

MNI POLITICAL RISK ANALYSIS - US Daily Brief 04-08-25

by Adam Burrowes

The White House *(times subject to change)*

12:30 ET 17:30 BST	President Trump has lunch with the Vice President
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KEY DATES:

- ❖ Reciprocal tariff implementation: August 7
- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30

Washington

President Donald Trump will have lunch with Vice President JD Vance at the White House at 12:30 ET 17:30 BST. He has nothing else in his diary for the day.

- The Senate has joined the House on Recess until September 2. When lawmakers return to Washington DC, they will have under a month to hammer out a funding deal to avert a government shutdown on October 1.

Federal Reserve

On Friday, Reserve Governor Adriana Kugler announced that she will resign from the board on Aug. 8, opening up a position for Trump to nominate a replacement governor. The nominee will require the support of a handful of Democrats to pass confirmation in the Senate.

- Bloomberg [notes](#) that Kugler's exit "handed Trump a sooner-than-anticipated (her term was set to expire in January) opportunity to appoint a governor who more closely aligns with his preference for lower interest rates."

Trump told reporters on Sunday that he plans to name a new Fed governor and Bureau of Labor Statistics commissioner this week (more on the BLS below). Trump said he has a "couple of people in mind" for the Fed vacancy and will be announcing a replacement for Kugler "probably over the next couple days."

- Bloomberg notes: "National Economic Council Director Kevin Hassett, former Fed Governor Kevin Warsh, current Fed Governor Christopher Waller and Treasury Secretary Scott Bessent have all been floated as contenders to lead the central bank. Trump's nominee for the open governorship could move into the chairman role when Jerome Powell's term expires in May."

In an interview with Newsmax, Trump said he is not likely to fire Powell before his term is up in May 2026, despite criticising the Fed chief for once again keeping interest rates steady, per The Hill.

- Trump said: "I would remove him in a heartbeat, but they say it would disturb the market. [The Fed building] is not that intricate inside to start off with. I know more about renovating buildings or building buildings than anybody, maybe."
- Trump added: "It's way over budget by hundreds of millions of dollars, and he shouldn't be doing that. It's almost like he's building a palace for himself, but he's not going to be there much longer anyway. That's the good news. He'll never get to use it."

Axios [notes](#): "The resignation of former [Kugler] and Trump's firing of BLS commissioner Erika McEntarfer give the president the opportunity to appoint people more aligned with his administration's policies and pile further pressure on [Powell]."

- JPMorgan's chief US economist wrote in a note: "Potential politicization of the Fed has been much discussed... but the risk of politicizing the data collection process should not be overlooked. To borrow from the soft-landing analogy, having a flawed instrument panel can be just as dangerous as having an obediently partisan pilot."

Trade and Tariffs

US trade partners facing steep reciprocal tariffs on Thursday and Friday are eying further talks this week aimed at striking a last-minute deal.

- Politico notes: "In Switzerland, which is also facing steep tariffs, the internal blame game is on, FT's Mercedes Ruehl reports. And Brazilian President Luiz Inácio Lula da Silva said yesterday that his officials "want to negotiate" with the U.S. — but only "on equal terms," per Bloomberg. The leftist leader added that it was "unacceptable" for the U.S. to use tariffs to punish Brazil over its prosecution of far-right former President Jair Bolsonaro."

USTR Jamieson Greer told CBS on Sunday that tariff rates are "pretty much set" on more than 60 trading partners after Trump's executive order last week. Greer noted that he doesn't think tariff rates would come down, but added that the tariff rates are "set rates pursuant to deals."

- Greer: "So these, these tariff rates are pretty much set. I expect I do have my phone blowing up. There are trade ministers who want to talk more and see how they can work in a different way with the United States, but I think that we have, we're seeing truly the contours of the president's tariff plan right now with these rates."
- Greer: "When the president is looking at this, he looks at potential deals, and we bring him potential concessions from countries and the things they might want to do. And he compares that to the potential tariff that might be applied to try to get that deficit down. And then talking to his advisors, he makes a call on this."

National Economic Council Director Kevin Hassett told NBC News on Sunday that a market reaction will not deter Trump from proceeding with his tariff plans.

- Hassett said, "The markets have seen what we're doing and celebrated them, so I don't see how that would happen," when asked about a future change to the tariff rates. When pressed on 'ruling out' tariff changes, Hassett said: "I would rule it out. Because these are the final deals."

- Hassett continued: “We have eight deals that cover about 55 percent of world GDP with our biggest trading partners, the EU and Japan, Korea and so on. I expect that those matters are more or less locked in, although there will have to be some dancing around the edges about exactly what we mean when we do this or that.”

Japan

Japanese Prime Minister Shigeru Ishiba told parliament today: “Some say that carrying the trade deal out is harder than agreeing on it. I humbly seek your continued support on this,” per Bloomberg.

- According to the report, Japan’s chief trade negotiator Ryosei Akazawa told the same parliamentary session: “It’s my understanding having something on paper would be helpful,” adding that there’s also nothing in writing related to Washington’s deals with the EU and South Korea.

Canada

Dominic LeBlanc, the Canadian minister responsible for US trade, told CBS he expects Prime Minister Mark Carney and Trump will have a conversation “over the next couple of days” as Canada tries to find a way out of a 35 per cent blanket tariff on exports to the US.

- LeBlanc said: “We believe there’s a great deal of common ground between the United States and Canada in terms of building two strong economies that work well together.”
- LeBlanc left Washington earlier this week without a deal, but he told CBS he came out of discussions “with a better understanding of the American concerns in the trading relationship.... So we’re prepared to stick around and do the work needed,” per CBC.

Economy

Trump announced in a series of posts on [Truth Social](#) that he would fire Bureau of Labor Statistics Commissioner, Erika McEntarfer, for alleged manipulation of jobs data following heavy revisions to May and June data.

- Trump said: “I have directed my Team to fire this Biden Political Appointee, IMMEDIATELY. She will be replaced with someone much more competent and qualified. Important numbers like this must be fair and accurate, they can’t be manipulated for political purposes.”

National Economic Council Director Kevin Hassett told Fox News: “When the data are unreliable, when they keep being revised all over the place, then there are going to be people that wonder if there’s a partisan pattern in the data. ... And so, I think what we need is a fresh set of eyes at the [BLS], somebody who can clean this thing up.”

- In an earlier post, Trump said: “In my opinion, today’s Jobs Numbers were RIGGED in order to make the Republicans, and ME, look bad — Just like when they had three great days around the 2024 Presidential Election, and then, those numbers were “taken away” on November 15, 2024, right after the Election, when the Jobs Numbers were massively revised DOWNWARD, making a correction of over 818,000

Jobs — A TOTAL SCAM. Jerome “Too Late” Powell is no better! But, the good news is, our Country is doing GREAT!”

- As noted at the top, Trump said last night that he plans to name a new nominee for commissioner within the next three to four days, per CBS’ Jennifer Jacobs.

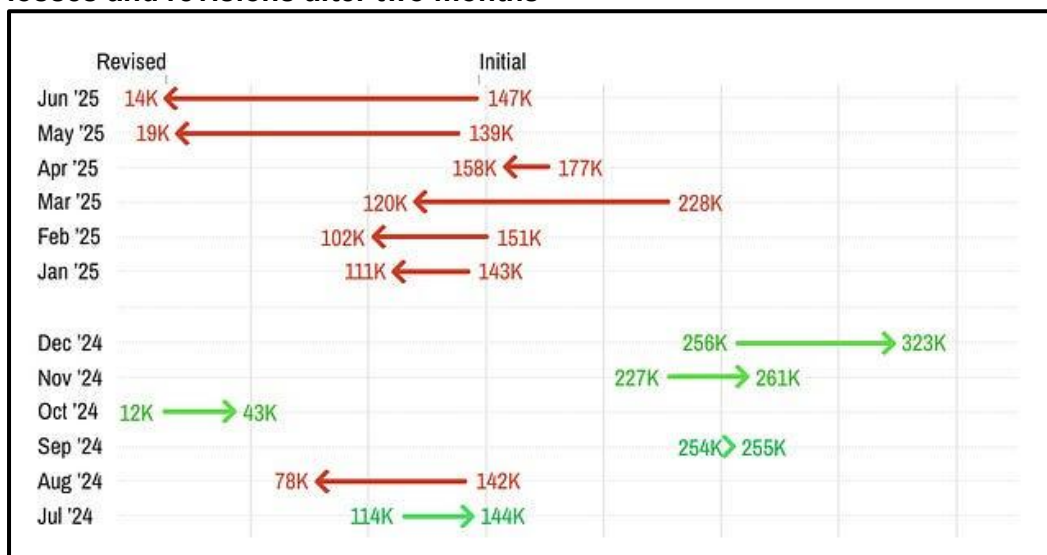
Ex-BLS Commissioner William Beach told [MNI’s Evan Ryser](#): “The public can trust that the Bureau of Labor statistics will continue to produce gold-standard, scientifically-produced numbers, even amid pressure from President Donald Trump and continuing funding challenges.”

- Beach said: “I have every reason to believe that these numbers will be as good as they are right now, gold standard numbers, best produced in the world, as long as they [BLS] have the budget to do so. It won’t be the personnel issues involved here. It will be a budgetary issue.”

The Wall Street Journal reports: “The immediate worry among economists and former officials following Trump’s move was that it opened the door for the economic data to be distorted for political reasons. Federal Reserve officials rely on U.S. economic statistics to make timely decisions on setting monetary policy, while investors and businesses depend on them to allocate capital efficiently.”

- Nate Silver notes in a [useful analysis](#) that, “compared to the long run, the May and June revisions are relatively pedestrian.”
- Silver continues: “So you have to sort down to the fifth page in the table of the biggest revisions before the June 2025 revision of –133K jobs pops into the window. Since 1979, the effective margin of error on the initially-reported headline number, enough to cover 95 percent of the changes in the first two monthly revisions, has been around 160,000 jobs. So neither May nor June even counts as an outlier in a statistical sense.”

Figure 1: Recent Job Report revisions, “Initially reported nonfarm payrolls gains or losses and revisions after two months”



Source: Silver Bulletin

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

FY2026 Appropriations

The Senate has joined the House of Representatives on recess without agreeing on a deal to confirm dozens of pending executive branch nominees, or a broader funding deal to avert a shutdown on October 1.

- Politico notes the Senate passed its first three spending bills in a show of bipartisan agreement over the so-called “minibus” package. In an 87-9 vote, the upper chamber passed a two-bill package that would fund the departments of Veterans Affairs and Agriculture, along with military construction and the Food and Drug Administration. A third bill “to fund Congress itself” passed, 81-15.

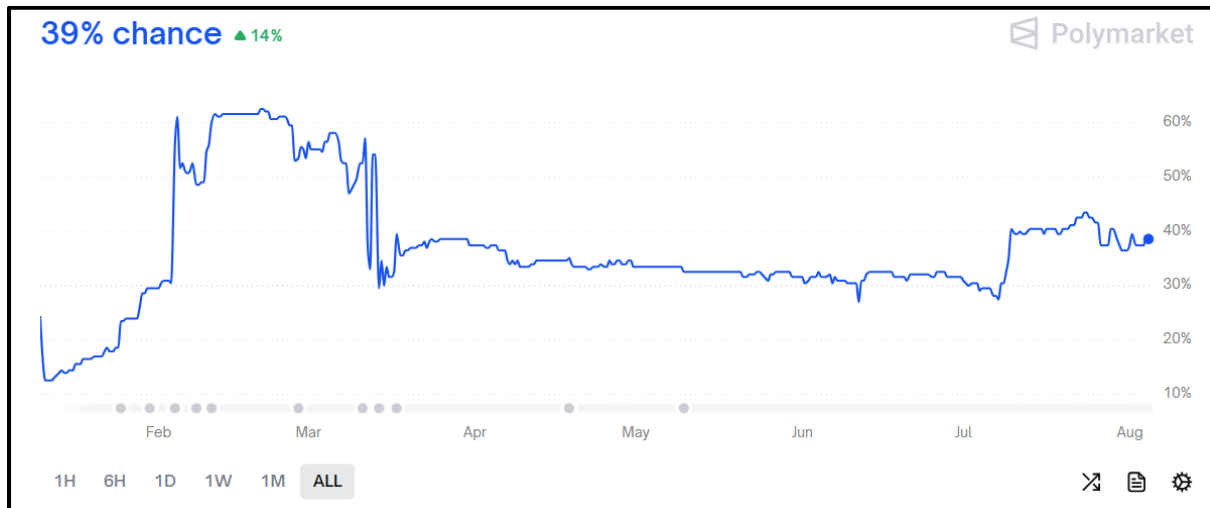
Punchbowl notes that Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Hakeem Jeffries (D-NY) are asking for a “Big Four” meeting this week with Senate Majority Leader John Thune and Speaker Mike Johnson to talk about FY2026 funding.

- The Democratic leaders said in a letter: “As Leaders of the House and Senate, you have the responsibility to govern for all Americans and work on a bipartisan basis to avert a painful, unnecessary shutdown at the end of September. Yet it is clear that the Trump administration and many within your party are preparing to ‘go it alone’ and continue to legislate on a solely Republican basis...”
- Therefore, we request you swiftly convene a so-called Four Corners meeting this week, for the four of us to discuss the government funding deadline and the health care crisis you have visited upon the American people.”

Punchbowl notes on the prospect of a shutdown: “The outlook for a government-funding deal is pretty poor right now. A shutdown or CR – or both – is a real possibility heading into the Sept. 30 deadline. Or potentially a hybrid situation where Congress passes some spending bills and then adopts a short-term CR (say two or three months) for the other federal agencies. That would leave Washington lurching along from shutdown threat to shutdown threat throughout 2025-26.”

- According to Polymarket, the implied probability of a government shutdown remains around 40%. As noted in previous editions of this newsletter, bettors likely consider that despite hardline rhetoric, Democrats will be ultimately unwilling to allow the government to shut down.

Figure 2: Government Shutdown in 2025



Source: Polymarket

Russia-Ukraine

Russian President Vladimir Putin has played down Trump's Ukraine war ultimatum, which asserts Russia will face new sanctions if progress towards a ceasefire isn't reached by Friday. Countries buying Russian oil and gas may also face a 100% secondary tariff on goods imported into the US, per Trump's threat.

- The BBC notes: "Putin has voiced hopes for further peace talks with Ukraine - but stressed his troops were "advancing on the entire front line", despite the threat of looming US sanctions if a ceasefire was not agreed upon."
- Trump's Middle East envoy Steve Wikeoff is expected to travel to Moscow on Tuesday or Wednesday this week to discuss Trump's accelerated timeline for reaching a ceasefire deal.

Trump said on Truth Social on Friday that he had ordered the deployment of two nuclear submarines to "appropriate regions" in response to posturing from former Russian President Dmitry Medvedev, one of the most hawkish figures in the Russian administration.

- Trump: "Based on the highly provocative statements of the Former President of Russia, Dmitry Medvedev, who is now the Deputy Chairman of the Security Council of the Russian Federation, I have ordered two Nuclear Submarines to be positioned in the appropriate regions, just in case these foolish and inflammatory statements are more than just that. Words are very important, and can often lead to unintended consequences, I hope this will not be one of those instances. Thank you for your attention to this matter!"

Reuters notes: "Security analysts called Trump's move a rhetorical escalation with Moscow, but not necessarily a military one, given that the United States already has nuclear-powered submarines that are deployed and capable of striking Russia."

- Daryl Kimball, executive director of the Arms Control Association advocacy group, said: "This is irresponsible and inadvisable. No leader or deputy leader should be threatening nuclear war, let alone in a juvenile manner on social media."

Oil

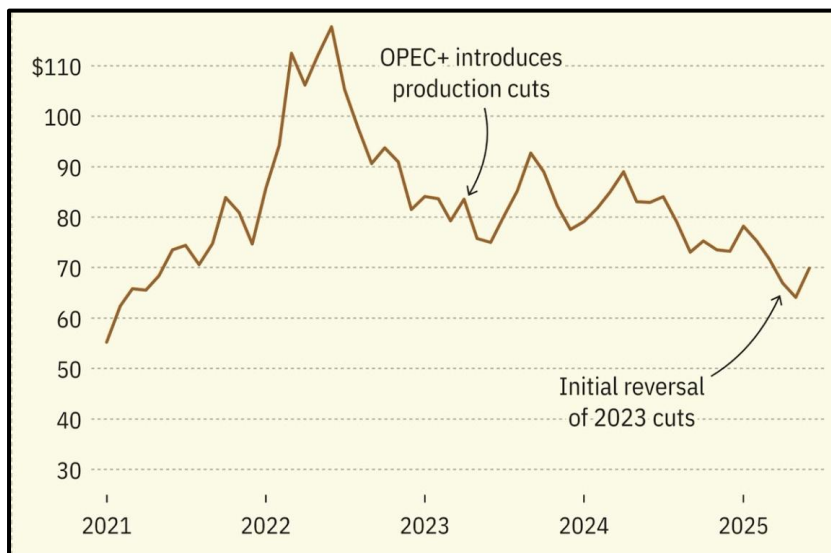
Semafor reports that, “members of the oil producers’ group OPEC+ agreed to raise production as concerns grow over possible disruptions to Russian supply. The group has been hiking production since April in a bid to cushion the market against geopolitical tensions.”

- According to Semafor: “The decision to increase oil output by 547,000 barrels per day would fully reverse a 2023 2.2 million-barrel cutback aimed at shoring up prices. The move comes after [Trump] threatened to put steeper tariffs on buyers of Russian oil, which could drive up crude prices and severely impact India and China, Moscow’s biggest customers. Some Russian oil shipments to India were diverted last week, though New Delhi on Saturday said it would keep buying from Moscow.”

Stephen Miller, Trump’s influential deputy chief of staff, [told Fox News](#) yesterday: “What he [Trump] said very clearly is that it is not acceptable for India to continue financing this war by purchasing the oil from Russia,”

- Miller continued: “People will be shocked to learn that India is basically tied with China in purchasing Russian oil. That’s an astonishing fact,”

Figure 3: Global Price of Brent Crude, per Barrel USD



Source: Semafor

Gaza War

Israel and the US appear to be pivoting strategy away from an incremental Gaza ceasefire to a comprehensive deal, after the latest round of mediated talks with Hamas stalled. The FT [reports](#) that Israel is “threatening to expand its military offensive into additional areas of Gaza in a bid to increase pressure on Hamas...” The FT piece chimes with an AI Monitor [report](#), flagged in this newsletter last week.

- The New York Times reports that Prime Minister Benjamin Netanyahu and President Trump are “working on a deal that would present Hamas with an ultimatum: release

the remaining hostages and agree [to disarm], or Israel's military campaign would continue."

Trump's Middle East envoy, Steve Witkoff, said Trump wants to "shift" Gaza policy, while an Israeli official said: "There will be no more partial deals," per Semafor.

- Witkoff said Saturday: " Hamas has said it is prepared to demilitarize... multiple Arab governments are now demanding that Hamas demilitarizes. So we are very very close to a solution..." According to Axios, Hamas responded by stressing "it will not disarm before the establishment of an independent Palestinian state with Jerusalem as its capital."
- A renewed Israeli offensive in Gaza is likely to invite more international pressure on the Netanyahu government. CNN [reports](#) that a new letter to recognise a Palestinian state is gaining signatures in the US House of Representatives, following pledges from France, the UK, Canada, and Portugal to [conditionally recognise](#) a Palestinian state in September.

House Speaker Mike Johnson (R-LA) led a Congressional delegation to meet with government officials and religious leaders in Israel over the weekend.

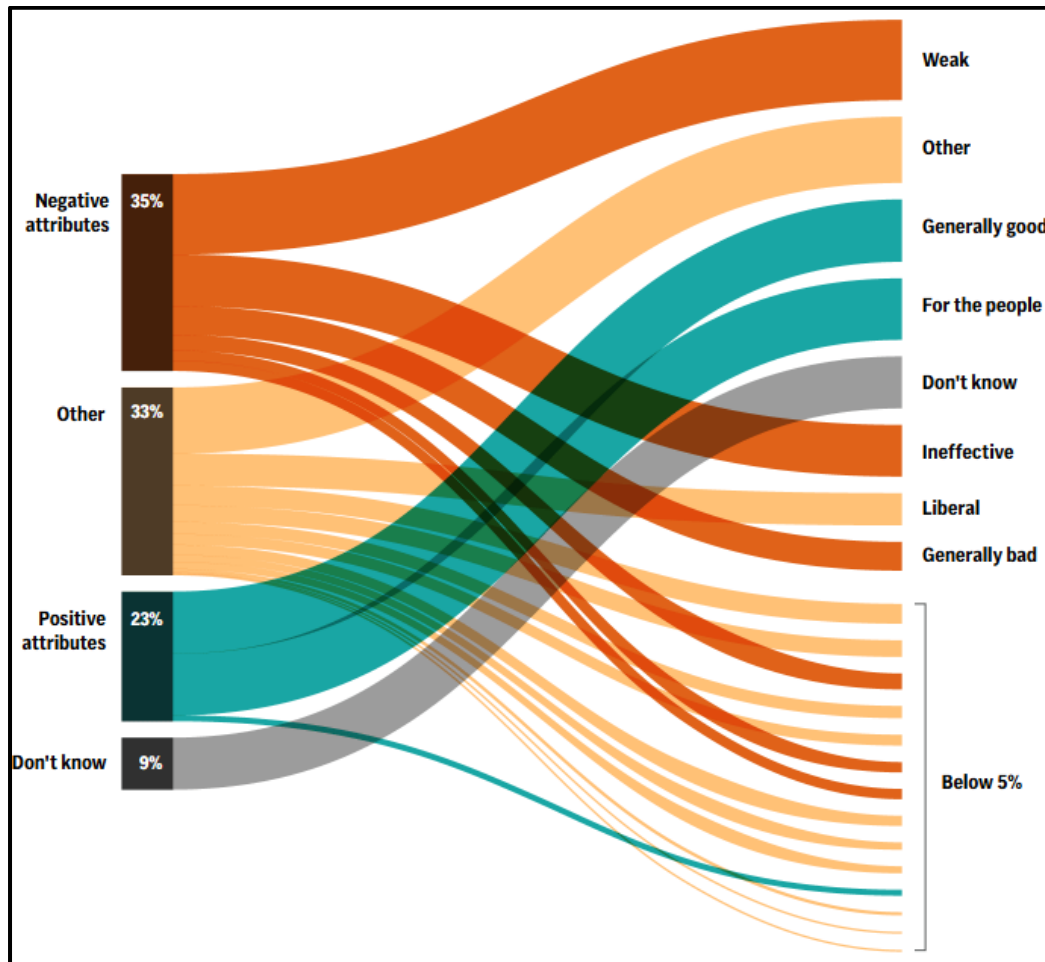
- Johnson said on Sunday: "Our prayer is that America will always stand with Israel, and we pray for the preservation and peace of Jerusalem. That's what scripture tells us to do. It's a matter of faith for us and a commitment that we have."

Chart of the Day

A new AP-NORC [survey](#) has found that "Many Democrats see their political party as "weak" or "ineffective,"" while, "Republicans are more complimentary of their party, although a small but significant share describe the GOP as "greedy" or say it is generally "bad."

- AP notes: "Overall, U.S. adults held a dim view of both parties, with about 4 in 10 using negative attributes, including words such as "dishonest" or "stupid."

Figure 4: "Percentage of Democrats who used words to describe the Democratic Party that were categorized as negative, positive, or another category"



Source: AP

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