

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 06-08-25

by Adam Burrowes

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

16:30 ET 21:30 BST	President Trump makes an Announcement
--------------------	---------------------------------------

#### KEY DATES:

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

### Washington

President Donald Trump will make an “announcement” at the White House at 16:30 ET 21:30 BST. It is unclear what the subject of the announcement will be, but it could be related to new measures against Russia (more on that below), open positions on the Federal Reserve Bank’s board of governors and the Bureau of Labor Statistics, or the administration’s response to the Jeffrey Epstein case.

- This evening, Vice President JD Vance will convene a meeting of senior administration officials to discuss how to handle the continuing fallout from the Jeffrey Epstein files ordeal and the need for the administration to have a “unified response,” per CNN. Among the attendees will be AG Pam Bondi, deputy AG Todd Blanche, FBI Director Kash Patel and White House chief of staff Susie Wiles.

At 10:15 ET 15:15 BST, Secretary of State Marco Rubio will meet with Swiss President Karin Keller-Sutter at the Department of State. Keller-Sutter told reporters yesterday she would present the Trump administration with a “more attractive offer” to avert a 39% tariff rate going into effect tomorrow.

- That Keller-Sutter only appears to have booked a meeting with Rubio, rather than Trump or senior trade officials, suggests Switzerland may struggle to secure a deal.
- Trump told CBNC yesterday: “I did something with Switzerland the other day. I spoke to their Prime Minister. The woman was nice, but she didn’t want to listen, and they paid essentially no tariffs.”
- At 11:15 ET 16:15 BST, Rubio will meet with his Serbian counterpart, Marko Djuric, another country facing steep (35%) tariffs.

On Friday, Trump will host Azerbaijan President Ilham Aliyev and Armenian Prime Minister Nikol Pashinyan at the White House, in an attempt to resolve one of the most intractable conflicts in the Middle East. Securing a ceasefire would feed into one of Trump’s regular claims of peacemaking.

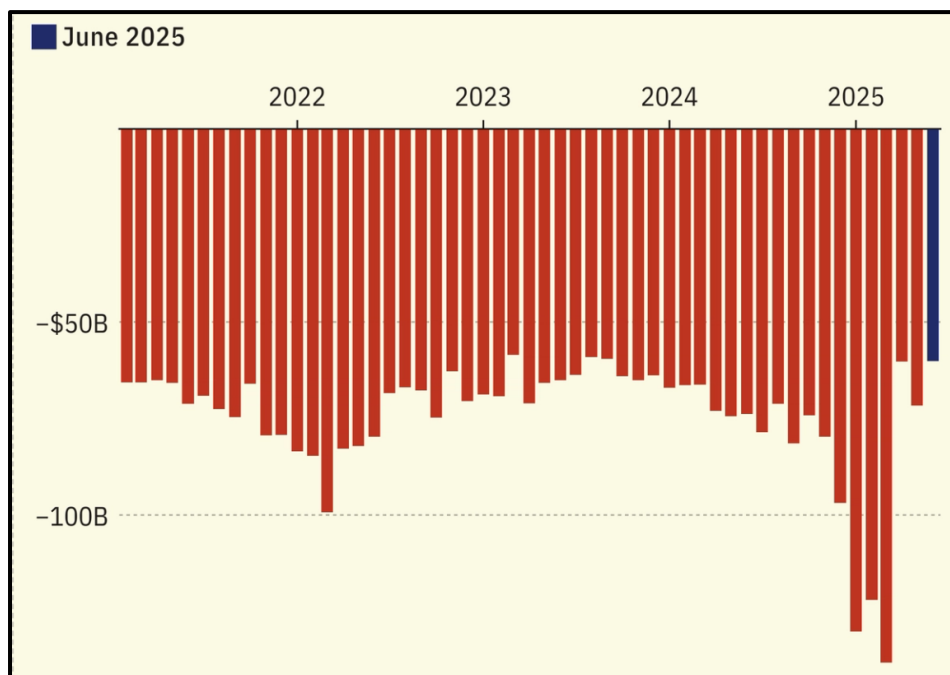
- Since the reignition of the Nagorno-Karabakh war in 2020, the countries have been engaged in regular military skirmishes, culminating in the dissolution of the breakaway Armenian Republic of Artsakh in 2024.

## Trade and Tariffs

Semafor notes: “The US trade deficit shrank in June to its lowest level in nearly two years, as a pre-tariff rush to import goods subsided. Imports fell more than analysts expected, in a reversal of a surge in February and March; those distortions pushed down GDP at the start of the year, though the economy is expected to grow more in the second quarter.”

- Eliza Winger at Bloomberg Economics writes: “Data show that the massive increase in goods imports by US companies ahead of President Donald Trump’s tariffs completely reversed in the second quarter. Looking ahead, trade will likely remain volatile and susceptible to tariff measures.”

**Figure 1: US Monthly Balance of Trade**



Source: Semafor, Bureau of Economic Analysis

## Pharmaceuticals and Semiconductors

In his CNBC interview, Trump revealed he would announce new tariffs on pharmaceutical imports within the next week. According to Trump, the tariff would start “small” but increase to 250% over the next two years. He named-checked Ireland and China as making “a fortune with pharmaceuticals”.

- Trump: “...within the next week or so, we’re going to be announcing tariffs on [pharma] specifically, this is a, you know, this is a separate class than the 15% tariffs on sort of everything.”
- Trump continued: “...on pharmaceuticals, we’ll be putting a, initially small tariff on pharmaceuticals. But in one year... One and a half years maximum, it’s going to go to 150% and then it’s going to go to 250% because we want pharmaceuticals made in our country.”

- Semafor notes: “Trump’s latest threat comes as major drug firms report earnings this week. Pfizer raised its profit outlook Tuesday despite looming tariffs, with its CEO hopeful that the duties will start out small.”

Trump also said that he would announce new tariffs on semiconductors, without explicitly stating it would be on the same timeline as pharmaceuticals.

- Trump said: “...we’re going to be announcing on semiconductors and chips, which is a separate category, because we want them made in the United States. And by the way, they’re being made in the United States. You know, we have the biggest in the world, as you know, from Taiwan is coming over and spending \$300 billion in Arizona, building the biggest plant in the world for chips and semiconductors.”
- Bloomberg notes: “The Commerce Department has been investigating the semiconductor market since April to set the stage for possible tariffs on an industry that’s expected to generate nearly \$700 billion in global sales.”

## Federal Reserve

Trump appears to have whittled his list of potential Fed Reserve appointees down to four prospective nominees.

- Speaking to CNBC yesterday, Trump identified NEC Director Kevin Hassett and former Fed governor Kevin Warsh as the two apparent frontrunners. He ruled out elevating Treasury Secretary Scott Bessent to the job and declined to name the other two candidates on his shortlist.
- Trump said, referring to Fed board governor Adriana Kugler who will depart the board on Friday: “I’m gonna make the decision soon? And don’t forget, we have somebody that left early, which was a pleasant surprise. We have a woman that left early, she announced two days ago, that she’s leaving, and I’m going to be announcing that very shortly too. That will be most likely. It’ll be for the four months, you know, for the short period of time.”
- The Wall Street Journal notes that Trump could use Kugler’s open seat “to position someone as the heir apparent to Powell, creating a competing voice that markets listen to for signals about the Fed’s future direction.”

## China

Trump appears to be inching closer to endorsing a 90-day tariff and export control pause with China that was negotiated in two days of talks in Stockholm last week. The pause would punt US tariffs and Chinese countermeasures scheduled to take effect on August 12.

- Trump said, also addressing reports he could meet with Chinese President Xi Jinping in the Autumn: “If we don’t make a deal, I’m not going to have a meeting. I mean, you know, what’s the purpose of meeting if we’re not going to make a deal?”
- Trump continued: “But we’re getting very close to a deal. We’re getting along with China very well. I will tell you, you know, you had a point, when I had 145% tariffs on ... So I sort of had to bring it down a little bit.”

## Canada and Mexico

Senior Canadian ministers met with Mexican President Claudia Sheinbaum in New Mexico yesterday to bolster ties ahead of next year's review of the US-Mexico-Canada (USMCA) trade agreement.

- Canadian Foreign Affairs Minister Anita Anand and Finance Minister François-Philippe Champagne will spend a second day in Mexico meeting with representatives from the banking, mining, aerospace, railways, pension, pharmaceutical, and agri-food sectors.

Trump's tariff response to the US' two neighbours appears to be a punitive reply to their divergent reactions to Trump's initial tariff announcement. While Sheinbaum has spoken repeatedly with Trump, Canada's leader said he would do so only when it "makes sense," The Globe and Mail reported.

- US Trade Representative Jamieson Greer told CBS on Sunday: "The only other country in the world who retaliated on tariffs was the Chinese. If the president's going to take an action and the Canadians retaliate, the United States needs to maintain the integrity of our action. ... So we have to go up too."

Canadian Prime Minister Mark Carney warned Tuesday that Canadian investment in the United States — already among the highest in the world — could decline if trade relations deteriorate, per Politico.

- Carney said: "Canada is the second-largest investor in the United States today in the world. We have 40 million people. Without an agreement, there will be less by definition." CBC notes that Carney did drop some hints that he's open to removing some US tariffs if it would help Canadian industries.

## **Brazil**

Brazilian Finance Minister Fernando Haddad told reporters that he has a call with US Treasury Secretary Scott Bessent scheduled for next week, per Reuters.

- Haddad said: "We want to open negotiations with the US [and] normalise our relations... We will submit a contingency plan today to help firms affected by tariffs, [a] formal announcement [will come from] the president's office."

CNN Brasil reported earlier in the week that a pre-recorded message from President Luiz Inácio Lula da Silva is expected to be aired later today, with the president likely to focus on measures to mitigate the effects of US tariffs. No specific timing has yet been provided.

- Reuters notes that the soon-to-be imposed 50% tariffs on Brazil will not likely derail the economy due to ample exemptions and stronger trade ties with China, and that the lower stakes for the Brazilian economy therefore give President Lula "more room to stand his ground against Trump than most Western leaders."

## **Congressional Business**

The House is OUT until September 2

The Senate is OUT until September 2



## Committee Schedule –

### Banking

The Wall Street Journal [reports](#) that the White House is preparing an executive order to punish banks that discriminate against conservatives.

- A draft, which was viewed by WSJ, directs regulators to investigate whether financial institutions might have violated the Equal Credit Opportunity Act, antitrust laws or consumer financial-protection laws. They could be subject to fines, consent decrees or other disciplinary measures. The order could be signed as soon as this week, people familiar with the matter said. The administration's plans could change, the Journal reports.
- The Journal adds: "The draft order doesn't name any specific banks but appears to refer to an instance where Bank of America was accused of shutting down the accounts of a Christian organization operating in Uganda based on the organization's religious beliefs. The bank has said it closed the accounts because it doesn't serve small businesses operating outside the U.S."

### Russia-Ukraine

A meeting between Trump's Middle East envoy, Steve Witkoff, and Russian President Vladimir Putin in Moscow concluded a short time ago. The meeting comes ahead of Trump's Friday deadline for Russia to reach a ceasefire with Ukraine or face new penalties. Measures could include fresh sanctions on Russia's economy and secondary tariffs on countries that buy Russian oil and gas.

- Speaking at the White House yesterday, Trump [appeared to downplay](#) the scope of potential secondary tariffs: "I never said a percentage, but we'll be doing quite a bit of that. We'll see what happens over the next fairly short period of time... We have a meeting with Russia tomorrow... We'll make that determination at that time..."
- Trump said on July 15: "We're going to be doing secondary tariffs if we don't have a deal... It's very simple. And they'll be at 100%." The 100% number was itself a step down from a punitive 500% secondary tariff proposed by bipartisan legislation in the Senate. The Senate since parked the bill, giving Trump unilateral control over any sanctions.
- Ahead of today's meeting, Bloomberg [reported](#) that the Kremlin is weighing up proposing an "air truce" as a concession to head off sanctions. While an air truce is unlikely to lead to a durable ceasefire, it could provide an off-ramp for Trump to claim a win without backing down from his threat (inviting more TACO accusations) or pursuing secondary tariffs that could derail delicate trade talks with China.

Should Trump pursue secondary tariffs, they would likely fall primarily on India, with Trump saying yesterday he'd "very substantially" raise tariffs on Indian exports to the US over the next 24 hours to punish New Delhi for buying Russian oil.

- An air truce may be in the best interest of both parties. In July, Russia [fired 6,443](#) drones and missiles into Ukraine, a new monthly record. However, Ukraine has also had success with a long-range strike strategy. President Volodymyr Zelenskyy [touted](#)

on X this morning “the effectiveness of our long-range strikes on Russian military machine and war economy.”

- The Twelve-Day War between Iran and Israel [revealed](#) critical shortages in missile interceptor stocks that are likely mirrored in both the Russian and Ukrainian armouries. An air truce could offer a short-term reprieve for both Moscow and Kyiv to replenish stocks, while also providing space for additional technical meetings to lay the groundwork for a first wartime leader-level meeting, a [request](#) made by Zelenskyy on Aug 1.
- The Kremlin [said yesterday](#) that a Putin-Zelenskyy meeting could take place “after the necessary work is done at the expert level and the necessary distance has been covered.” A Kremlin spokesperson noted that this work “has not yet been done.”

## Gaza War

Trump told reporters at the White House yesterday that a decision, reportedly under consideration by Israeli Prime Minister Benjamin Netanyahu, to fully occupy the Gaza Strip is “pretty much up to Israel”.

- Trump’s comments came as Netanyahu met with senior security officials on Tuesday to discuss the plan. The Independent notes that Netanyahu and Trump are “working on a deal that presents Hamas with an ultimatum: release the hostages and agree to terms to disarm or the war continues.”
- Per a statement obtained by NBC, Netanyahu is anticipated to advocate for “occupying all of the Gaza Strip” ... “The statement was shared in Hebrew and the term used can be translated to mean both ‘occupy’ and ‘conquer.’ ... Netanyahu’s office did not immediately respond to a request for clarification on the intended definition.”

Axios reports that a US official said it was decided that the Trump administration will “take over” management of the humanitarian effort in Gaza because Israel isn’t handling it adequately. The official didn’t say what role the U.S. would actually play — but said Gulf countries like Qatar will contribute funds, while Jordan and Egypt will also likely be involved.

- Axios notes that Netanyahu’s “plan to escalate the war in Gaza could jeopardize Trump’s hopes of dramatically increasing aid and alleviating the humanitarian crisis there.”

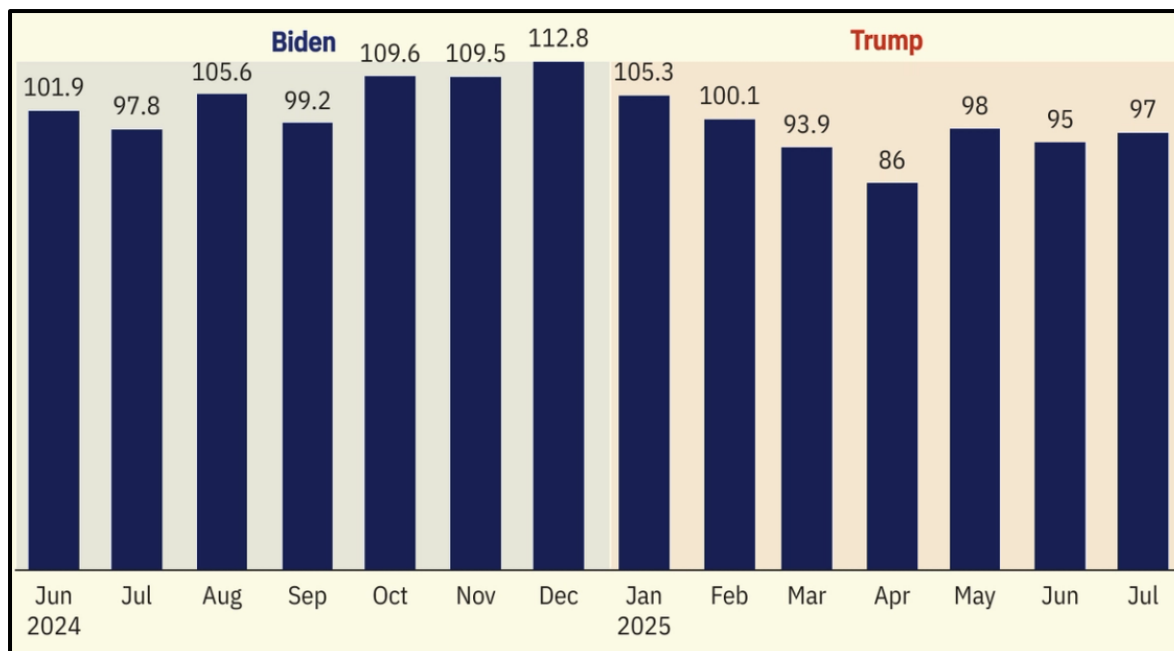
## Chart of the Day

Morning Consult [notes](#): “Economic buzz worsens: Friday’s disappointing jobs report, with major downward revisions to the data from May and June, appears to be resonating with Americans. By a 21-point margin, voters were more likely to say they’d heard something negative than positive about the economy in the past week — the largest gap since June.”

- Morning Consult adds: “Similarly, Friday’s jobs report appears to be undermining Americans’ trust in the president’s stewardship of the economy. Voters are now 6 points more likely to disapprove than approve of Trump’s handling of the economy, his worst numbers since April.”
- Semafor reports: “Growth and inflation in the country have largely weathered its unpredictable tariffs and economic policies, but essential costs on housing, health

care, and education are making up an ever-bigger share of household spending, credit card debt is at an all-time high, and even some higher earners are falling behind on their loan payments.”

**Figure 2: US Consumer Confidence**



Source: Semafor, Conference Board

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.