

MNI POLITICAL RISK ANALYSIS - US Daily Brief 03-10-25

by Adam Burrowes

The White House (times subject to change)

11:30 ET 16:30 BST	President Trump Swears-In the US Ambassador to Sweden
13:00 ET 18:00 BST	Press Briefing by the White House Press Secretary Karoline Leavitt

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

President Donald Trump has another quiet day, with a ceremony to swear in the US Ambassador to Sweden the only item in his official diary. As always, Trump is expected to be active on social media, and ad hoc public press engagements are possible.

- White House Press Secretary Karoline Leavitt will hold a press conference at 13:00 ET 18:00 BST. The presser will be another exercise in messaging as the White House reiterates that Democrats are to blame for the ongoing government shutdown.
- Senate Majority Leader John Thune (R-SD) and House Speaker Mike Johnson (R-LA) will hold a press conference at Statuary Hall at 11:00 ET 16:00 BST. It is unlikely that the presser will unveil any change in the GOP's shutdown strategy.
- Senate Minority Leader Chuck Schumer (D-NY) will host a caucus lunch at around 12:00 ET 17:00 BST. Comments to reporters after the meeting will give the first indication if any Democrats are considering breaking with Schumer to vote in favour of the GOP funding bill.
- The United States Senate is in session and is expected to vote on the Republican and Democratic government funding bills at roughly 13:30 ET 18:30 BST.

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

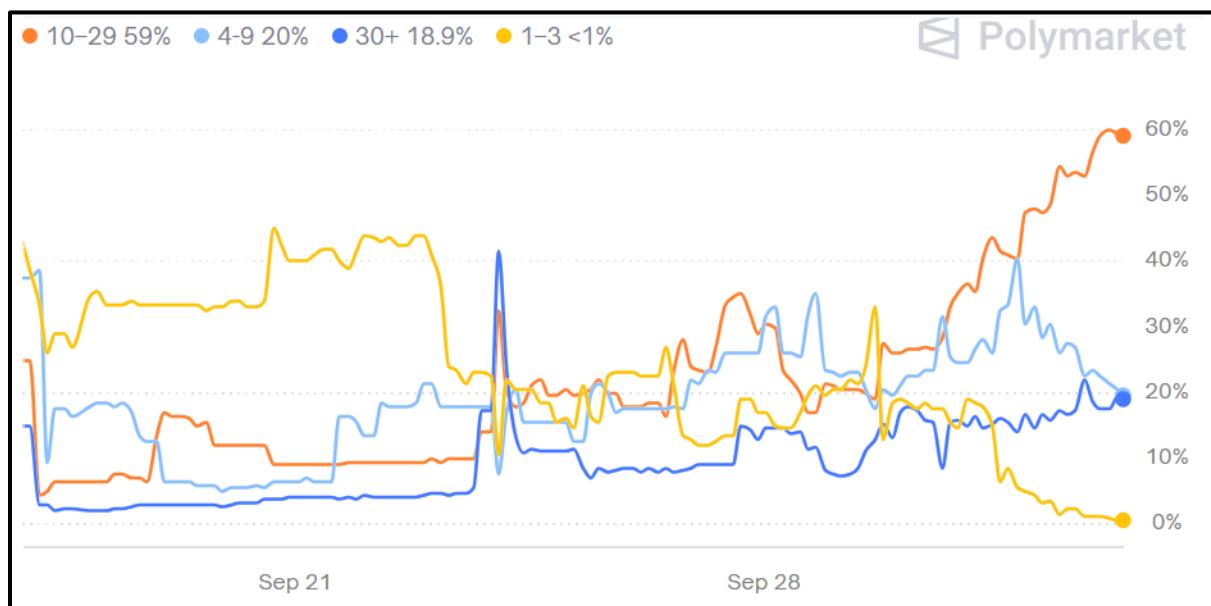
- Senator Elizabeth Warren (D-MA), the ranking Democrat on the Senate Banking Committee, urged the Trump administration to release the September jobs report on Friday despite the ongoing government shutdown, [per CNN](#).
- According to CNN, "Former BLS employees have told Warren's office the September labor data has been collected and is likely ready to be released."
- MNI analysts note, "Today's payrolls print is extremely unlikely to go ahead - the BLS are formally in furlough, with all their 2054 full-time employees not working - this leaves just the acting BLS head in the office as they're presidentially appointed, and don't fall under federal funding."

Government Shutdown Day 3

It's Day Three of the US government shutdown. Senate Majority Leader John Thune (R-SD) is expected to hold a fourth vote on the GOP and competing Democratic funding bills at around 13:30 ET 18:30 BST.

- If the votes fail again, as expected, Thune is likely to recess the chamber until Monday. "We'll give them the weekend to think about it," Thune told reporters Thursday. "And then we'll come back and vote on Monday."
- There has been no confirmation of a meeting today between Thune and Senate Minority Leader Chuck Schumer (D-NY), with the GOP leaders believing the resolution to the shutdown will come from peeling off rank-and-file Senate Democrats.
- Moderate Democrats like Jeanne Shaheen (D-NH) and Gary Peters (D-MI) will again be the votes to watch during today's ballot. If the rollcall turns out the same vote share, we may be in for an extended shutdown.
- Roughly 60% of Bettors on Polymarket believe the shutdown is likely to last between 10 and 29 days. An additional 19% believe the shutdown will persist longer than a month.

Figure 1: How many days will the federal government be shut down in 2025?



Source: Polymarket

Politico reports that Senate Democrats will meet for a caucus lunch, giving them another opportunity to talk strategy before senators vote this afternoon.

- While there have been some informal bipartisan talks on a potential deal on Obamacare subsidies, there doesn't appear to be a pathway to a resolution to the shutdown in the short term. The respective positions of the parties remain the same. Republicans refuse to negotiate until Democrats vote to reopen the government. Democrats want a concrete commitment that the Obamacare subsidies will be extended.

While the shutdown continues, the primary focus is on how deeply Trump and Office of Management and Budget Director Russell Vought will cut the federal bureaucracy. White House Press Secretary Karoline Leavitt told reporters yesterday that layoffs during the shutdown are "likely going to be in the thousands."

- However, so far, the actions have been narrowly directed at federal grant freezes for Democratic states and liberal-leaning government programmes.
- Trump flagged on Truth Social that he would hold a meeting with Vought yesterday but there has been no reporting or official White House statements on the outcome of the discussions. As it stands, much of the rhetoric so far appears designed to apply pressure on Democrats, rather than take a hatchet to government operations.
- Politico notes that Trump, "White House allies say these narrow moves fall short of the kind of sweeping cuts to the federal workforce and spending that [Vought] has long promised and instead reflect a growing view among some Republicans that policy decisions the administration makes during the shutdown could come back to bite them."

China

Treasury Secretary Scott Bessent told CNBC yesterday that he expects a "pretty big breakthrough" during a fifth round of trade talks with his Chinese counterpart, Vice Premier He Lifeng, when the pair meet in South Korea later this month. The talks will take place parallel to a high-profile meeting between President Trump and Chinese President Xi Jinping on the margins of the APEC Summit.

- Bessent said the "most important thing we're going to see" is the leaders' meeting but he added that his own trade talks with Vice Premier He, "should show a pretty big breakthrough."
- Bloomberg notes, "Purchases of agricultural products, and particularly soybeans, have emerged as a key point of contention between the world's two largest economies."

After diversifying its soybean supply chains, most notably with increased supply from Latin America, Beijing sees agricultural imports as a key negotiating chip in the fifth round of talks. The chief China economist at Nomura Holdings wrote in a note, "US soybeans now are not that important to China, and that's why Beijing can afford to use the import ban as a bargaining tool."

- Bloomberg notes, "While last year China, the world's biggest buyer, sourced a fifth of its imports from the US, it hasn't bought a single soybean cargo from the current harvest."
- China will be cognizant that agricultural exports are a sensitive political issue for the Republican Party. Senate Majority Leader John Thune (R-SD), who has been ambivalent on tariffs, is among the Republican leadership who represent an agricultural state.
- Rep Derrick Van Orden (R-WI) said, "Right now things are very difficult, especially for our bean farmers. This is going to be solved by trade and finding markets in countries that aren't actively plotting to destroy the United States."

- Bessent said, “It’s unfortunate the Chinese leadership has decided to use the American farmers, soybean farmers, in particular, as a hostage or pawn in the trade negotiations.”
- Senator Jon Hoeven (R-ND) said, “We want to sell soybeans to China. We are concerned that the Chinese are really going to the South American market and cutting out our farmers. But they’re doing that on purpose as leverage in this negotiation regarding tariffs.”

Agriculture

The Wall Street Journal [reports](#) that Trump is considering a USD\$10 billion bailout for farmers using tariff revenue to fund much of the aid, with distribution of the money likely to begin in the coming months.

- “A senior administration official said the discussions have centered on \$10 billion to \$14 billion in aid. The aid likely would go toward helping soybean producers, as well as other parts of the farm economy,” per the Journal.
- Politico reports that the bailout would likely use billions of dollars in funding from an internal USDA account. “But that fund has just \$4 billion left in the account — far from enough. Trump officials, including those at the Treasury Department, are looking at how to tap tariff receipts or other funding to supplement the payments without triggering a messy fight in Congress amid already dire government spending conversations.”
- Forbes [noted in January 2020](#) that Trump’s first term USD\$28 billion bailout to “farmers harmed by the administration’s trade policies [cost more] than the federal government spends each year building ships for the Navy or maintaining America’s nuclear arsenal.”

Congressional Business

The House is OUT

The Senate is IN and voting on executive branch nominations and government funding bills

Committee Schedule –

Military Operation Against Cartels

The New York Times reported yesterday that, “President Trump has decided that the United States is engaged in a formal ‘armed conflict’ with drug cartels his team has labeled terrorist organizations and that suspected smugglers for such groups are ‘unlawful combatants,’ the administration said in a confidential notice to Congress this week.”

- The Times notes, “Trump’s move to formally deem his campaign against drug cartels as an active armed conflict means he is cementing his claim to extraordinary wartime powers, legal specialists said. In an armed conflict, as defined by international law, a country can lawfully kill enemy fighters even when they pose no threat, detain them indefinitely without trials and prosecute them in military courts.”

The White House said in a notice to national security congressional committees that the US “is in a non-international armed conflict with these designated terrorist organizations.”

- The notice read, *“The President directed the Department of War to conduct operations against them pursuant to the law of armed conflict. The United States has now reached a critical point where we must use force in self-defense and defense of others against the ongoing attacks by these designated terrorist organizations.”*
- The Hill reports, “The notice did not name any of the cartels now deemed terrorist organizations to be targeted. The Pentagon also has not provided a list of the designated organizations that are part of this effort, which reportedly frustrated some of the lawmakers who were briefed.”

Semafor reports, “Venezuela said it had detected five US fighter jets flying near its Caribbean coast, which Caracas said amounted to “provocation,” in the latest clash between the countries...

- “Fears are growing among Venezuela’s leadership that the true goal of the US deployment is toppling the autocratic regime of President Nicolás Maduro... an expert at the Council on Foreign Relations said, ... this strategy is “very unlikely” to make that happen.”

Ukraine War

A team of Ukrainian officials are in Washington this week to negotiate a deal with the Trump administration to trade drone technology for “royalties or other forms of compensation,” per the Wall Street Journal.

- The Journal notes, “The prospective deal, which has the backing of Trump and Ukrainian President Volodymyr Zelensky, would mark a milestone in the security relationship between Washington and Kyiv. Finalizing the agreement, which could be worth billions of dollars, is likely to take months. While U.S. companies make some sophisticated drones, the Ukrainians are well ahead in mass-producing cheap unmanned aerial vehicles, or UAVs, that have proved to be effective in battle.”
- The drone agreement is emerging as part of a package that would include a separate “megadeal” in which Ukraine is hoping to purchase tens of billions of dollars in arms from the U.S., Zelensky said Saturday. Ukraine is hoping that the arms deal includes long-range missiles to expand its striking power against Russia, per the Journal.

Gaza War

Bloomberg reports that A senior Hamas official said the Palestinian militant group will respond to President Trump’s plan to end the war in Gaza “very soon.”

- Bloomberg reports, “Deliberations between Hamas and other Palestinian factions as well as with mediators Qatar, Turkey and Egypt are ongoing, Mohammed Nazzal, a member of Hamas’s politburo, said to Qatar-based Al Jazeera TV in comments aired on Friday.
- “Hamas is “looking for gray areas that we could work with” and rejects a “take it or leave it” approach to the 20-point proposal announced on Monday, said Nazzal, who’s based in the Qatari capital of Doha along with many other Hamas political leaders.”

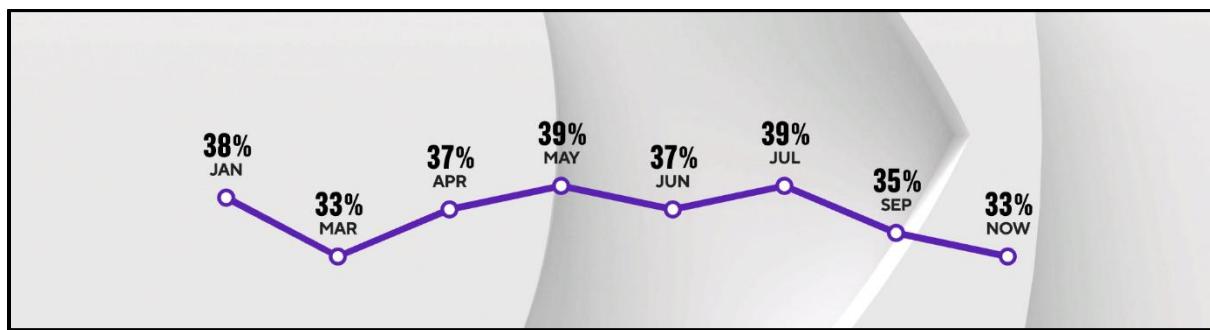
- Semafor reports, “Arab mediators hailed productive talks with the group, but said it will likely demand amendments to provisions like Hamas’ disarmament and its exclusion from Gaza’s governance. Still, the deal “contains too much promise” for Hamas to ignore, The Atlantic wrote, and it could allow the group to advance its ambitions in the West Bank.”

Chart of the Day

A new [CBS News/YouGov](#) survey has found that, “Pessimism about the U.S. economy and its direction continues this month — negative ratings have persisted for years — along with net-negative ratings for the U.S. job market, specifically.”

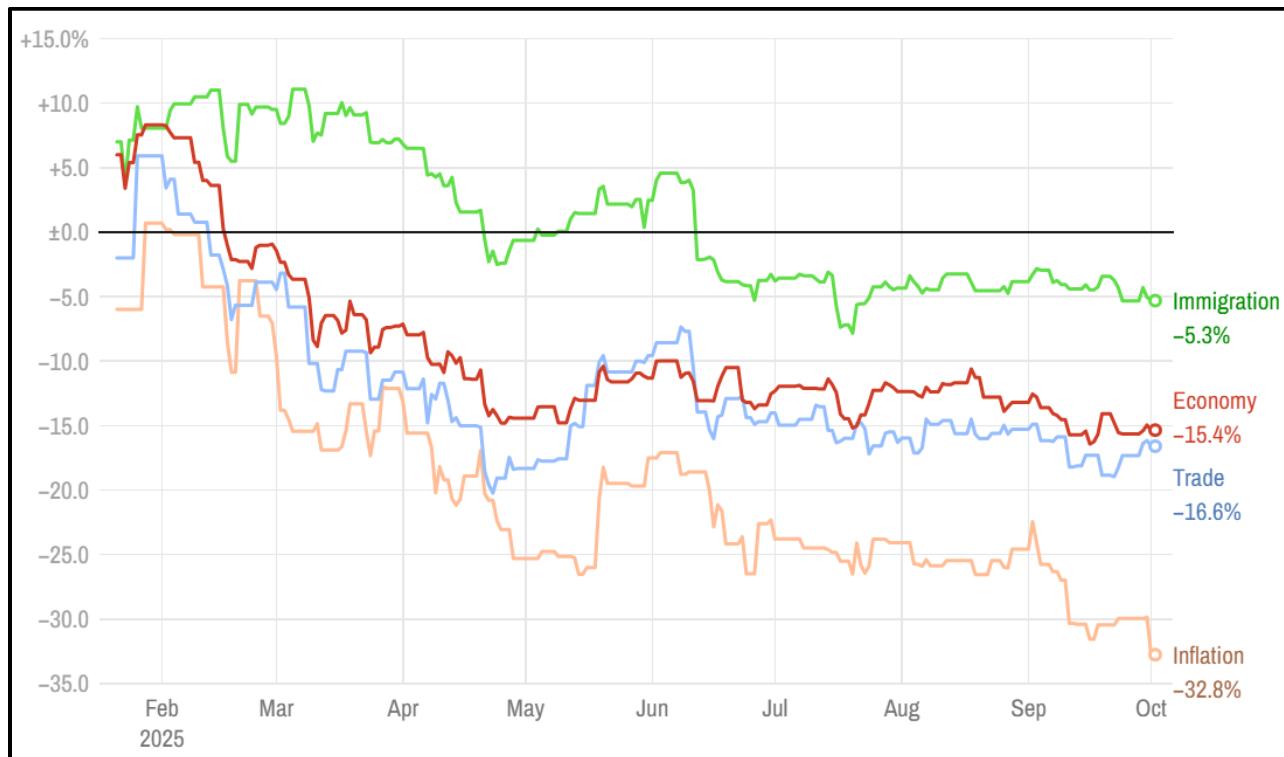
- CBS notes, “And in a year that has seen plenty of announcements about AI innovations and implications, there is also plenty of public suspicion that the job market may be hurt by AI. Today, the number saying the economy is getting worse has ticked up again, as prices continue to weigh on perceptions.”
- Silver Bulletin’s [Trump approval dashboard](#) shows that approval of Trump’s handling of inflation continues to drop. It is by far Trump’s weakest issue, with a net approval rating of -32.8%.

Figure 2: % Saying the Economy is Good



Source: CBS News/YouGov

Figure 3: Trump Net Approval on Issues



Source: *Silver Bulletin*

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POLITICAL RISK

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