

MNI POLITICAL RISK ANALYSIS - US Daily Brief 08-05-25

by Adam Burrowes

The White House *(times subject to change)*

10:00 ET 15:00 BST	President Trump makes a Trade Announcement
12:00 ET 17:00 BST	President Trump and the First Lady participate in a Celebration of Military Mothers

KEY DATES:

- ❖ House GOP target for concluding budget reconciliation: May 26
- ❖ White House target for concluding budget reconciliation: July 4
- ❖ Government funding expires: September 30

Washington

10:00 ET 15:00 BST: President Donald Trump will hold a news conference in the Oval Office to announce a trade deal with the United Kingdom, the first major deal struck since Trump imposed tariffs on US trading partners. [LIVESTREAM](#)

- Trump said on [Truth Social](#): “Big News Conference tomorrow morning at 10:00 A.M., The Oval Office, concerning a MAJOR TRADE DEAL WITH REPRESENTATIVES OF A BIG, AND HIGHLY RESPECTED, COUNTRY. THE FIRST OF MANY!!!”
- Trump added in a message this morning, confirming that the UK will be the subject of the announcement: “This should be a very big and exciting day for the United States of America and the United Kingdom.”
- He further stated that the agreement “is a full and comprehensive one” adding that: “Many other deals, which are in serious stages of negotiation, to follow!”

At Foggy Bottom, State Department spokesperson Tammy Bruce will brief reporters at 14:00 ET 19:00 BST. [LIVESTREAM](#)

- The presser will be closely followed as the conflict between India and Pakistan escalates. Trump has yet to take a firm line on the conflict but has regularly cited global stability as a pillar of his presidency.

United Kingdom

The New York Times notes that the details of the US-UK agreement “were not immediately clear” but could include, “lowering British tariffs on U.S. cars and farm goods, as well as removing British taxes on U.S. technology companies.”

- A trade deal with the United Kingdom is likely one of the most straightforward of the 18 under active discussion. While the UK is subject to a 10% global tariff and an additional 25% tariffs on metals and autos, it avoided ‘reciprocal’ tariffs as it operates a trade deficit with the US.

- Former BoE MPC member Jonathan Haskell noted to the BBC the importance of the language concerning the announcement: "Trade deals are limited and short-term and partial, just covering a few items. Trade agreements are broad-based and long-term."
- Dharshini David at the BBC said: "We expect there to be focus on reducing the extra tariffs areas such as the car industry and steelmakers face, and also perhaps on avoiding penalties for the pharmaceutical areas. [...] The universal 10% tariff on other items is likely to remain. This is a far cry from the kind of deal that was being negotiated under the president's first term."

Trade and Tariffs

Treasury Secretary Scott Bessent said in testimony to the House Financial Services Committee yesterday that, rather than full negotiated trade deals, he expects upcoming announcements to be "agreements in principle," which will be "papered over in the coming months."

- In an exchange with Democrat committee member Rep Nydia Velázquez (D-NY), Bessent defended the administration's stance of not previewing details of upcoming deals, saying it would be "detrimental to the United States," as negotiations may "still be in progress."
- Bessent added, when pressed: "I'm happy to say there are negotiations going on [but] I'm not going to reveal the details."

Politico reports more broadly: "Britain has turned out to be something of a dark horse in this race, defying expectations here in D.C. that the first trade breakthrough would come via one of the big Asian economies. (India and Japan were at the top of most people's lists.)"

- The NYT notes a deal with Israel also "appears" close, and negotiations are ongoing with Vietnam and South Korea.

China

President Trump told reporters in the Oval Office yesterday he is unwilling to lower tariffs on China pre-emptively ahead of preliminary trade talks between Treasury Secretary Scott Bessent, USTR Jamieson Greer, and their Chinese counterparts in Geneva, Switzerland on Saturday.

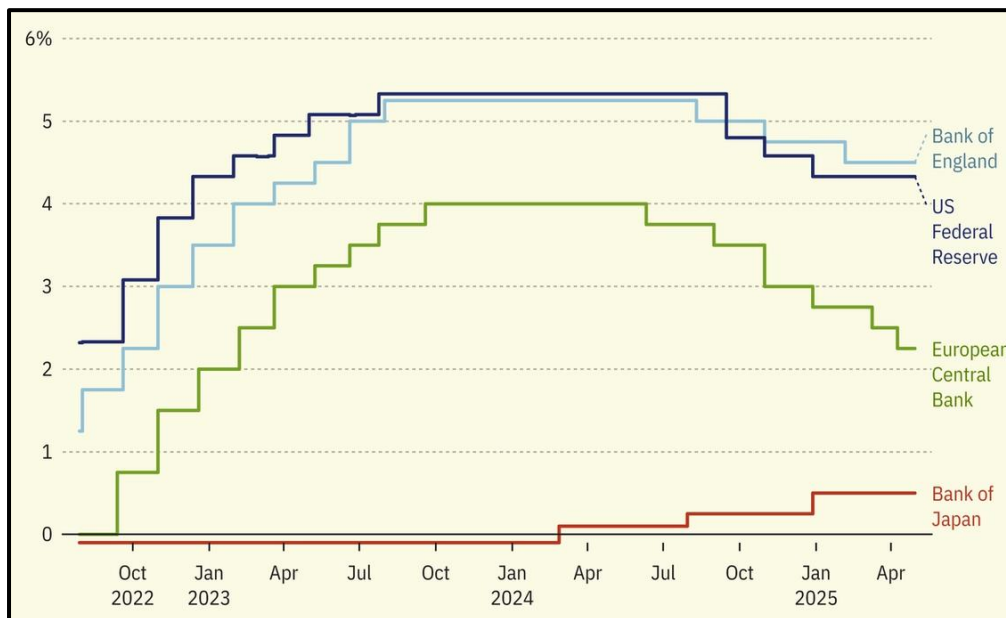
- Bloomberg notes: "Trump's stance underlines the massive divide between the US and China on trade and the difficult path they face to a possible agreement on lower tariff levels."
- "It's a dose of reality after Tuesday's announcement of formal talks between the two sides generated optimism that the clash over import taxes could be resolved before it caused lasting economic damage."
- Bessent told the House Financial Services Committee yesterday, when asked if negotiations with China are advanced: "On Saturday we will begin, which I believe is the opposite of advanced."

Economy

The Federal Reserve yesterday held rates steady. MNI notes in a [review](#) of the decision: “The overwhelming message was that the Fed is in no hurry to cut rates whilst assessing solid hard data vs weak consumption indicators in particular.”

- This morning, Trump [renewed his attack](#) on Fed Chair Jerome Powell: “‘Too Late’ Jerome Powell is a FOOL, who doesn’t have a clue. Other than that, I like him very much! Oil and Energy way down, almost all costs (groceries and “eggs”) down, virtually NO INFLATION, Tariff Money Pouring Into the U.S. — THE EXACT OPPOSITE OF “TOO LATE!” ENJOY!”
- Semafor notes: “Officials noted a growing risk of higher inflation and rising unemployment, but the impact of Trump’s trade war has not yet shown up in concrete economic data, forcing experts and policymakers to parse through other evidence to make forecasts.”
- Barron’s notes that one reason for Powell’s caution is “because it’s still far from clear what the final tariffs will be,” but the potential US-UK trade deal, “raises hopes that clarity is on the way.”

Figure 1: Central Bank Interest Rates



Source: Semafor

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: SENATE Commerce: Business meeting to consider the nomination of Paul Dabbar, to be Deputy Secretary of Commerce.
- 10:00 ET 15:00 BST: SENATE Appropriations: Hearings to examine proposed budget estimates for fiscal year 2026 for the Department of Homeland Security.

Republican Legislation

House Speaker Mike Johnson (R-LA) and Senate Majority Leader John Thune (R-SD) projected confidence that the 'Big Beautiful' GOP reconciliation bill is on track after a meeting with Treasury Secretary Scott Bessent and White House NEC Director Kevin Hassett at the Treasury Department yesterday.

- Johnson said that key committee markups would "100 percent" take place next week, despite limited progress to bridge gaps between moderates and conservatives on State and Local Tax (SALT) deductions and budget cuts for safety net programmes.
- Trump said in a statement on [Truth Social](#), again pushing for additional tax cuts that don't appear to be covered by the GOP budget blueprint: "We are making great progress on "The One, Big, Beautiful Bill." ... We are going to do NO TAX ON TIPS, NO TAX ON SENIORS' SOCIAL SECURITY, NO TAX ON OVERTIME, and much more.."

Politico notes: "There was one undeniable point of progress: House Agriculture has scheduled its markup for Tuesday."

- Caitlin Reilly at Roll Call [reported on X](#) that the House Ways and Means Committee is tentatively scheduled to mark up the tax portion of the reconciliation bill on Tuesday, May 13.
- However, Politico notes that Republican tax writers left a meeting Wednesday with blue-state Republicans without resolving the dispute over where to level the cap on SALT.
- Politico reports that GOP tax writers are privately "considering \$4 trillion in tax cuts instead of the initial \$4.5 trillion as a possible contingency plan if the targeted savings don't materialize." The reduction could mean that proposed tax provisions become temporary.

House Energy and Commerce Chair Brett Guthrie (R-KY) told reporters yesterday after a closed-door committee meeting: "If we're gonna get done by Memorial Day ... we need to do something next week,"

- It remains unclear how the committee will find USD\$880 billion in savings without slashing Medicaid – a programme that Trump and Senate Republicans have pledged to protect.

Axios summarises the primary sources of tension within the GOP: "On multiple fronts, small but dug-in pockets of lawmakers are ready to tank the entire bill if Johnson can't get everyone else to cave."

- "Medicaid benefits: Moderates are rebelling against per-capita spending caps, as well as shifting some of the cost burden to the states.
- "[SALT]: Lawmakers are making slow progress at best on raising the cap above \$10,000 a year. Some conservatives think it should be \$0.
- "Spending cuts: 32 House conservatives warned again today they'll vote "no" without at least \$2 trillion in cuts. The biggest target is Medicaid."

Punchbowl News writes on SALT: “We think that New York, New Jersey and California Republicans have exponentially more leverage than some in the House Republican Conference are giving them credit for.”

- Punchbowl continues: “Let’s put this plainly: A handful of SALT members are willing to tank the reconciliation package and [Trump’s] domestic agenda if they don’t get a SALT deal they like.”
- Rep. Mike Lawler (R-NY), a blue state, swing district Republican, said: “...if there is not a fix for SALT, there is no bill. If nothing passes, SALT comes back unlimited, so it is on leadership to offer a number and negotiate from there. We are not negotiating against ourselves.”
- More from Punchbowl: “...some GOP lawmakers and aides have privately argued they’re better off letting the entire reconciliation process collapse and holding out for a late December tax deal with Democrats. A bill like that would almost certainly keep all tax cuts in place, be silent on politically risky spending cuts and restore the full deduction of state and local taxes.”

Crypto

Senate Majority Leader John Thune (R-SD) is expected to hold a procedural vote today on a landmark crypto regulation bill, despite signs that Democrats may not be on board with the bipartisan legislation.

- Semafor reports: “Crypto-friendly Republican and Democratic lawmakers huddled for nearly six hours total Wednesday as they sought to reach a consensus on Democrat-sought changes to stablecoin legislation, including language targeted at preventing corruption. But they emerged from their second meeting of the day with no signs of a deal.”

Iran

Trump may meet with Iranian President Masoud Pezeshkian next week during his trip to Saudi Arabia, Qatar, and the United Arab Emirates if an agreement-in-principle is reached on a nuclear accord with Tehran, according to Laura Rozen at Diplomatic.

- Rozen: “Former Iranian ambassador Hossein Mousavian proposed that when Trump is in the region next week, that his hosts, either the Saudi Crown Prince or Emir of Qatar, with the help of Oman, could try to arrange for a meeting of the Iranian and US Presidents, “so that the principles agreed in three rounds of nuclear talks between Abbas Araghchi and Steve Witkoff can be signed by the two presidents,”
- Rozen adds: “Mousavian proposed that the meeting could take place on the sidelines of a meeting involving the heads of eight Persian Gulf countries to discuss regional security issues that the Saudi or Qatari leaders could convene.”
- Trump told reporters in the Oval Office yesterday that the White House had not yet decided if Iran could retain civilian nuclear programme, under the terms of a new deal: “We haven’t made that decision yet. We will, but we haven’t made that decision yet.”

Earlier in the day, Vice President JD Vance said during a Q&A organised by the Munich Security Council: “We think that there is a deal here that would reintegrate Iran into the

global economy, that would be really good for the Iranian people, but would result in the complete cessation of any chance that they can get a nuclear weapon.”

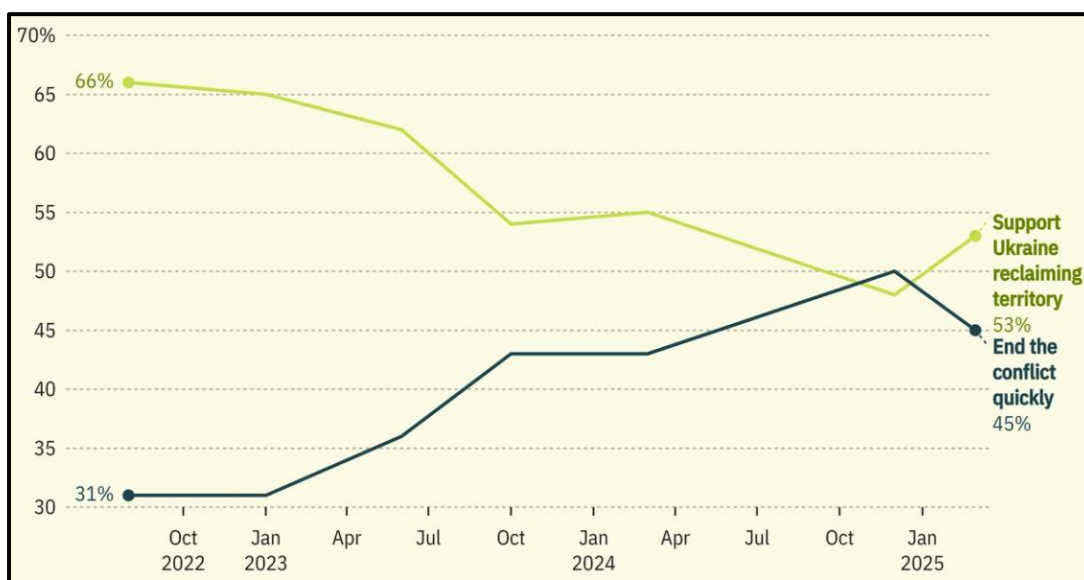
- Vance added on nuclear talks: “So far, so good. We’ve been very happy by how the Iranians have responded to some of the points that we’ve made. So far, we’re on the right pathway.”
- Vance continued: “They can have civil nuclear power. So our proposition is very simple. We don’t care if people want nuclear power. We’re fine with that. But you can’t have the kind of enrichment program that allows you to get to a nuclear weapon.”

Security

Vice President JD Vance said during his MSC Q&A that the US and Europe “are on the same team”, but that “the security posture of the last 20 years is not adequate for the next 20 years.”

- On the war in Ukraine, Vance said: “We think the Russians are asking for too much”. He acknowledged that “there is a big gulf between where the Russians and Ukrainians are”, but that it is “probably impossible” to mediate between the two without “at least some direct negotiation”.
- Politico notes that Vance’s speech was “much warmer than the fiery one he gave at the Munich Security Conference in February,” but “transatlantic security officials are still worried about the pace at which they’re rebuilding their militaries to face off against Russia.”
- Semafor reports that Russian, “foot-dragging on a lasting ceasefire is drawing American ire,” noting that American support for Ukraine appears to be rising as the Trump administration struggles to push Russian President Vladimir Putin to the negotiating table.

Figure 2: Americans’ Preference for the Role of the US in the Russia-Ukraine Conflict



Source: Semafor/Gallup

South Asia

White House National Security Council spokesperson Brian Hughes told reporters that National Security Advisor and Secretary of State, Marco Rubio, is “encouraging India and Pakistan to reopen a channel between their leadership to defuse the situation and prevent further escalation.”

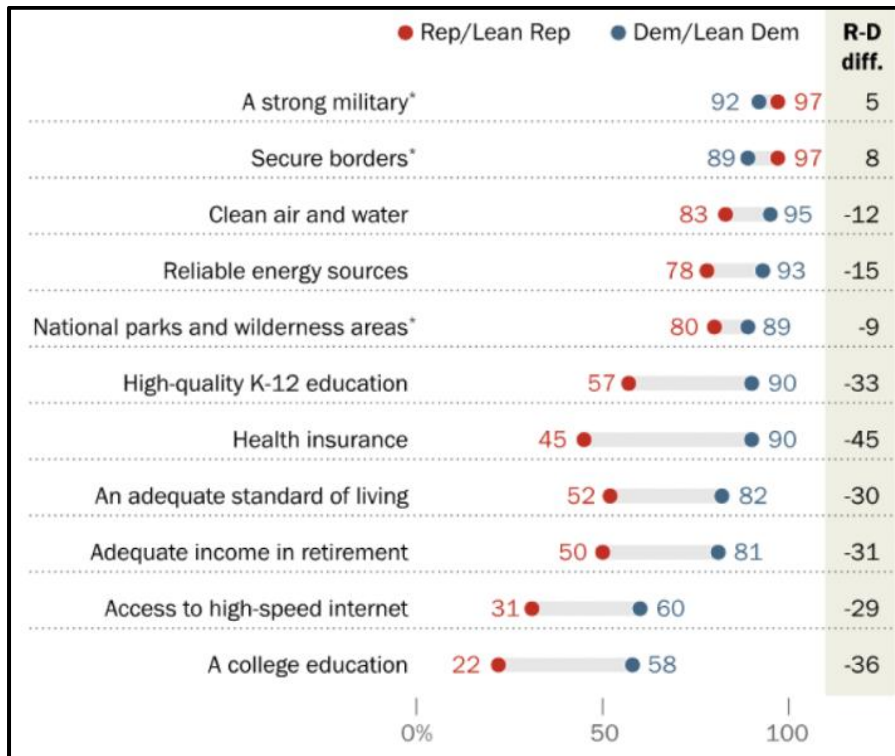
- Speaking in the Oval Office yesterday, Trump called the tensions “a shame” and expressed hope “it ends very quickly,” per Politico.
- Politico writes on the broader political implications of the conflict: “The prospect of a full-on conflict between the two acrimonious neighbors — on Rubio’s first full week leading both the State Department and National Security Council, no less — poses a key test for the Trump administration.
- “Trump regularly touted on the campaign trail that during his first presidency, no wars broke out around the world ... Any kind of major fighting between India and Pakistan could undermine the president’s stated goal of preventing new global conflicts and add strain to his already-busy U.S. foreign policy team.”

Chart of the Day

A new survey from the [Pew Research Center](#) has found that, “Majorities of Americans say the federal government has a responsibility to provide a wide array of support and services for the country – but there is more consensus about some domains than others.”

- Pew notes: “Nearly all Americans say the federal government has a responsibility to provide a strong military and secure the nation’s borders.... Republicans and Democrats continue to be far apart when it comes to whether the federal government has a responsibility to provide health insurance for all Americans. Nine-in-ten Democrats say it does, while half as many Republicans (45%) say this.”

Figure 3: Federal Government Responsibilities



Source: Pew Research Center

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