

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 04-07-25

by Adam Burrowes

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

16:00 ET 21:00 BST	President Trump holds a White House Signing Celebration for the Big Beautiful Bill
17:00 ET 22:00 BST	President Trump participates in a Military Family Picnic on the South Lawn
21:00 ET 02:00 BST	President Trump and the First Lady attend a Fourth of July Celebration
21:45 ET 02:45 BST	President Trump departs the White House en route Bedminster, New Jersey

### KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

### Washington

16:00 ET 21:00 BST: President Donald Trump is expected to hold a ceremony at the White House to sign the *Big Beautiful Bill* into law.

- At 17:00 ET 22:00 BST, Trump will hold a picnic on the White House's South Lawn for military families and then attend a Fourth of July Celebration. In the evening, Trump will depart the White House for his golf club in Bedminster, New Jersey.
- Passage of the OBBB caps a remarkable political winning streak for Trump that has included a successful bombing campaign on Iran's nuclear facilities resulting in a ceasefire between Iran and Israel; a NATO commitment to increase defence spending; a sharp recovery in US stock indices; a strong June jobs report; a Supreme Court ruling limiting lower courts from issuing injunctions on White House orders; a reduction in migrant encounters at the southern border; a favourable legal settlement with Paramount; and a trade deal with Vietnam.

### Big Beautiful Bill

The House of Representatives passed the GOP's "One Big, Beautiful Bill," in a 218-214 vote, with Reps Thomas Massie (R-KY) and Brian Fitzpatrick (R-PA) voting with Democrats against the bill. The latter defection was likely a response to the Trump administration's decision to pause the shipment of some critical missile defence munitions to Ukraine.

- The vote was a powerful demonstration of Trump's control over the Republican Party. Trump, along with House Speaker Mike Johnson (R-LA), strong-armed House Republicans into swallowing an unchanged Senate bill that was heavily criticised by both moderates and conservatives.
- Vice President JD Vance said on X: "Congrats to everyone. At times I even doubted we'd get it done by July 4!", supporting reporting suggesting that the Johnson's success in quelling a major rebellion exceeded White House expectations.

- Ahead of the final vote, House Minority Leader Hakeem Jeffries (D-NY) set a record for the longest ever House speech at 8 hours and 44 minutes, ensuring the vote took place during daylight hours and laying the groundwork for Democrat attacks on safety net cuts that are likely to dominate the 2026 midterm elections campaign.

## What's in the bill?

The centrepiece of the legislation is the extension of Trump's 2017 Tax Cuts and Jobs Act, which was set to sunset in December. The OBBB will make most of the tax measures in the TCJA permanent. The bill also includes a two-year hike to the federal debt limit, well ahead of the X-Date.

- 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 cost of TCJA permanence is partially offset by steep cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP). The biggest savings come from new work requirements for SNAP and Medicaid and lowering the Medicaid provider tax. There are also hefty savings from limiting Medicaid access to migrants in the country illegally and a measure requiring annual income verification for Obamacare.

- The bill also includes some of the tax pledges Trump made on the 2024 campaign trail, including no taxes on tipped earnings and overtime pay and no tax on car loan interest. Those measures are capped to curb costs and will sunset at the end of Trump's term in 2028.

The bill makes additional savings by aggressively rolling back the clean energy tax credits from the Biden-era Inflation Reduction Act. The biggest savings come from terminating Electric Vehicle credits, phasing out clean energy investment credits, ending a tax credit for residential solar and geothermal, and nixing a tax credit for wind power components.

- The bill also identifies a major chunk of savings by overhauling student loan repayments, likely resulting in higher monthly repayments for many borrowers.

The bill includes roughly USD\$150 billion in new defence spending and another USD\$150 billion for border security, immigration enforcement, and detention capacity.

- When the bill was first devised, the border security measures were included as a sweetener for conservatives who were expected to baulk at the deficit implications of the bill. In the end, the border security and immigration measures were largely sidelined by the success of other measures to curb migration at the southern border.
- The Hill notes: "When combined with the Pentagon's \$848 billion budget request, released last week, that pushes military spending to the highest it's been in recent history, close to \$1 trillion."

## Current Policy Baseline

Republican tax writers eased the bill through the Senate budget reconciliation process by using a previously untested strategy to score the package according to a "current policy baseline" rather than the Congressional Budget Office's traditional "current law baseline".

- “Current policy” allowed the Senate to assume that the TCJA would remain in place indefinitely rather than reverting to law and providing additional federal revenue. According to the CBO, this strategy allowed the Senate to effectively zero out the USD\$3.8 trillion cost of TCJA permanence, providing more fiscal space for additional tax measures and reducing the need for offsets.
- Bloomberg notes: “Under the current policy baseline requested by Senate Republicans, the bill was scored as saving \$400 billion over a decade. This estimate doesn’t account for the economic impacts of the bill.”
- The move is likely to set a precedent that will be used by future administrations of both parties, likely adding another layer of risk to the US fiscal outlook.

The White House Council of Economic Advisors argues that the growth potential of the bill’s tax cuts and deregulation will outstrip negative deficit impacts. The CEA [assesses](#) that the bill will boost US GDP by an inflation-adjusted 4.2% to 5.2% over four years.

- Bloomberg notes: “Some economists say those projections are overly rosy. The cost of the bill is raising concerns among investors and economists about the scale of future borrowing needs for a government whose debt load is on track to surpass 118% of the economy’s size by 2035, which could undermine confidence in US securities.”

The White House also determines that a significant portion of the bill’s cost will be offset by additional revenue from tariffs. White House trade counsellor Peter Navarro puts this figure at up to USD\$7 trillion over 10 years. Treasury Secretary Scott Bessent has said tariffs could bring in up to USD\$600 billion per year.

- The Yale Budget Lab [projects](#) that tariffs could raise USD\$2 trillion in dynamic revenues over ten years. The nonpartisan Tax Foundation is less optimistic, [projecting](#) USD\$1.4 trillion over a decade on a dynamic basis.
- Those estimates take into account tariff retaliation and the impact of higher prices on consumers but don’t account for other political considerations like Trump leveraging the tariffs to extract concessions from trading partners.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, said: “Yes, the economy may well enjoy a sugar-high the next couple of years, as borrowing stimulates near-term consumption,” said, which advocates for lowering the deficit.

- MacGuineas continued: “But a sugar-high won’t be sustained, it will do real damage, and often what comes next is the crash. The longer-term health of our economy, American families, and our children will be worse off due to this debt-financed bill.”
- Punchbowl News notes: “After years of voting against debt-limit increases – and bragging about it – nearly every Republican has now voted for a \$5 trillion debt-limit increase. This is a radical change in GOP orthodoxy, and all because Trump didn’t want to have to cut a deal with Democrats.”

## Trade and Tariffs

Trump told reporters yesterday he will start sending letters to trading partners as soon as today, imposing unilateral tariff rates ranging from 10% to 70%. The latter figure is higher than any tariff rate Trump unveiled during his ‘Liberation Day’ tariff announcement on April 2.

- Trump said that countries will start paying levies on August 1, likely to lead to speculation that the tariff rate could be a negotiating tactic to speed up stalled negotiations.
- Trump said: "I think by the ninth [of July] they'll be fully covered... They'll range in value from maybe 60 or 70% tariffs to 10 and 20% tariffs."

Bloomberg notes: "Trump didn't elaborate on which countries would get the tariffs or whether that meant certain goods would be taxed at a higher rate than others."

- Talks are ongoing with major trading partners, including the European Union, Japan, India, and South Korea.
- Trump has spoken positively about a deal with India but has been critical of proposal from Japan to lower the trade deficit, urging Tokyo to buy more US autos and lower their tariff rate on US rice – a nationally protected staple crop.

The Financial Times [reports](#): "US tariff revenues surged almost fourfold from a year earlier to a record \$24.2bn in May, the first full month in which President Donald Trump's 10 per cent global tariff was in effect. The figure represented a rise of more than 25 per cent from the month earlier, while the total value of US goods imports remained broadly unchanged from April."

- FT adds: "Trump has insisted the revenues raised from tariffs can reduce reliance on income taxes. But despite the rise in sums collected, the receipts represented only about 7.7 per cent of May's federal deficit of \$316bn."

## Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

## CHIPS

According to sources cited by the [Wall Street Journal](#), Taiwan Semiconductor Manufacturing is "delaying construction of a second plant in Japan partly because it is pouring funds more quickly into U.S. expansion ahead of potential Trump administration tariffs."

- The Journal notes: "The revised schedule is the latest example of how President Trump's aggressive stance on trade is pulling some investment toward the U.S. at the expense of allies. Major technology companies have committed to expand U.S. production of artificial-intelligence servers that are currently made in places such as Mexico and Taiwan."
- The report cautions: "However, the company is known for its meticulous approach to capital spending, and it is concerned about building more capacity than the market can bear, analysts said. Ensuring sufficient U.S. capacity is a priority because Trump has threatened to impose tariffs on imported chips."

## Israel

As noted in yesterday's edition of this newsletter, optimism is increasing that Israel and Hamas could strike a new ceasefire agreement ahead of Prime Minister Benjamin Netanyahu's trip to Washington, slated for early next week.

- Politico notes: "Analysts and some former officials say that conditions for a deal to temporarily halt fighting in the enclave have improved in the wake of U.S. strikes on Iranian nuclear facilities."
- Veteran Middle East peace negotiator Aaron David Miller told Politico that Israel's military successes in its recent operations against Iran could give Netanyahu the requisite "political cover" to agree to another short-term ceasefire that allows for the release of some of the remaining Israeli hostages in Hamas captivity.
- Trump told reporters late yesterday, when asked if Hamas has agreed to the latest peace framework: "We'll know in the next 24 hours."

## Russia-Ukraine

Kremlin spokesperson Dmitri Peskov told reporters this morning that a meeting between Russian President Vladimir Putin and Trump is "necessary", but only with the right preparation and timing.

- Peskov's comments come after an hour-long Thursday call between the two leaders yielded no progress toward a ceasefire in Ukraine. "I didn't make any progress with him at all," Trump told reporters.
- The New York Times notes that Putin "appeared to reiterate his unyielding position on negotiations, which has led many Western officials to question whether he is serious about peace talks. According to Mr. Ushakov, Mr. Putin told Mr. Trump that Russia would continue to press ahead to achieve its war aims and resolve the "root causes" of the conflict."

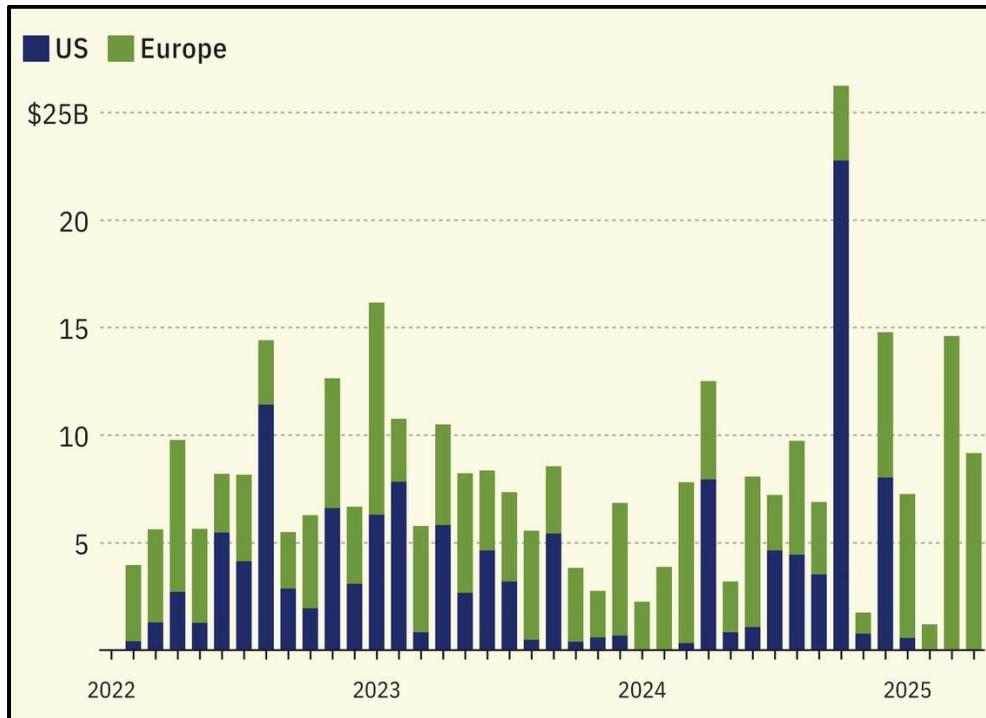
Peskov said, per TASS: "...such a meeting is necessary, there is such an understanding, there is readiness if necessary, and both President Putin and President Trump have spoken about this readiness. But such a meeting must be well prepared."

- Peskov confirmed that Putin said to Trump that Moscow is still awaiting the timing of a third round of talks with Ukraine, presumably intended to take place in Istanbul. Peskov: "The President informed his American counterpart that we are now waiting for the dates of the third round of direct negotiations to be agreed upon."
- Peskov: "During the conversation, President Putin repeated that we are interested in achieving our goals during a special military operation, and it is preferable to do this through political and diplomatic means. But while this is not possible, we are continuing our special military operation."

Trump is expected to hold a call with Ukrainian President Volodymyr Zelenskyy today, with the latter likely to petition Trump to reverse his pause on air defence missiles.

- The Wall Street Journal writes on the pause: "That decision signals diminishing American commitment toward Kyiv, and "will mean more death and a longer war."

**Figure 1: Monthly Aid to Ukraine**



## Iran

Iran's Deputy Foreign Minister Majid Takht-Ravanchi told NBC News that Iran will not retaliate further against the US for strikes on its nuclear program or pursue nuclear "militarization" as long as there is "no act of aggression being perpetrated by the United States against us".

- Takht-Ravanchi indicated that Iran is open to negotiating with the US but will not stop enriching uranium: "Our policy has not changed on enrichment. Iran has every right to do enrichment within its territory. The only thing that we have to observe is not to go for militarization."

Axios reported yesterday that White House envoy Steve Witkoff is planning to meet Iranian Foreign Minister Abbas Araghchi in Oslo next week to restart nuclear talks, according to two sources familiar with the discussions.

- According to Axios, a final date hasn't been set, and neither country has publicly confirmed the meeting. But if it happens, it would mark the first direct talks since the US strikes.

## Chart of the Day

President Trump's net approval rating is holding steady in the wake of US strikes on Iran and ahead of polling data registering passage of the GOP's big beautiful bill.

- Silver Bulletin [notes](#): "Will the unpopular parts of the bill (like reducing federal funding for food assistance to low-income households) impact Trump's popularity? If the bill passes and people learn what's in it, probably. But for now, Donald Trump's approval rating is holding steady. As of today, 45.2 percent of Americans approve of Donald

Trump and 51.1 percent disapprove. That's a net approval rating of -5.9, compared to -6.9 one week ago."

**Figure 2: President Trump Net Approval Rating**



Source: *Silver Bulletin*

**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.