnam that actually originated in China. But it could also apply to Vietnamese products that use a certain amount of Chinese parts. The deal could include a lower tariff on goods that are made in Vietnam with fewer Chinese parts and materials, and a higher tariff rate for Vietnamese goods that contain many Chinese components.”

Figure 3: Top 10 US trade deficits in 2025



Source: Bloomberg

Japan

US and Japanese trade negotiators appear no closer to an agreement to end a trade standoff that has resulted in threats from Trump to unilaterally impose a tariff rate on Tokyo upwards of 30%.

- The New York Times reports that Japanese negotiators may have underestimated Trump’s resolve to reduce the US’ trade deficit with Japan, and his particular grievance with Japan’s imbalanced trade of autos.
- NYT: “Japanese officials have extended a number of offers they expected to be well received. They pledged to purchase more American energy products and defense equipment, and to help the United States in areas like shipbuilding.
- “Yet none of those overtures convinced Mr. Trump to back down on across-the-board reciprocal tariffs — initially set at 24 percent on Japan — or to remove a separate 25 percent tariff on cars that has hammered Japanese automakers.”
- William Chou, the deputy director of the Japan policy center at the Hudson Institute think tank, said the Trump administration “welcomes talking about issues like economic security, natural gas purchases and defense articles,” [but for Trump] “it’s about what he sees as unfair access and Japan unfairly shutting the U.S. out.”

Federal Reserve

Bill Pulte, head of the Federal Housing Finance Agency, yesterday escalated his criticism of Fed Chair Jerome Powell, calling on him to resign and requesting a Congressional investigation into alleged “deceptive” testimony to lawmakers.

- Pulte said, without providing evidence: “I am asking Congress to investigate Chairman Jerome Powell, his political bias, and his deceptive Senate testimony, which is enough to be removed ‘for cause’.”
- Trump amplified Pulte’s message, saying on Truth Social: “‘Too Late’ should resign immediately!!!”
- Bloomberg notes: “Powell disputed reports about the renovation project’s costs and features during a Senate hearing, calling them “misleading and inaccurate”, and expressed openness to discussing the project’s costs with lawmakers.”

Congressional Business

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

The Senate is out

Committee Schedule –

CHIPS

Semafor reports: “The US lifted some restrictions on the export of chip-design software to China, a sign of further easing in trade tensions between the two superpowers. Washington told a major software provider that it no longer had to apply for licenses to do business in China.”

- Nikei [reports](#) that Samsung Electronics is delaying completion of a semiconductor factory in Texas, over concerns of domestic demand.
- Nikkei notes: “Samsung has said it will invest more than \$37 billion in Texas in the coming years, having been awarded a grant by the Biden administration of up to \$4.7 billion in December under the CHIPS and Science Act... That investment includes a facility in Taylor, Texas, which is meant to manufacture cutting-edge chips and was originally meant to come online in 2024. That timeframe has already been pushed back to 2026.”
- A chip supply chain executive familiar with the matter told Nikkei Asia that Samsung, which already makes chips in Austin, Texas, is in no hurry to install chipmaking equipment in the new plant: “Local demand for chips isn’t particularly strong, and the process nodes Samsung planned several years ago no longer meet with current customer needs... However, overhauling the plant would be a major and costly undertaking, so the company is adopting a wait-and-see approach for now.”

Russia-Ukraine

Rep Brian Fitzpatrick (R-PA), a prominent Republican backer of Ukraine, has called for an emergency briefing from the White House and Pentagon on the recent decision to pause shipments of air defence missiles to Ukraine.

- Fitzpatrick said in a letter to the White House: "I respectfully request an emergency briefing from the White House and the Department of Defense on the Pentagon's recent review of our nation's weapons and munitions stockpiles, as well as the decision to withhold urgent, lifesaving military assistance to Ukraine."
- Fitzpatrick adds that "while the United States needs to continue to strengthen our Defense Industrial Base here at home, we can and must simultaneously provide urgently needed assistance to our allies who are defending their freedom from brutal invading dictators. To not do both is unacceptable."
- Elbridge Colby, DOD's under secretary for policy, said in a statement on Tuesday: "The Department of Defense continues to provide the President with robust options to continue military aid to Ukraine, consistent with his goal of bringing this tragic war to an end. At the same time, the Department is rigorously examining and adapting its approach to achieving this objective while also preserving U.S. forces' readiness for Administration defense priorities."

Israel

Israeli Foreign Minister Gideon Sarr told reporters yesterday that there "some positive signs" towards a new US-brokered ceasefire between Israel and Hamas in Gaza.

- Saar said the goal was to begin "proximity talks" soon, referring to mediation needed to flesh out the details of an agreement. Hamas said that it was considering the U.S.-backed proposal, per the New York Times.
- The prospect of a ceasefire agreement appears as high as it has been in months, with Trump turning his focus on Gaza following airstrikes aimed at neutralising Iran's nuclear programme.
- Trump is expected to discuss a ceasefire and plans to expand the Abraham Accords with Prime Minister Benjamin Netanyahu when the latter visits the White House early next week.

Iran

Pentagon spokesperson, Sean Parnell, told reporters yesterday that joint US and Israeli bombing campaigns had set back Iran's nuclear programme by up to two years. The claim is the latest in a string of seemingly contradictory intelligence reports that have offered differing assessments on the damage to Iran's primary nuclear facilities.

- The New York Times notes: "Earlier this week, the chief United Nations nuclear inspector said that Iran could be enriching uranium again in a "matter of months," even as President Trump continued to insist that the bombing had obliterated Tehran's nuclear program."

Parnell said: "What we've seen, almost, in fact, just universally among our allies, is them congratulating the United States, the president, the secretary of defense, on that bold operation, and the idea that American action in Iran has set the conditions for global stability,"

- However, stability is likely to increase in the short term after Iranian President Masoud Pezeshkian confirmed that Tehran has suspended cooperation with the International Atomic Energy Agency (IAEA).

Politico notes: “Iranian lawmakers passed a bill to freeze cooperation on July 25. The extent of the bill — and what exactly it contains — remains unclear, but state media said IAEA inspectors will need permission from Iran’s Supreme National Security Council to visit Iran’s nuclear facilities which will be dependent on “the security of the country’s nuclear facilities and that of peaceful nuclear activities” being guaranteed.”

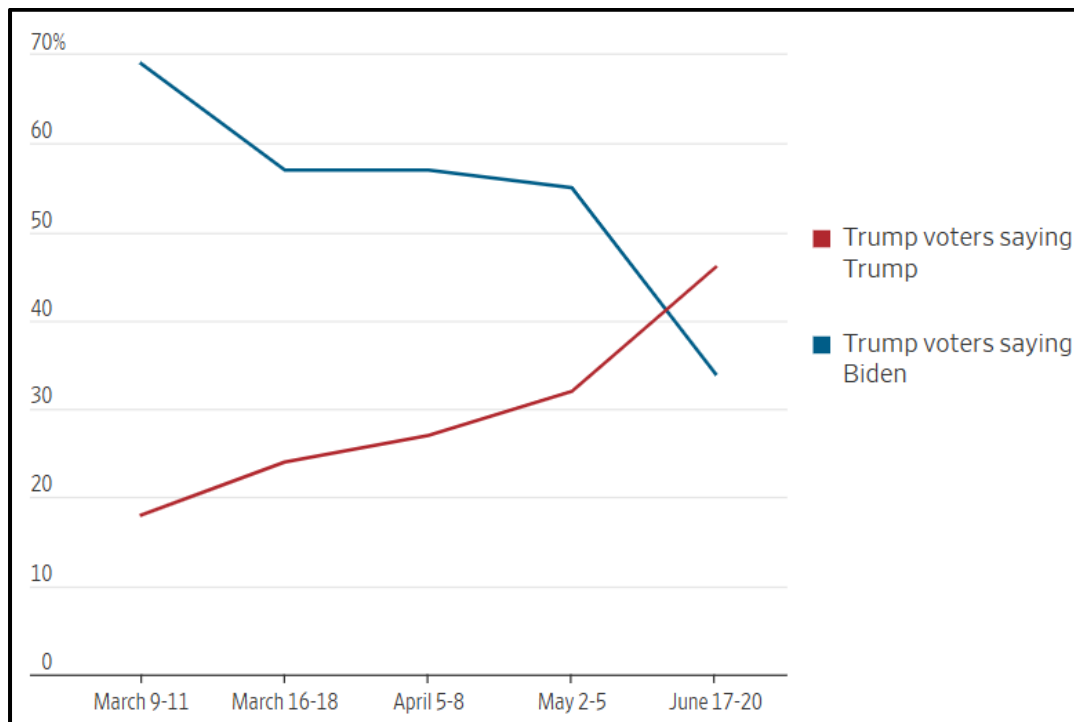
- State Department Spokesperson Tammy Bruce told reporters yesterday: “...through Donald’s Trump’s leadership: Iran cannot and will not have a nuclear weapon. The President has said this repeatedly; the Secretary of State has said this repeatedly. We have repeated it from this podium. And at this juncture here it is, of course, again, unacceptable that Iran is choosing to suspend cooperation with the IAEA. And answering there your question.”

Chart of the Day

The Wall Street Journal [reports](#): “Voters now agree: It’s President Trump’s economy. Trump voters are now likelier to say that he is more responsible for the current state of the economy than to say that former President Joe Biden is, by a margin of 46% to 34%, according to YouGov survey data gathered for The Wall Street Journal between June 17 and 20. Trump voters had been likelier to pick Biden before last month.”

- The Journal continues: “People who voted for former Vice President Kamala Harris have overwhelmingly said Trump was more responsible for the economy since YouGov put the question to Americans in March.
- “There’s no scientific answer to who owns the economy. But the question serves as a sort of Rorschach test, with voters answering based on a mix of political affiliations, media diets, personal finances and traditional economic indicators.”

Figure 5: Who is Responsible for the Current State of the Economy



Source: Wall Street Journal

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.