

MNI POLITICAL RISK ANALYSIS - US Daily Brief 04-03-26

by Adam Burrowes

The White House (times subject to change)

08:00 ET 13:00 GMT	President Trump participates in Executive Time
13:00 ET 18:00 GMT	Press Briefing by the White House Press Secretary Karoline Leavitt
13:30 ET 18:30 GMT	President Trump participates in a Phone Interview
15:00 ET 20:00 GMT	President Trump participates in a Roundtable on Ratepayer Protection Pledge

Key Dates:

- ❖ *March 3: Texas/North Carolina Senate Primaries*
- ❖ *March 10: Georgia Special Election*
- ❖ *April 16: New Jersey Special Election*

Washington Roundup

US President Donald Trump will participate in what the administration calls “Executive Time” at 08:00 ET 13:00 GMT. At 13:30 ET 18:30 GMT, Trump will hold a phone interview. As the engagement is scheduled in Trump’s diary, it is likely be longer than the brief one-on-one calls he has held with news outlets over the past few days.

- At 15:00 ET 20:00 GMT, Trump will host tech leaders for a roundtable aimed at finalising a pledge to offset rising electricity costs caused by data centres.
- Reuters [reports](#) that the White House has said Trump’s “Ratepayer Protection Pledge,” would see tech firms commit to measures designed to ensure the boom in artificial intelligence infrastructure does not translate into higher utility bills for households and small businesses.
- At 08:00 ET 13:00 GMT, Defense Secretary Pete Hegseth Joint Chief of Staff Dan Caine will hold a press conference.
- At 13:00 ET 18:00 GMT, White House Press Secretary Karoline Leavitt will brief reporters for the first time since the start of US-Israeli strikes on Iran.

The New York Times [reports](#), “US Special Forces soldiers are advising and supporting Ecuadorian commandos on raids across the country against suspected drug shipment facilities and other drug-related sites.”

- The Times notes that the move, announced by the Pentagon on Tuesday night, appears to be a “major expansion of the US military’s unilateral strikes against boats in the Caribbean Sea and Eastern Pacific that the Trump administration has accused of carrying drugs.”

Commerce Secretary Howard Lutnick has voluntarily agreed to an interview with the House Oversight Committee over his ties to the convicted sex offender Jeffrey Epstein. Lutnick told reporters, “I look forward to appearing before the committee. I have done nothing wrong, and I want to set the record straight.”

- CNBC notes, "Lutnick has not been accused of wrongdoing but has nevertheless faced mounting bipartisan pressure to explain connections that have recently emerged between him and Epstein, his former next-door neighbor."

Reuters [reports](#) that Exxon Mobil's senior Vice President said the company will send a team to Venezuela in the coming weeks, adding that Exxon will work with the Venezuelan government and, given the right investment terms, "we will be interested in going back."

- Politico notes, "This is a tone shift for the oil giant. In January, CEO Darren Woods told Trump that Venezuela was "uninvestable" without significant changes to the legal system and durable investment protections."

The House of Representatives will vote at 13:30 ET 18:30 GMT to advance a funding bill to reopen the Department of Homeland Security. It is expected to fail again, with no sign of movement in negotiations on immigration enforcement operations.

- At 16:00 ET 21:00 GMT, the Senate will vote on a war powers resolution to curb Trump's military operation against Iran. As noted in previous editions of this newsletter, the vote is likely to fail as there is little Republican support for the measure.

Middle East Conflict Day Five

US and Israeli officials have warned that airstrikes on military targets in Iran will intensify in the coming days. Iran's Ministry of Health reports that over 1000 people have now been killed in the military campaign.

- US President Donald Trump told reporters in the Oval Office yesterday that "virtually" all of Iran's navy, air force, and air defences have been "knocked out."
- Treasury Secretary Scott Bessent told CNBC this morning that the US now has "complete control of the Iranian sky," adding that "everything regarding Iran is going magnificently."

AFP reports that Lebanon-based Hezbollah said it fired "a swarm of attack drones" against the state-owned Israeli defence and aerospace company "in response to the criminal Israeli aggression that targeted dozens of Lebanese cities and towns."

- The Turkish Ministry of Defence said NATO air and missile defence assets stationed in the eastern Mediterranean intercepted a missile headed towards Turkish airspace, which appears to be a new escalation of the conflict on NATO territory.
- Saudi Arabia intercepted a drone attack on Saudi Aramco's Ras Tanura, which houses its largest domestic refinery on the Persian Gulf coast. "Initial estimates indicate that the attack was carried out by a drone and did not result in any damage," per a statement.

Israel's [Channel 13](#) reports that "Senior IDF officers say today (Wednesday) that we have two more weeks of bombings across Iran ahead of us, with the plan being to attack thousands of targets with heavy bombers from the United States military - including all targets of the regime, the Revolutionary Guards, Basij, satellites, drones and tanks."

- Israel's Ynet [reports](#) that "In terms of the targets ahead, the IDF explains that there is a systematic plan to move to a set of military targets of the regime. These are

thousands of targets. To do this, Americans are needed, and therefore, a systematic crushing of all regime targets and military targets, throughout Iran, is currently expected in the next two weeks."

According to Iranian state-run IRIB news, Mohammad Mokhber, a member of the Expediency Discernment Council and an aide to the late Supreme Leader Ayatollah Ali Khamenei, said that there are no talks ongoing with the US, and "we can continue the war for as long as needed..."

- Iranian State TV reports that Ayatollah Ahmad Khatami said, "Leadership candidates have been identified and we are close to selecting the new supreme leader. The new leader will be chosen at the earliest opportunity, but the current situation is wartime, so we are taking all precautions."
- The New York Times notes, "Mojtaba Khamenei, a son of the slain Ayatollah Ali Khamenei, has emerged as the front-runner to be the country's next supreme leader after a meeting of senior clerics yesterday."
- Israeli Defense Minister Israel Katz said whoever is picked will be a "target for elimination," per Politico.

The International Atomic Energy Agency (IAEA) said in a statement on X: "Based on analysis of latest available satellite imagery, IAEA sees no damage to facilities containing nuclear material in Iran and therefore no radiological release risk at this time."

- "Nearly 150 people are potentially missing after an Iranian warship sank near Sri Lankan waters, according to reports," per the Guardian.

Semafor reports, "China's top diplomat on Tuesday urged his Israeli counterpart to end attacks on Iran, but Beijing is unlikely to offer more than boilerplate criticism of the strikes against its regional partner, analysts said."

- Nikkei [reports](#): "Fertilizer prices spike on Iran war as experts say worse crunch may come. Impact may be worse than from Ukraine invasion, with Australia particularly at risk."

US Operations Goals

Ahead of Saturday's strikes, we flagged [reporting](#) suggesting that Trump may authorise limited strikes on Iran in order to force Iran to swallow a more comprehensive nuclear deal. While US strikes have been more comprehensive than anticipated, there have been signals that the Trump administration may be opening the door to negotiations with members of the Iranian government and security forces.

- The New York Times [reports](#) that despite hardline public proclamations, "operatives from Iran's Ministry of Intelligence reached out indirectly to the C.I.A. with an offer to discuss terms for ending the conflict."

The Times report appears to support a [Sunday piece](#) from the Wall Street Journal claiming, "Iranian security chief Ali Larijani has made a fresh push to resume nuclear talks with Washington, Arab and U.S. officials said, hours after the negotiations were halted by U.S.-Israeli strikes."

- Some analysts have suggested that Larijani could be viewed by the Trump administration as a potential partner in negotiations to end the conflict while preserving the regime, similar to the elevation of Delcy Rodriguez in Venezuela following the ouster of Nicolas Maduro.

Indeed, Trump administration officials appear to be narrowing the scope of operations. Senior White House officials have refrained from discussing regime change, instead framing objectives as purely military.

- Undersecretary of Defense for policy Elbridge Colby told the Senate Armed Services Committee yesterday, "This is certainly not nation-building. This is not going to be endless."

Secretary of State Marco Rubio told reporters on Capitol Hill yesterday, "Iran can never have a nuclear weapon, and we will not allow Iran to hide behind the immunity of a massive short-term* ballistic missile inventory or the ability to make them or launch them."

- Rubio said US military operations are aimed at, "systematic destruction of [Iran's] missile belt, destruction of their launchers, and destruction of their ability to make these, as well as the destruction of their navy." He added that operations are "on or ahead of schedule and proceeding on these objectives."
- Rubio warned of an intensification of operations in the coming days, "You're going to really begin to perceive a change in the scope and in the intensity of these attacks, as, frankly, the two most powerful air forces in the world take apart this terroristic regime..."

Trump provided his first live press conference on Iran ahead of a bilateral meeting with German Chancellor Friedrich Merz in the Oval Office yesterday. Trump declined to detail the political objectives of the operation but signalled that he's hoping for an Iranian leader to cooperate with the US going forward, appearing to follow the Venezuela template. Trump suggested that senior Iranian officials "want to quit or have immunity."

- Politico notes, "According to multiple experts and former US officials experienced in dealing with Iran, identifying a person within the current regime willing to partner with the U.S. would be nearly impossible."
- Dan Shapiro, deputy assistant secretary of defense for the Middle East from 2024-2025 and former US ambassador to Israel, said that members of the Iranian regime have been so "schooled" in an ideology that's fundamentally tied to "anti-American hatred" and "anti-Israel hatred" that "it would be 180 degrees counter to everything they've been taught for their entire lives to then accept a partnership of any kind with the United States."

US Military Funding

In the event of a protracted conflict, the Trump administration is likely to need supplemental funding from Congress, a major risk as midterm campaigning gets underway. Any supplemental funding bill will require Democratic support in the Senate. House Appropriations Committee Chair Tom Cole (R-OK) confirmed to reporters that he is working on a supplemental funding bill, but declined to offer any details.

- Punchbowl reports, “The Pentagon has resources to draw from through the FY2026 defense appropriations bill, as well as \$150 billion-plus approved for the Defense Department under last year’s GOP-only reconciliation package. Senators from both parties said this should be sufficient for now.”
- Politico reports that during closed-door meetings yesterday, “senior intelligence and defense officials described a vast military operation that many members anticipate will require extra funding on top of the nearly \$1 trillion Congress has already given the military over the last year.”

If a supplemental funding bill is required, Democrats will be in a difficult position. Similar to Ukraine funding bills during the Biden administration, the White House will argue that funds are required to backfill depleted US stockpiles. Democrats will need to find a way to support a potential funding bill without providing tacit support for Trump’s unilateral military action.

- Senator Brian Schatz (D-HI) said, “If there’s a \$28 billion supplemental that’s narrowly tailored for evacuations of American citizens, I’ll consider it. [But] that’s not what they’re talking about.” Schatz added that his message would be: “They literally did take your health care and give it to a regime-change war.”
- Senate Minority Leader Chuck Schumer (D-NY) said, “Before you can feel satisfied about a supplemental — and I haven’t seen it — you have to know what the real goals are and what the endgame is.”

US Support for Kurdish Militias

In the absence of credible political or military opposition within Iran, analysts suggest that the Trump administration is considering backing armed Kurdish groups to provide the ground troops to support the US-Israeli air operations.

- As we noted yesterday, Axios reports that Trump held weekend calls with Masoud Barzani and Bafel Talabani, leaders of the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK).

CNN goes further, [reporting](#): “The CIA is working to arm Kurdish forces with the aim of fomenting a popular uprising in Iran, multiple people familiar with the plan [said],” adding “Several of the groups have released public statements since the beginning of the war hinting at imminent action and urging Iranian military forces to defect.”

- Al Monitor [reports](#), “Kurdish forces — whether in Iraq or among Iranian opposition groups based across the border — are battle-hardened, organized and geographically positioned along Iran’s western flank. If the bombing campaign is designed to degrade Iran’s command and control, Kurdish fighters could theoretically supply the missing terrestrial component, although collectively the Iranian armed forces significantly outweigh the Kurdish opposition militants.”

Energy

Semafor reports that, “The Iran conflict is creating a windfall for US natural gas exporters. Gas prices in Europe jumped more than 20% on Tuesday after Qatar said it had suspended operations at the Ras Laffan LNG export facility, the world’s largest... That’s the biggest spike in European energy prices since the 2022 Russian invasion of Ukraine.”

- The report continues, “And, like then, this latest disruption will pit European and Asian LNG buyers against each other, to the benefit of US exporters. The gas market doesn’t have the same degree of supply flexibility as oil — there are few strategic reserves and little spare production or export capacity to fire up on short notice.”

Figure 1: Price of Natural Gas in Europe on Dutch TTF Benchmark



Source: Semafor

Shipping

Trump announced on [Truth Social](#) that the US would provide naval escorts and insurance for commercial shipping in the Gulf “effective immediately” in a bid to curb rising energy prices. In a news release, DFC said it would offer support to commercial shipping charters, shipowners and key maritime insurance providers, per Bloomberg.

- Trump wrote, “Effective IMMEDIATELY, I have ordered the United States Development Finance Corporation (DFC) to provide, at a very reasonable price, political risk insurance and guarantees for the Financial Security of ALL Maritime Trade, especially Energy, traveling through the Gulf. This will be available to all Shipping Lines.”
- Trump continued, “If necessary, the United States Navy will begin escorting tankers through the Strait of Hormuz, as soon as possible. No matter what, the United States will ensure the FREE FLOW of ENERGY to the WORLD.”

Bloomberg [notes](#), “Oil prices pared gains briefly on the news, with global benchmark Brent trading near \$80 a barrel after settlement. While the president’s announcement reduced some of the risk premium in energy markets, traders remain skeptical that the plan will allow oil flows to swiftly return to normal levels in the region.”

- Bob McNally, president of consultant Rapidan Energy Group, said: “Assuming Tehran decides to continue fighting, we are expecting that full resumption of Hormuz flows will require weeks instead of hours or days, even with the announced and helpful plans to provide insurance or escort ships.”

Kharg Island

Michael Rubin, a senior Pentagon adviser on Iran and Iraq in the George W. Bush administration, told Politico that Trump could seize control of Iran's Kharg Island, the primary export facility for Iran's crude oil and long been viewed as a vulnerability for the regime.

- Rubin, "If Trump intends to intensify pressure on Iran outside of missile strikes and bombings, seizing Kharg Island would deprive the regime of a key funding source for controlling the population. If they can't sell their own oil, they can't make payroll."
- Politico reports, "In the weeks before the U.S. and Israel launched their attacks, Iran ramped up oil production at Kharg. The facility's output was pushed to almost record levels, at about 4 million barrels per day, according to Kpler..."

Such a move is unlikely. It would certainly prompt major retaliation from Iran, likely focusing on regional oil and gas infrastructure and driving a steeper spike in global oil prices.

- Ellen Wald, a senior fellow at the Atlantic Council Global Energy Center, said: "As long as Iran has the ability to get oil out, it's not going to try to take that ability away from anyone else, because it knows that once it does that, its oil infrastructure will get destroyed. It's sort of this mutually assured destruction, so nobody will do anything."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 GMT: HOUSE Judiciary: Oversight hearings re: Department of Homeland Security.
- 10:00 ET 15:00 GMT: HOUSE Armed Services: Speed to Scale: Revitalizing Defense Industrial Base
- 10:00 ET 15:00 GMT: HOUSE Ways and Means: Hearing with IRS CEO, Frank J. Bisignano

Trade

US Treasury Secretary Scott Bessent told CNBC this morning that an increase in the global tariff rate from 10% to 15% is expected "sometime this week". He declined to indicate which countries will face the higher tariff rate.

- Bessent noted that these tariff rates will revert in around five months (which lines up with the 150-day timeline that tariffs under Section 122 of the 1974 Trade Act the president can impose without needing congressional approval). Bessent added that we "will see more Section 301 and Section 232 studies during the 150-day period."

Bessent's comments come amid renewed trade tensions after Trump used his first presser this week to single out European countries for criticism over their lack of support in US operations against Iran.

- Trump said, speaking alongside German Chancellor Friedrich Merz, that Germany has been "great" and NATO Sec Gen Mark Rutte has been "fantastic." He said

Spanish President Pedro Sanchez has been "terrible," and noted that he has directed Bessent to cut off "all dealings" with Spain, including trade. Trump added that he is "not happy with the UK either," referencing London's decision to bar US use of Diego Garcia.

- Bessent USTR Jamieson Greer and noted that the administration is moving forward with tariff investigations. They both claim the Supreme Court ruling "reaffirmed [Trump's] ability to implement an embargo."

Bloomberg [reports](#) that Merz told Trump that he wants the European Union's trade agreement with the US to be implemented quickly but the bloc can't accept a deal with worse conditions.

- Merz told reporters after the meeting, "A limit has been reached of what we are willing to accept, what we can accept with regard to this disproportionate burden with tariffs. We want this agreement to last and I have gained the impression that the president and his staff see it that way."

India

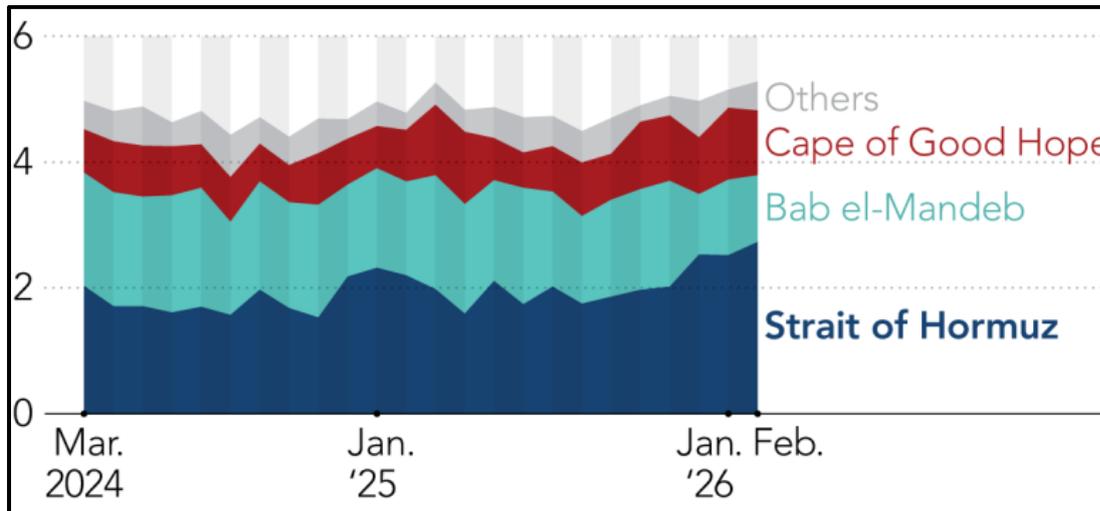
US Deputy Secretary of State Christopher Landau has arrived in India for a two-day trip that is likely aimed at reassuring New Delhi that a bilateral trade deal, which appeared close to finalisation last month, is still in the best interests of India, despite the Supreme Court tariff decision the fallout from the Middle East conflict.

- A key plank of the framework agreement was an acceleration of India's diversification of crude imports from Russia. That appears at risk now, with India particularly exposed to flows from the Strait of Hormuz.

Nikkei reports, "India was indeed changing course, with Middle Eastern countries like Saudi Arabia, Iraq, the United Arab Emirates and Qatar accounting for roughly two-thirds of India's oil imports in February. Russia's share had shrunk to 19%, compared with last year's peak of 44% in June."

- Nikkei adds that with the Strait of Hormuz now effectively closed as the fighting drags on, "India has to recalibrate procurement and perhaps turn back to Russia. That raises questions over the trade deal with Washington..."
- Research firm Nomura wrote in a note, "India's major external sector risk though, is not from its current account, but from the capital account, where a sharp drop in foreign investment flows is leading to a large balance of payments deficit in FY26 (fiscal year ending March 2026). A combination of a widening CAD (current account deficit) and FII (foreign institutional investor) outflows due to global risk aversion could accentuate rupee weakness."

Figure 2: Indian Oil Import Routes, in Millions of Barrels per day



Source: Nikkei

Midterm Primaries

Senator John Cornyn (R-TX) narrowly won yesterday's critical Senate Republican primary, but not by a sufficiently large margin to avert a runoff with Texas Attorney General Ken Paxton in May.

- Punchbowl notes, "That result means this bare-knuckle, mega-Texas primary will last for another 12 weeks. Gobs more money will be spent. And it'll put a tremendous amount of pressure on the White House to get involved in the race."
- During an election night news conference, Cornyn said Paxton could cause Republicans to lose five House seats in Texas. This could be an appealing argument for Trump to back Cornyn. Perhaps it'll outweigh Cornyn's history of criticizing Trump following the 2020 election, per Punchbowl.

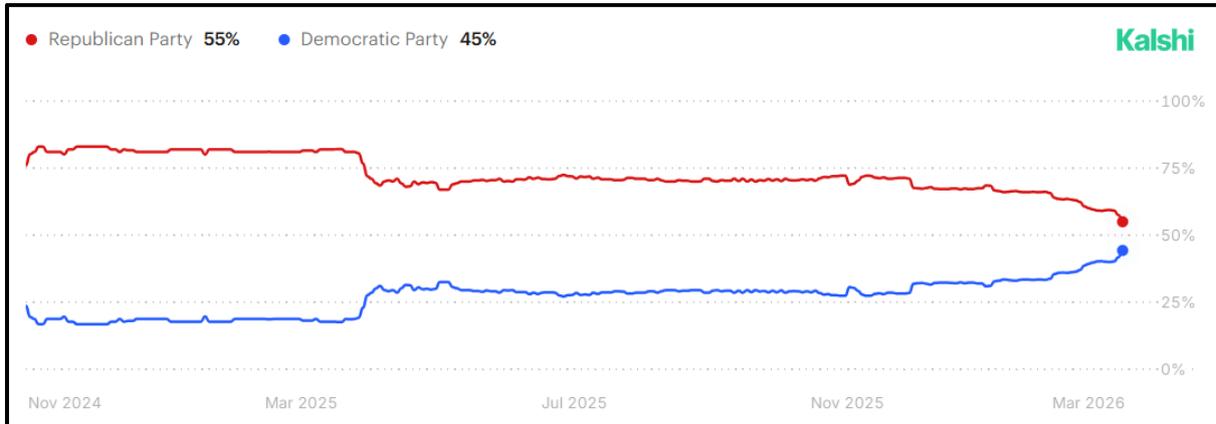
In the Democratic primary, state Rep. James Talarico defeated Rep. Jasmine Crockett by more than seven points, avoiding a runoff. With Talarico broadly viewed as the more 'electable' candidate, the result will likely increase Democratic confidence that the party can win a first Texas statewide election in decades.

- The New York Times notes, "In North Carolina, Roy Cooper, a former Democratic governor, and Michael Whatley, a former chairman of the Republican National Committee, won their primaries in another closely watched race that could decide control of the Senate in November."

Kalshi [shows](#) the results have tightened the race for the Senate. The implied probability of Democrats flipping the chamber has risen to 45%. It was as low as 16% in Spring last year.

- As noted in yesterday's edition of this newsletter, a Democrat win in November remains a challenge. Democrats need to run the table in November to flip the Senate. That includes defending all incumbent seats and winning four GOP seats, including winning at least two seats in states Trump won by double digits in 2024.

Figure 3: Which Party will Win the US Senate



Source: Kalshi

Chart of the Day

A new Fox News [survey](#) has found, “Even though a majority views Iran as a danger to the country, that concern does not translate into majority support for the current U.S. military action, as 50% approve and 50% disapprove.

- “In addition, 51% think President Trump’s handling of Iran has made the U.S. less safe, up from 43% last July. Twenty-nine percent say he’s made the U.S. safer. By comparison, when the same question was asked about former President Biden in 2023, 50% said his handling of Iran had made the U.S. less safe, while 12% said safer.”

Figure 4: “Do you think President Trump’s handling of relations with Iran has made the U.S. safer or less safe, or has it not made much of a difference either way?”



Source: Fox News

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