

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 03-12-25

by Adam Burrowes

### The White House *(times subject to change)*

10:00 ET 15:00 GMT	President Trump participates in the White House Internship Program class photo
14:30 ET 19:30 GMT	President Trump makes an Announcement

#### Key Dates:

- ❖ Jan. 30: Government funding expires
- ❖ Jan 31: Texas Special Election
- ❖ April 16: New Jersey Special Election

### Washington

President Donald Trump will participate in an event for the White House internship programme at 10:00 ET 15:00 GMT.

- Trump is scheduled to make an announcement in the Oval Office at 14:30 ET 19:30 GMT. There is no official word on the topic, but previous similar announcements have often related to investment pledges or Trump's initiative to lower pharmaceutical prices.

The New York Times' annual [DealBook Summit](#) gets underway today. Some of the key speakers include Treasury Secretary Scott Bessent (first up), Larry Fink, chairman and C.E.O. of BlackRock, Alex Karp, co-founder and C.E.O. of Palantir, and California Governor Gavin Newsom (D-CA).

- The Times notes, *"What to watch: The buzz, fears and questions around artificial intelligence and the gargantuan investments being made to commercialize it; the future of the Fed and central bank independence; how President Trump's tariffs are affecting business, inflation and global trade; America's affordability crunch and its impact on politics; the future of electric vehicles in Trump's America; social media's effect on society; the future of philanthropy; trade wars; the West's relationship with China, and China's relationship with its neighbors..."*

Deputy Secretary of State Chrispher Landau will attend the NATO Foreign Ministers' Meeting in Brussels. Landau's attendance, rather than Secretary of State Marco Rubio, has raised questions about the Trump administration's commitment to include Europe in negotiations to end the war in Ukraine, following yesterday's high-profile meeting in Moscow between President Vladimir Putin and US special envoy Steve Witkoff. (More below)

- The State Department notes, "Landau will also meet with U.S. businesses to promote President Trump's priorities of rebalancing trade and ensuring a positive business environment in Europe for American investment and exports."

## Trump Accounts

Dell Technologies CEO Michael Dell, and his wife Susan Dell, announced yesterday plans to donate USD\$6.25 billion to seed so-called 'Trump accounts' for children that were established by the GOP's *One Big Beautiful Bill*.

- The Washington Post notes, "The US Treasury will put \$1,000 into the so-called "Trump accounts" for children born during Trump's second term. The Dells' donation will start accounts with \$250 for 25 million children under the age of 10 born before Trump returned to office."
- Axios writes, "For all the ultra-rich tech donors giving huge sums to President Trump's inauguration, parades and ballroom, Michael Dell — billionaire chair and CEO of Dell Technologies — and his wife are giving an unprecedented amount for the next generation instead."
- The White House said in a [statement](#), "This landmark gift — one of the largest direct investments ever made in American families — will dramatically accelerate President Trump's initiative to give every newborn child a head start toward lifelong financial security and the American Dream."

## Federal Reserve

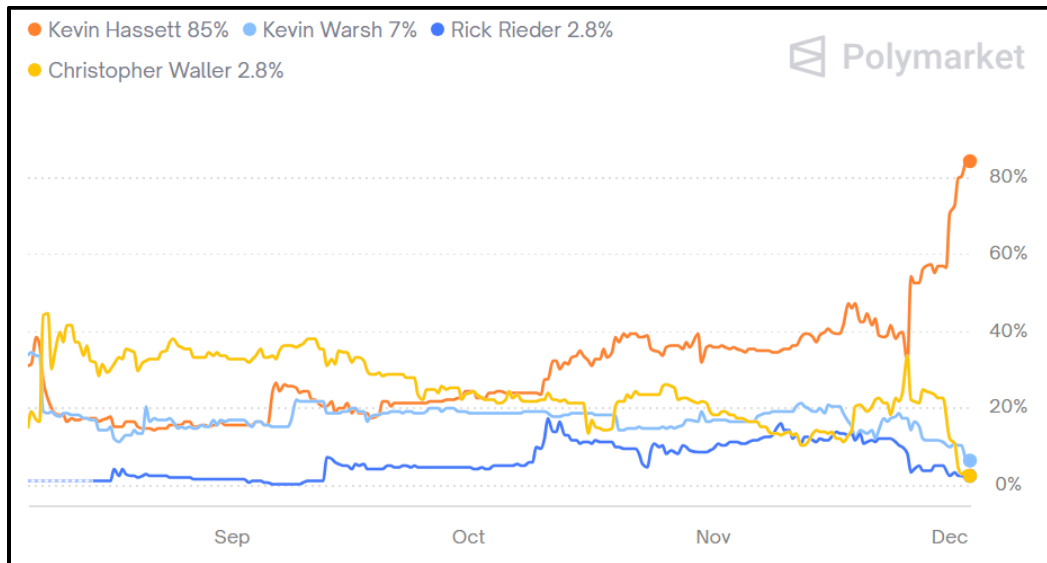
President Trump signalled at a Cabinet meeting yesterday that he has narrowed his shortlist for Federal Reserve Chair down to one candidate. At a later event in the Oval Office, Trump singled out National Economic Council Director Kevin Hassett, who was in the room, as a "potential Fed chair."

- The Wall Street Journal [reports](#), "The Trump administration canceled a slate of interviews set to start this week with a group of finalists to be the next chair... Trump's team informed candidates that interviews scheduled for Wednesday with Vice President JD Vance had been canceled... No reason was given..."
- Trump's clear hints that Hassett is in line for the job could effectively install the NEC Director as a 'shadow Fed Chair' for the next five months, "with markets hanging on his every word," according to [Reuters](#).

Reuters notes that, "Some see that prospect [of Hassett's nomination] as a klaxon about the politicization of the central bank. Another Trump adviser Stephen Miran holds one of the seven board seats, and two carryovers from Trump's first term — Waller and Michelle Bowman — remain in place. Lisa Cook's legal case in January could well open up yet another position."

- While Hassett has been the favourite to take the nomination since mid-October, Trump's more explicit comments have increased the implied probability of Hassett getting the nod to 85%, according to Polymarket.

## Figure 1: Who will Trump Nominate as Fed Chair



Source: Polymarket

## Brazil

Trump told reporters at the White House yesterday that he had a “great talk” with Brazilian President Luiz Inacio Lula da Silva yesterday about sanctions, raising optimism that the two leaders could make a deal to bring down Brazil’s 50% tariff rate.

- Trump said, “We had a great talk. We talked about trade. We talked about sanctions, because, as you know, I sanctioned them having to do with certain things that took place. But we had a very good talk. I like him.”
- Trump added in a later message on [Truth Social](#), “We had a very productive call with President Lula of Brazil. Among the things discussed were Trade, how our Countries could work together to stop Organized Crime, Sanctions imposed on various Brazilian dignitaries, Tariffs, and various other items. President Lula and I established a relationship at a meeting which took place at the United Nations, and I believe it set the stage for very good dialogue and agreement long into the future. I look forward to seeing and speaking with him soon. Much good will come out of this newly formed partnership!”

Bloomberg [notes](#), “Trump had imposed a 40% duty on exports from Brazil in retaliation for the Bolsonaro prosecution, on top of a 10% baseline levy — amounting to one of the highest tariff rate imposed on goods from any US trading partners.

- “The president last month expanded tariff breaks on Brazilian food products, including beef, coffee and orange juice, amid growing voter dissatisfaction over his handling of the cost of living.”

## United States-Canada-Mexico Trade Agreement

Two days of public hearings on the United States-Canada-Mexico trade agreement (USMCA) get underway today at the office of the United States Trade Representative, ahead of the mandatory review of the trade agreement on July 1, 2026. A full list of witnesses and panel members can be found [here](#).

- The hearing will include testimony from various [interest groups](#), arguing in favour of maintaining the trade agreement's tariff-free market.

The Globe and Mail [reports](#) that Barry Appleton, a Toronto lawyer who is co-director of the Center for International Law at New York Law School, said Canada needs to be prepared for the risk that the United States may announce its withdrawal from the trilateral USMCA trade deal as a negotiating tactic.

- Appleton said, "The mere suggestion of USMCA termination serves as an exceedingly potent, almost extortionary, bargaining chip."
- Appleton added in an interview with [Bloomberg](#), "Remember, the president doesn't have to cancel the agreement. Simply hinting that he could, would put the Canadians in an incredibly difficult negotiating position."
- Canadian Ambassador to the United States Kirsten Hillman told [Politico](#) that Canada is prepared to push hard for a full 16-year extension but said it's unclear whether Trump can be persuaded to restore duty-free trade between the three countries.
- An expert told the Globe the US benefits too much from the USMCA to abandon it. Laura Dawson, executive director of the Future Border Coalition, said: "Without the USMCA, the legal framework for US trade would be completely fractured. There are a lot of places in the United States that are both Trump supporters and trade supporters. So, I think it would be very difficult to find a constituency of support to abandon the North American trade deal."

The Brookings Institution notes, "if the three parties each agree to an extension by July 1, 2026 (the first six-year anniversary of the agreement's entry into force), the agreement will be extended until 2042. If they fail to agree, a clock will start to tick toward USMCA's eventual termination in ten years at the end of the original 16-year term (i.e., 2036)."

- The Globe notes, "A withdrawal notice from any country that is a signatory to the USMCA would trigger a six-month countdown to that member exiting the agreement."
- Brookings reported in March that the negotiations will be more challenging than during the first Trump administration: "Unlike in the first round of USMCA negotiations, the agenda likely will go beyond traditional trade disciplines to include migration, drug interdiction, and possibly in the case of Canada, defense spending."

## Congressional Business

The House is IN

The Senate is IN

### Committee Schedule –

- ❖ 10:00 ET 15:00 GMT: HOUSE Financial Services: Building Capacity: Reducing Government Roadblocks to Housing Supply
- ❖ 10:00 ET 15:00 GMT: HOUSE Judiciary: "Balancing the Federal Budget: Examining Proposals for a Balanced Budget Amendment"
- ❖ 14:00 ET 19:00 GMT: SENATE HELP: Hearings to examine making the health care system affordable.
- ❖ 14:30 ET 19:30 GMT: HOUSE Natural Resources Oversight Hearing on "Unleashing American Energy Dominance and Exploring New Frontiers"



## Tennessee Special Election

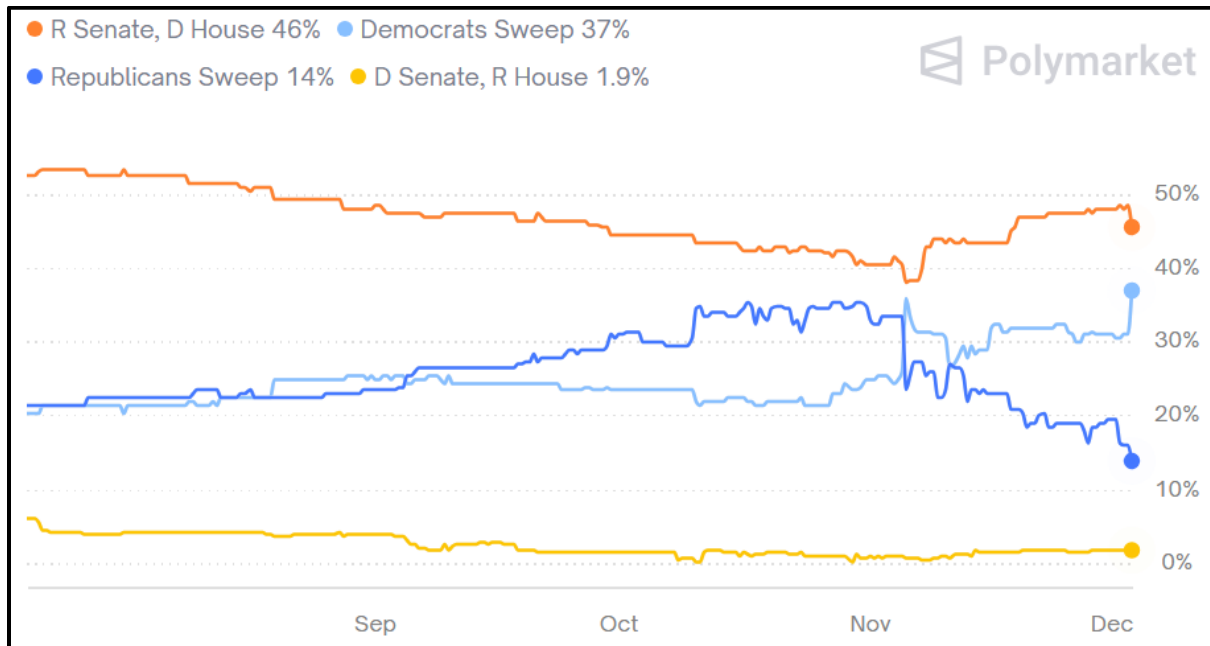
Republican Matt Van Epps won a special election in Tennessee's 7<sup>th</sup> Congressional District that was billed as a bellwether for the 2026 midterm elections.

- While the GOP avoided a shock loss, which appeared possible following a Democratic overperformance at off-year elections in November, the margin of victory – significantly closer than previous races – suggests the GOP has work to do to avoid a wipeout in 2026.
- Van Epps defeated Democratic state Rep. Aftyn Behn by a reported margin of 9 percentage points. That is considerably closer than the 20-plus percentage points margin former Republican Rep. Mark Green and President Trump won by in 2024.

Ahead of the election, we noted that a Van Epps victory within five percentage points would “increase GOP anxiety that the party is heading for a midterm wipeout”. And while that was avoided, the underperformance prompted bettors at Polymarket to upgrade Democrats' chances of sweeping Congress in 2026 to 37% implied probability.

- Data from the [New York Times](#) shows that every single county in the district shifted towards Democrats, suggesting weakness across Trump's base. The result is consistent with four other special elections this year, which saw Democrats overperform their 2024 results by an average of 16 points (and Kamala Harris' share by 18 points).
- A Republican operative [wrote on X](#), “This is one of the biggest flashing red light warning signs we've seen yet for Republicans. If every House district in the country shifted left by this same amount — about 15 points — we would be looking at a blue wave far worse than 2018.”
- CNN [notes](#), “with 2025 soon coming to a close, all told, Democrats appear to be performing better electorally than they did in 2017. And Democrats went on in 2018 to win back the US House in a “wave” election.”
- However, Democratic optimism should be tempered by the imperfect predictive nature of special elections. Turnout tends to be low, putting a higher premium on voter enthusiasm, which appears to favour Democrats right now, especially with Trump off the ballot.

## Figure 2: 2026 Balance of Power



Source: Polymarket

## Energy

Politico reports, “House GOP leaders are planning floor votes on several bills next week that would overhaul the federal permitting process for energy projects. The flurry of legislative activity is intended to jumpstart bipartisan, bicameral efforts to pass one comprehensive permitting package.”

- According to Politico, “Among the bills on the agenda will be House Natural Resources Chair Bruce Westerman’s legislation to speed up projects by waiving certain requirements under the National Environmental Policy Act. The measure is controversial among many Democrats, who don’t want to make any changes to the longstanding environmental protection law. But at least one Democrat, moderate Rep. Jared Golden, is hoping to convince more members of his party to support the measure...”
- Golden said of overhauling the permitting process, “I want to see something get done. So I’m going to ignore their political desires and think more about how do we show momentum in the Senate.”

## Republican News

House Speaker Mike Johnson (R-LA) has another crisis to navigate ahead of a challenging December, where he has to steer his razor-thin majority through difficult votes on government funding bills, the bipartisan annual Pentagon bill, and potentially healthcare reform.

- Rep Elise Stefanik (R-NY), a member of the House GOP leadership team, is publicly revolting against Johnson for failing to include in the NDAA a provision that would force the FBI to inform Congress of investigations into lawmakers.

- In response to Johnson's explanation for the provision not making the cut, Stefanik [said on X](#): "Just more lies from the Speaker... the Speaker texted me yesterday claiming he 'knew nothing about it.' Yeah right. This is his preferred tactic to tell Members when he gets caught torpedoing the Republican agenda."

Punchbowl News notes, "Stefanik is so frustrated that she's prepared to tank the must-pass defense bill — approved by lawmakers every year for more than six decades — if the speaker doesn't include a provision requiring the FBI to alert Congress if it opens a counterintelligence investigation into an elected official or candidate. Democrats are opposed to this provision."

- Punchbowl continues, "This is all a huge warning sign for Johnson. If the speaker faces this kind of very public pushback from a member of his own leadership team, how will Johnson be able to make bipartisan deals on Obamacare, FY2026 spending or anything else?"

## Ukraine War

Russian President Vladimir Putin held nearly five hours of talks yesterday with US special envoy Steve Witkoff and Trump's son-in-law Jared Kushner in Moscow yesterday aimed at reaching a consensus on how to end the war in Ukraine.

- The New York Times reports, "During the talks, Putin went through the U.S. proposals that the Kremlin had received in four documents ahead of the meeting, said the Kremlin's top foreign policy aide, Yuri Ushakov. But no specific compromises were reached and no plans were made for a new summit between Putin and Trump, Ushakov told journalists after the talks concluded."
- Ushakov said: "We could agree on some things, and the president confirmed this to his interlocutors. Other things provoked criticism, and the president also made no secret of our critical and even negative attitude toward a number of proposals. But the main thing is that a very useful discussion took place."

A meeting of NATO foreign ministers got underway in Brussels to discuss for the first time the nascent 20-point peace plan that was delivered to Putin yesterday. Since the first leaks of the initial 28-point peace plan (seen as heavily favouring Russia), NATO has been largely sidelined from the negotiation process, with the US and Russia (and eventually Ukraine) the prime interlocutors.

- Politico [reports](#), "While a deal remains a moving target, some allies insist they have red lines they want to be consulted on first, according to four NATO diplomats. Those concern Kyiv's accession to the alliance, the placement of troops and arms on allied soil, and respect for international law."

In what will prove a worrying signal to the rest of NATO, the US has not sent Secretary of State Marco Rubio to the meeting. His deputy, Christopher Landau, has taken his place instead. It marks the first time since 1999 that a US Secretary of State has missed a NATO ministerial.

- Speaking at a VTB investment conference on 2 Dec, Putin said, "We are not going to fight with Europe, I have already said this a hundred times. But if Europe wants to fight with us, we are ready to do so right now." While these comments may be

dismissed as sabre-rattling, there is the unavoidable reality that NATO's eastern flank remains vulnerable to Russian incursion via jets and drones, and the Baltic States in particular remain on high alert for any sign of ground incursion.

Kremlin Spokesperson Dmitri Peskov told reporters this morning, "It would be wrong to say that Putin rejected the US plan on Ukraine. It was a first exchange of opinions". He said that the results of yesterday's talks, "should be the basis for a high-level conversation between Russia and the US", adding Russia "...is ready to meet with the US as many times as needed to reach a resolution on Ukraine."

- The latter comments, which also praised Trump's efforts in flattering terms, continue the Kremlin's efforts to engineer another in-person meeting between Trump and Putin, and to sideline Kyiv from any negotiations.
- Numerous and lengthy negotiations will do little damage to Russia's war effort amid sustained gains along the frontline, and it is in a position to significantly threaten Ukraine's energy infrastructure over the course of the country's brutal winter.

## Venezuela

Secretary of State Marco Rubio appeared to throw cold water on reports that the Trump administration could negotiate a deal with Venezuelan President Nicolas Maduro, telling Sean Hannity on Fox News, "If you wanted to make a deal with him, I don't know how," citing a deal with the Biden administration to allow free and fair elections, which Maduro subsequently disregarded.

- Rubio added, "He's broken every deal he's ever made. Now, that doesn't mean that you shouldn't try... At the end of the day, there has to be somebody that you can actually make a deal with... Maduro has never kept a deal. That doesn't mean the President won't try."

CNN [reports](#) that on Monday, Maduro "defiantly danced before a huge crowd of supporters in Caracas in a Trump-style open air rally, shattering previous rumors he'd bowed to US calls to leave the country."

- CNN adds, "Washington hopes that its military build-up so rattles Maduro that he accepts exile overseas or that inner circle generals topple him. Trump confirmed Sunday he spoke to Maduro by phone recently — but the Venezuelan strongman stayed put."
- Semafor notes, "Trump reportedly rejected [Maduro's] offer to step down in a brief call between the leaders last month, instead vowing to ramp up Washington's campaign against the country. During the call, Maduro offered to resign provided he received full legal amnesty, Reuters reported. He also apparently asked for 100 Venezuelan officials — many of them accused of human rights abuses — to have US sanctions removed. Venezuela's vice president would have stayed in power until elections could be held. Trump rejected the proposals while giving Maduro a deadline to surrender."

## Chart of the Day



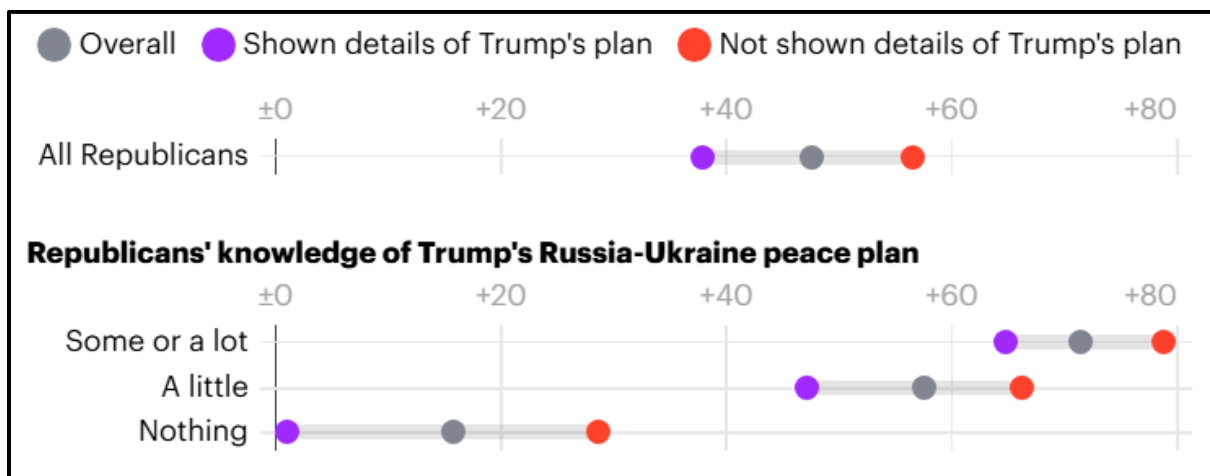
YouGov [reports](#) that Americans are “more likely to disapprove than approve of how Trump is handling the Russia-Ukraine war, a gap that widens when Americans learn more about Trump's peace plan.”

- YouGov notes, “As an experiment, the Economist and YouGov showed a random 50% of respondents a description of some elements of Trump's plan... Overall, those shown a description of this plan are slightly less likely to approve of how Trump is handling the situation with Russia and Ukraine than those who not shown the plan.”

Note: “Just before being asked whether they approve of Trump's handling of the Russia-Ukraine situation, a randomly selected half of respondents were shown this text explaining Trump's plan to end the Russia-Ukraine War:

- “The size of the Ukrainian armed forces would be limited to 600,000 personnel.
- “Ukraine would not be allowed to join NATO and no NATO forces would be stationed in Ukraine.
- “\$100 billion in frozen Russian assets would be invested in Ukraine with the U.S. to receive 50% of the profits.
- “Ukraine would withdraw from Donetsk, which would become part of the Russian federation.”

**Figure 3: Do you approve or disapprove of the way Donald Trump is handling the situation with Russia and Ukraine? (% of Republicans)**



Source: YouGov

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