

MNI POLITICAL RISK ANALYSIS - US Daily Brief 07-10-25

by Adam Burrowes

The White House *(times subject to change)*

11:30 ET 16:30 BST	President Trump greets Canadian Prime Minister Mark Carney
11:45 ET 16:45 BST	President Trump participates in a Bilateral Meeting with Prime Minister Carney
12:15 ET 17:15 BST	President Trump participates in a Bilateral Lunch with Prime Minister Carney
15:00 ET 20:00 BST	President Trump meets with Edan Alexander

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

President Donald Trump will greet Canadian Prime Minister Mark Carney at the White House at 11:30 ET 16:30 BST, ahead of a bilateral meeting and working lunch. The meeting is unlikely to yield any breakthroughs on trade, tariff relief, or progress on United States-Canada-Mexico Agreement negotiations.

- Politico's Ottawa Playbook notes that Carney wants first, "a chance to set the playing field early on next summer's deadline to renew the USMCA," according to a senior Canadian official. "Both governments have launched the treaty-mandated consultations in the pact's sunset clause. Second, making progress on that new economic and security pact. The threads are intertwined.
- Politico notes that Carney survived his first visit to the Oval Office in May, and, since then, they have talked and texted — more than is publicly acknowledged.

At 15:00 ET 20:00 BST, Trump will meet with Edan Alexander, a US/Israeli dual citizen who was held hostage by Hamas. Trump previously welcomed Alexander to the White House in July, after his release from captivity in May.

The Federal Reserve's newest governor, Stephen Miran, will speak at a Managed Funds Association conference at 10:45 ET 15:45 BST and then at a Deutsche Bank conference at 16:00 ET 21:00 BST.

- Treasury Secretary Scott Bessent announced yesterday that Frank Bisignano, who heads the Social Security Administration, has been tapped to be the IRS' first-ever CEO. The move appears to allow Bisignano to avoid the Senate confirmation process, per The Hill.
- White House Press Secretary Karoline Leavitt told reporters yesterday that Trump will host his eighth Cabinet meeting on Thursday. Trump's Cabinet meetings have often been newsy affairs, broadcast in full and [lasting for hours](#).

On Thursday, Trump will also welcome Finnish President Alexander Stubb to the White House for a working meeting. Stubb has one of the closest personal relationships with Trump of any European backer of Ukraine.

- Last week, Stubb told reporters in Helsinki that he believes it is only a matter of time before Trump takes action to penalise Russian President Vladimir Putin for his failure to agree to ceasefire proposals Trump laid out during their meeting in Alaska.
- Stubb said, “Having seen that carrots rarely work with the Russians, he has moved to the stick stage. Now it’s just a question of how big the stick is going to be.”
- Politico notes that options for Trump, “range from tighter sanctions, including secondary sanctions, to higher tariffs and even making greater use of the U.S. military’s arsenal of weapons that can penetrate deep into Russian territory.”

Politico [reports](#) that, “Trump administration officials are exploring options to sell off parts of the federal government’s \$1.6 trillion student loan portfolio to the private market”.

- Politico notes, “The idea reflects an appetite from administration officials to shrink the size of student loan debt on the government’s balance sheet. It aligns with broader Republican efforts to scale back federal student lending and expand private-sector involvement in the economy.”

Government Shutdown Day 7

It’s Day Seven of the US government shutdown. There is no sign of a resolution yet. Senate Democrats blocked the GOP’s November 21 funding bill yesterday evening, for the fifth time, with no change in the vote share.

- The same three Democrats voted in favour of the bill, although some reporting suggested Democrat-aligned Senator Angus King (I-ME) was considering changing his vote to ‘no’, indicating that the White House’s pressure campaign is failing to gain traction with Democrats. If Senate Majority Leader John Thune (R-SD) runs the vote again this evening, the same result is expected.

As we noted in yesterday’s edition of this newsletter, “an offramp out of the shutdown may have to come from the White House.” Indeed, Trump yesterday appeared to open the door to negotiations with Democrats over their key demand to reopen the government – an extension of expiring Obamacare subsidies – but then closed the door, reiterating the core Republican message that no negotiations can take place until the government is reopened.

- Trump told reporters, “We have a negotiation going on right now with the Democrats that could lead to very good things. And I’m talking about good things with regard to health care.”
- In a strange turn, Senate Minority Leader Chuck Schumer (D-NY) and House Minority Leader Hakeem Jeffries (D-NY) both denied talks were taking place. Schumer said, “Trump’s claim isn’t true — but if he’s finally ready to work with Democrats, we’ll be at the table.”
- Trump later clarified on Truth Social, “I am happy to work with the Democrats on their Failed Healthcare Policies, or anything else, but first they must allow our Government to re-open. In fact, they should open our Government tonight!”

Senate Majority Leader John Thune (R-SD) and House Speaker Mike Johnson (R-LA) are showing no sign of caving. Thune said on the Senate floor yesterday, “I’m wondering just what exactly Democrats think they’re gaining from all of this. I guess they’re getting points from the far-left interest groups they’ve been coordinating their shutdown strategy with.”

- Johnson told reporters yesterday, "We need Chuck Schumer to reopen the government and as soon as he does that, I will bring everybody back." He added on potential Obamacare negotiations, "The last time I checked, it's Oct. 6. We have the entire month of October... We have to get the government open again to do it."

Republicans continue to assert, with some justification, that their submission of a 'clean' funding measure absolves them of any compulsion to negotiate. Democrats believe their shutdown strategy is a reasonable response to the Trump administration's executive overreach and failure to negotiate an extension to the Obamacare subsidies cliff.

- For now, Schumer believes he has the backing of the American people, "Every poll we have seen shows [the American people] want us to do it, and they feel that the Republicans are far more responsible for the shutdown than we are," Schumer said.
- How long that backing will last is unclear, with Trump seeking to make the shutdown as painful as possible for Democratic constituents and policy priorities.

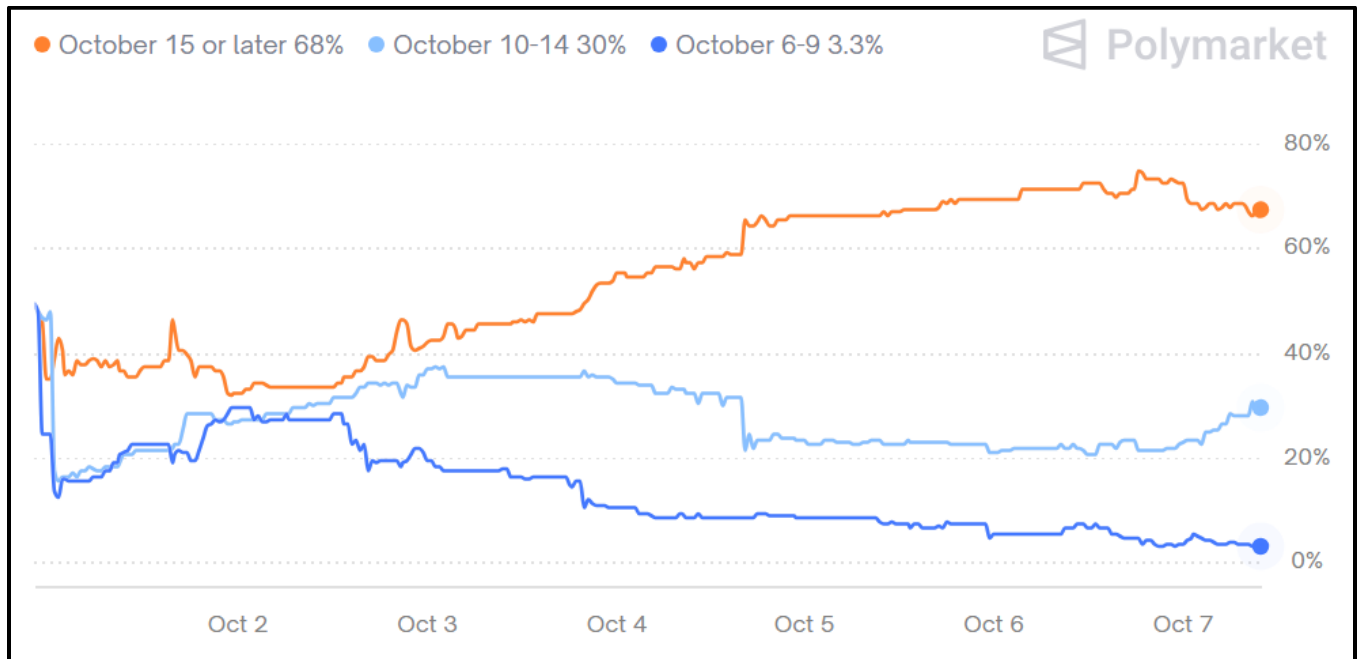
Punchbowl News reports, "Meanwhile, informal bipartisan talks on the Obamacare subsidies are continuing even as Republican leaders insist that the government must first be reopened. Sen. Susan Collins (R-Maine) told reporters Monday she's circulating a "discussion draft" of a plan that would involve GOP leadership commitments on a bipartisan Obamacare deal and full-year appropriations bills. But Democrats have long said a commitment alone isn't enough to get them to support the House-passed stopgap funding bill."

- Democrats have some support on the issue, with hardline conservative Rep Marjorie Taylor Greene (R-GA) joining a group of Republican lawmakers, including Senators Lisa Murkowski (R-AK) and Josh Hawley (R-MO), in advocating for an Obamacare extension.
- Greene wrote on X that she's, "going to go against everyone on this issue because when the tax credits expire this year my own adult children's insurance premiums for 2026 are going to DOUBLE, along with all the wonderful families and hard-working people in my district."

As noted in yesterday's MNI US Daily Brief, we are looking ahead to Friday, when most federal employees will miss their first paycheck, and October 15, when active-duty military members could miss their next paycheck, as the looming pressure points that could compel lawmakers to consider negotiations aimed at finding an offramp.

- Bettors saw Trump's comments yesterday as dovish enough to raise the implied probability of a shutdown resolution happening before October 10. However, the risk that the shutdown drags on beyond October 15 remains over 60%.

Figure 1: End Date of Govt Shutdown



Source: Polymarket

Federal Workforce

Axios reports, per a draft White House memo, that furloughed federal workers aren't guaranteed compensation for their forced time off during the government shutdown.

- Axios notes, "If the White House acts on that legal analysis, it would dramatically escalate President Trump's pressure on Senate Democrats to end the week-old shutdown by denying back pay to as many as 750,000 federal workers."
- According to Axios, "At issue is the "Government Employee Fair Treatment Act of 2019" that Trump signed during the last government shutdown, which lasted a record 35 days. Called GEFTA, the law has been widely interpreted as ensuring that furloughed workers automatically would be compensated after future shutdowns. But the new White House memo from the Office of Management and Budget argues that GEFTA has been misconstrued or, in the words of one source, is "deficient" because it was amended nine days later, on Jan. 25, 2019."

National Economic Council Director Kevin Hassett told CNBC yesterday, "My friends over at the Council of Economic Advisers gave me a report at the end of the week that said that it costs the US GDP about \$15 billion a week for a shutdown, or about a tenth of a percent of GDP."

- Hassett added, "And so if the shutdown continues for a long time, then there are going to be a lot of things that don't happen, and it will show up in the GDP number."
- The Hill reports, "The White House memo also showed a monthlong shutdown would lead to an additional 43,000 unemployed people, not accounting for the 1.9 million federal civilian employees who are working without pay or are furloughed. An estimate from EY-Parthenon predicted the government shutdown would reduce GDP growth by \$7 billion each week, or 0.1 percentage points in the fourth quarter."

Tariffs

President Trump announced on Truth Social yesterday, “Beginning November 1st, 2025, all Medium and Heavy Duty Trucks coming into the United States from other Countries will be Tariffed at the Rate of 25%.” The levy was initially intended to take effect on October 1.

- Bloomberg [notes](#), “Trump’s announcement is tied to a probe launched in April by the US Commerce Department into heavy truck imports. That investigation, conducted under Section 232 of the Trade Expansion Act, allows for the imposition of import taxes on goods deemed critical to national security.”
- “The duties threaten an industry already feeling impacts from tariffs on steel and aluminum as well as tighter environmental regulations. New levies on imports could raise prices on vehicles used in a variety of sectors, including shipping, construction and municipal services,” Bloomberg adds.

Brazil

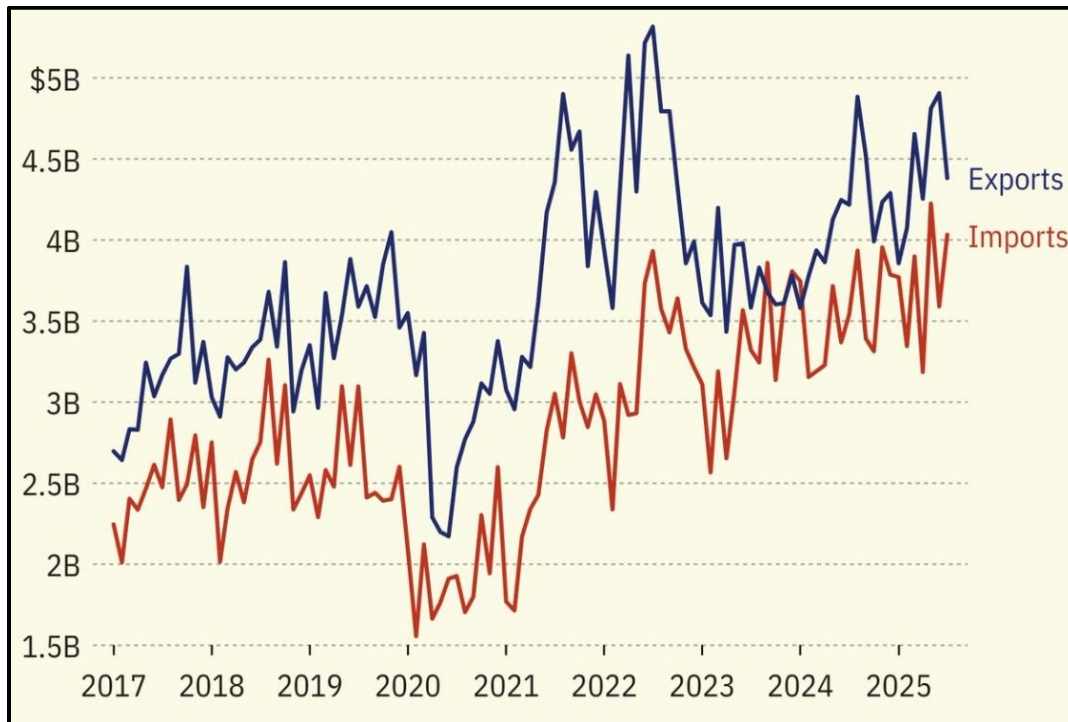
President Trump and Brazilian President Luiz Inácio Lula Da Silva held a 30-minute conference call yesterday, a sign that Brasilia and Washington may be looking to de-escalate trade tensions.

- Trump said on Truth Social, “This morning, I had a very good telephone call with President Lula, of Brazil. We discussed many things, but it was mostly focused on the Economy, and Trade, between our two Countries. We will be having further discussions, and will get together in the not too distant future, both in Brazil and the United States. I enjoyed the call — Our Countries will do very well together!”
- The call came after Trump noted at the United Nations General Assembly last month that he had a friendly encounter with Lula as they swapped places at the speaker’s podium. “At least for about 39 seconds, we had excellent chemistry,” Trump said.

Politico [notes](#), “The Trump administration levied tariffs and sanctions on Brazil, in retaliation for what Trump saw as unfair treatment of far-right former Brazilian President Jair Bolsonaro. It had little effect on Bolsonaro’s trial. The former president was convicted and sentenced to 27 years in prison last month in connection with a 2023 insurrection attempt against Lula’s government.”

- Politico continues, “The relatively muted moves from the U.S. in recent weeks [following Bolsonaro’s conviction] have had Brazilian officials questioning to what extent Trump is personally invested in Brazil and Bolsonaro, who the U.S. president has called a “friend,” or whether he is being egged on by advisers like Jason Miller and Steve Bannon.”
- Semafor notes, “Analysts said the call pointed at Trump breaking with Bolsonaro, who doesn’t have a clear path back to the presidency. Lula welcomed the shift, calling on former spats to be forgotten: “Neither the American nor the Brazilian people can suffer because of our mistakes...”

Figure 2: US Monthly Trade with Brazil



Source: Semafor

Congressional Business

The House is OUT

The Senate is IN and voting on executive branch nominations and government funding bills

Committee Schedule –

- 14:30 ET 19:30 BST: SENATE Foreign Relations: Hearings to examine combating the People's Republic of China's behavior in the Indo-Pacific.

Law and Order

The state of Illinois and the city of Chicago sued the Trump administration on Monday to block a deployment of National Guard troops, opening a new legal front as the White House challenges the limits of executive power, per Semafor.

- Politico notes, “The US military could hit the streets of Chicago as early as today, after a federal judge refused to immediately block Trump’s National Guard deployment... Unlike in Portland, Oregon, where a judge instantly barred troop deployments pending further court proceedings, Biden appointee Judge April Perry has merely scheduled a hearing for Thursday. That could well give the troops time to arrive before any court intervenes.”
- CNN writes, “The story of [Trump’s] second term will ultimately be defined by how much states, courts and underpowered Washington Democrats do to frustrate his

expansive impulses, and — crucially for constitutional governance — whether he takes any notice.”

Trump warned in an interview with Newsmax yesterday that he would consider invoking the Insurrection Act as a way to “get around” recent court rulings. He later told reporters in the Oval Office, “we have an Insurrection Act for a reason,” and “I’d do it if it were necessary, but so far it hasn’t been necessary.” He added it could be justified “if people were being killed and courts were holding us up, or mayors or governors were holding us up.”

- The New York Times [notes](#), “Generally, the Insurrection Act gives the president the power to send military forces to states to quell widespread public unrest and to support civilian law enforcement agencies. Before invoking it, the president must first call for the “insurgents” to disperse... If stability is not restored, the president may then issue an executive order to deploy troops.”

Gaza War

Israeli and Hamas officials began indirect negotiations on President Trump’s 20-point peace plan for Gaza in Sharm el-Sheikh, Egypt, yesterday. Negotiations, which continue today, mediated by the United States, Qatar and Egypt, are expected to focus on exchanging Israeli-held Palestinians for captives, and an Israeli pullback from parts of Gaza, per the New York Times.

- The Hill notes that Trump, “is exercising enormous pressure on Israeli Prime Minister Benjamin Netanyahu, and relying on Arab and Muslim leaders to apply leverage on Hamas to commit to a ceasefire and release hostages. There’s overwhelming international demand for a halt to the war.”
- Trump told reporters in the Oval Office yesterday that Israeli Prime Minister Benjamin Netanyahu was “very positive on the deal”, adding that Hamas has been “fine” during negotiations: “I hope it’s going to continue that way. I think it will. I really think we’re going to have a deal. We have a really good chance of making a deal. And it will be a lasting deal.”
- Trump added, “I spoke to President [Recep Tayyip] Erdoğan of Turkey, he’s been pushing very, very hard to get this deal done. And Hamas has a lot of respect for him, they have a lot of respect for Qatar, they have a lot of respect for UAE and Saudi Arabia. Everybody is on our side to get this deal done.”

Venezuela

The New York Times [reports](#) that, “Trump has called off efforts to reach a diplomatic agreement with Venezuela, according to U.S. officials, paving the way for a potential military escalation against drug traffickers or the government of Nicolás Maduro.”

- According to the Times, “Richard Grenell, a special presidential envoy and executive director of the Kennedy Center, had been leading negotiations with Mr. Maduro and other top Venezuelan officials. But during a meeting with senior military leaders on Thursday, Mr. Trump called Mr. Grenell and instructed him that all diplomatic outreach, including his talks with Mr. Maduro, was to stop, the officials said on Monday.”

- The report notes, "On Friday, the U.S. military struck another boat in international waters near Venezuela, killing four men, Defense Secretary Pete Hegseth announced. It was the fourth known attack by American military forces against vessels the administration has claimed were trafficking narcotics."

Ukraine War

Kremlin spokesman Dmitry Peskov told reporters this morning, regarding the prospect of the US selling long-range Tomahawk missiles to Ukraine, "We need to wait for clearer statements from the US."

- Peskov added, per Reuters, "It's important to understand that we are talking about missiles that could theoretically be nuclear-capable." (n.b. Ukraine does not possess any nuclear weapons). Peskov said the supply of Tomahawk missiles to Ukraine "would be a serious escalation," echoing comments from President Vladimir Putin on 5 September, who said the sale of Tomahawks to Ukraine would mark a "completely new, qualitatively new stage of escalation."

Speaking on 6 October, President Trump said to reporters that "I sort of made a decision pretty much," on the possible sale of Tomahawks to Ukraine. Trump said he would ask Kyiv, "Where they are sending them, I guess I will have to ask that question. I would ask some questions. I am not looking to see an escalation,"

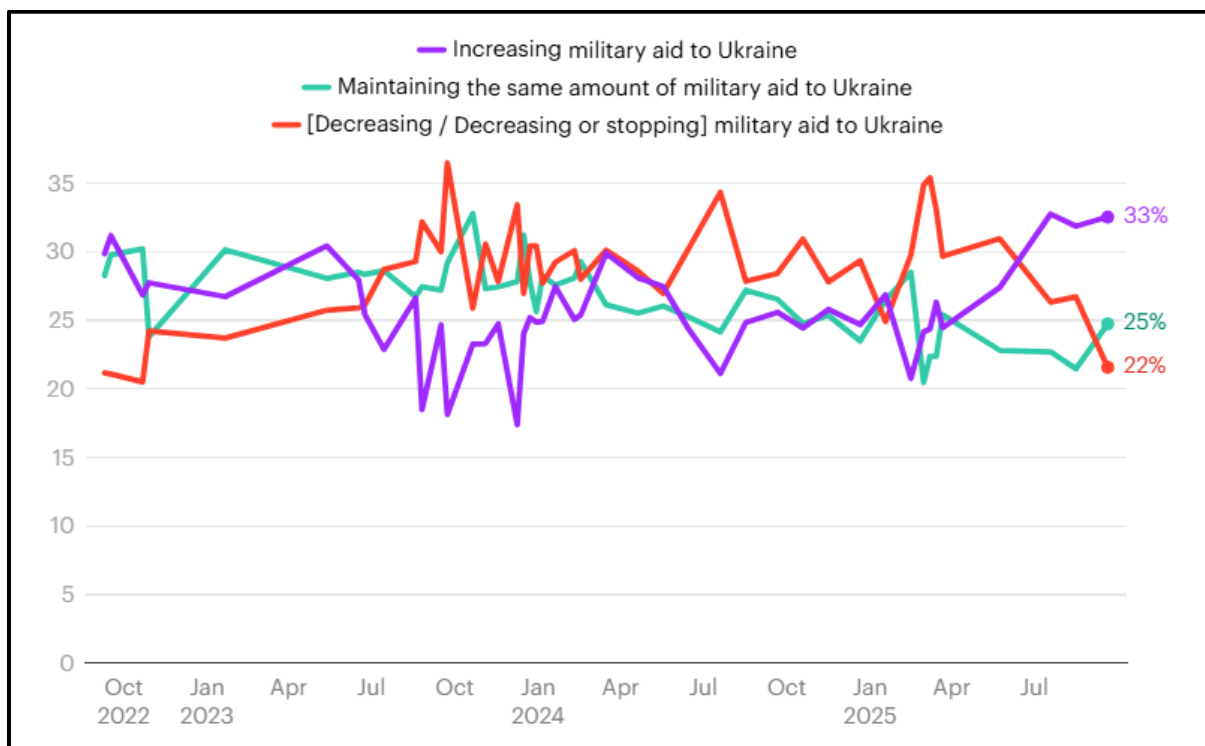
- Peskov says that Russia "assumes for now that Trump still seeks a peace settlement in Ukraine." Peskov also confirmed that Putin will hold a briefing with the National Security Council during the course of the afternoon, raising the prospect of further headlines on the situation of the war in Ukraine.

Chart of the Day

A new YouGov [survey](#) has found that US adults increasingly support more US military aid to Ukraine. 33% of US adults not believe the US should increase military aid, a reversal from earlier this year when a plurality of US adults believed the US should decrease the level of military aid provided by the US.

- The survey shows a clear trend reversal among Republicans, with only 35% of Republican adults supporting decreasing/cutting aid to Ukraine, down from 60% in March.

Figure 3: Do you favour the US ...? (% of US adult citizens)



Source: YouGov

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