

MNI POLITICAL RISK ANALYSIS - US Daily Brief 08-09-25

by Adam Burrowes

The White House *(times subject to change)*

10:10 ET 15:10 BST

President Trump delivers remarks to the White House Religious Liberty Commission

KEY DATES:

- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

At 10:10 ET 15:10 BST, President Donald Trump will deliver remarks to the White House Religious Liberty Commission during a visit to D.C.'s Museum of the Bible. The administration signalled Trump's visit is intended to underscore its defense of religious liberty, per The Hill.

- Politico notes: "It's a hot-button topic for conservatives, which the president likes to return to from time to time — hardly surprising given the voting power of the Christian right — and you can expect plenty of crowd-pleasing moments..."

Economy

Treasury Secretary Scott Bessent told NBC yesterday on Friday's soft jobs report: "Look, we're not going to do economic policy off of one number."

- Bessent added: "We believe that good policies are in place that are going to create good, high-paying jobs for the American people. ... August is the noisiest month of the year. Typically, the highest revisions come in August. That's why it's important that we have good data. ... If, in fact, these numbers are true, it shows that President Trump was right about the Federal Reserve: They are too late."

Tariffs

Bessent warned that the US would have to refund half the tariffs it has collected if it loses its case challenging Trump's emergency declaration at the Supreme Court.

- Bessent told NBC: "I am confident that we will win at the Supreme Court." When pressed on whether the administration would "be prepared" to offer rebates, Bessent said: "There's no 'be prepared. If the court says it, we'd have to do it."

The Hill notes: "Trump is pushing for the Supreme Court to greenlight his tariffs after the U.S. Court of Appeals for the Federal Circuit struck down the bulk of Trump's tariffs, ruling the president can't use emergency powers to justify levies imposed on dozens of trading partners."

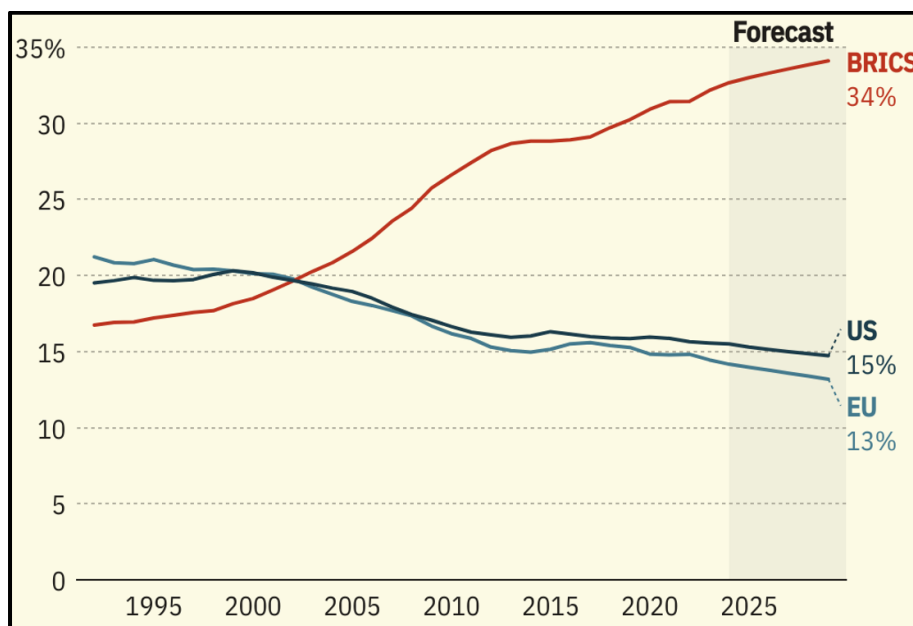
- Solicitor General D. John Sauer said in a statement outlining the administration's position: "The President and his Cabinet officials have determined that the tariffs are promoting peace and unprecedented economic prosperity, and that the denial of tariff

authority would expose our nation to trade retaliation without effective defenses and thrust America back to the brink of economic catastrophe.”

Semafor writes that today’s virtual BRICS summit, “to discuss the impact of US tariffs,” is “yet another sign of shifting global trade alliances in response to Washington’s deepening protectionism.” Chinese President Xi Jinping is expected to join the summit, per CCTV.

- According to Semafor, “The meeting of the bloc of mostly developing nations comes as South Korea mulls joining the CPTPP, a pan-Pacific free trade group, while European officials head to New Delhi for talks on deepening economic ties and India looks to tighten technological cooperation with Singapore.”
- Ngozi Okonjo-Iweala, the director-general of the World Trade Organization, wrote in a [FT op-ed](#) that while Chinese exports to the US plummeted again, “The rest of the world has mostly continued to trade on normal terms. The system is showing resilience.”

Figure 1: Share of Global GDP



Source: Semafor

South Korea

An already tense relationship between Washington and Seoul took another hit after hundreds of South Korean workers were swept up in an immigration raid at a Hyundai plant in Savannah, Georgia - one of South Korea’s flagship US investment projects.

- Politico notes that after a deal between the two governments, “The detained workers will be flying to South Korea upon release, a diplomatic path forward after the raid revealed tensions with South Korea’s push to invest in American manufacturing and compete in the US.”
- Trump appeared to downplay the political implications of the raid, telling reporters yesterday: “We have a lot of industries that we don’t have anymore and we’re gonna have to train people, and the way you train people is bring people in that know what

they're doing and let them stay for a little while and help. So I'm gonna look at that. So it's a very interesting situation that took place, uh, in Georgia."

When asked if the raid strained his relationship with South Korea, Trump said: "No, we have a great relationship with South Korea, really good relationship. You know, we just made a trade deal..."

- Trump later added in a message on Truth Social: "Following the Immigration Enforcement Operation on the Hyundai Battery Plant in Georgia, I am hereby calling on all Foreign Companies investing in the United States to please respect our Nation's Immigration Laws. Your Investments are welcome, and we encourage you to LEGALLY bring your very smart people, with great technical talent, to build World Class products, and we will make it quickly and legally possible for you to do so. What we ask in return is that you hire and train American Workers."

Manufacturing

Treasury Secretary Scott Bessent downplayed the impact of Trump's tariff agenda on US manufacturing jobs, arguing to NBC that not enough time has passed to see the benefits of tariffs.

- Bessent said: "It's been a couple of months. And with the manufacturing sector ... we can't snap our fingers and have factories built."
- Bessent continued: "The 'One Big Beautiful Bill,' which has full expensing for factories and equipment, was passed on July 4th. Many companies were holding back then. So, we are going to see construction jobs. And we are going to see manufacturing jobs."
- "What we are seeing is the jobs that are being created are going to either native-born or legal Americans. Most of the jobs created under the Biden administration went to illegal aliens," Bessent claimed.

The Hill notes: "Since April, manufacturing jobs have fallen by 12,000 and are now down by 42,000. Businesses have complained for months since Trump announced sweeping tariffs that they are slowing the economy."

- Axios reports: "America's blue-collar workforce is shrinking, as President Trump's policies hit the same sectors he vowed to reinvigorate."
- According to Axios, "Hiring is stalling out nearly across the board amid drastic shifts in trade and immigration policies. But perhaps nowhere is it more apparent than in the labor sectors that expected a Trump-era boost."
- Economic data analyst Joey Politano at Apricitas Economics told Axios: "Manufacturing and construction tend to be the first sectors hit when the economy slows, so the blue-collar downturn serves as a warning for the rest of the labor market unless things improve soon."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 14:00 ET 19:00 BST: HOUSE Rules: H.R. 3838- Streamlining Procurement for Effective Execution and Delivery and National Defense Authorization Act for Fiscal Year 2026; H.R. 3486- Stop Illegal Entry Act

Executive Branch

Punchbowl News reports that Senate Majority Leader John Thune (R-SD) “will take the first procedural steps this afternoon on a GOP effort to steamroll Democrats’ historic slow-walking of President Donald Trump’s nominees.”

- According to Punchbowl, triggering the so-called “nuclear option” to unilaterally change the chamber’s rules will allow for “en bloc” confirmation of non-Cabinet executive branch nominees, dramatically speeding up the process.
- “There won’t be a limit to the number of executive nominees that can be grouped together in any one package. But the new rules won’t apply to judicial nominees,” Punchbowl notes.

It is unclear if the procedural change could be applied to Federal Reserve nominees. A potentially consequential technical point if Trump is successful in ousting Governor Lisa Cook.

- On the Fed, National Economic Council Director Kevin Hassett told CBS on his potential appointment to be chair of the Federal Reserve: “I would say 100 percent that monetary policy, Federal Reserve monetary policy, needs to be fully independent of political influence — including from President Trump. The fact is that we’ve looked at countries that have allowed the leaders to take over the central banks, and what tends to happen is that it’s a recipe for inflation and misery for consumers.”

Government Funding

The implied probability of a government shutdown on October 1 ticked up to nearly 50%, according to Polymarket. The elevated risk reflects the lack of GOP consensus on the best strategy to avoid a shutdown, and Democrats’ apparent willingness to reject a partisan funding extension, even if it causes a shutdown.

- Politico details the divergent Republican strategies. GOP fiscal hawks and the White House want “a stopgap bill to go through January or later, rather than a shorter patch that could lead to a more comprehensive funding agreement.”
- According to Politico, “Repeatedly kicking the can on funding bills is part of OMB Director Russ Vought’s strategy to slash spending. It would allow Republicans to muscle through rescissions and reconciliation packages to add or subtract funding without relying on Democrats.”

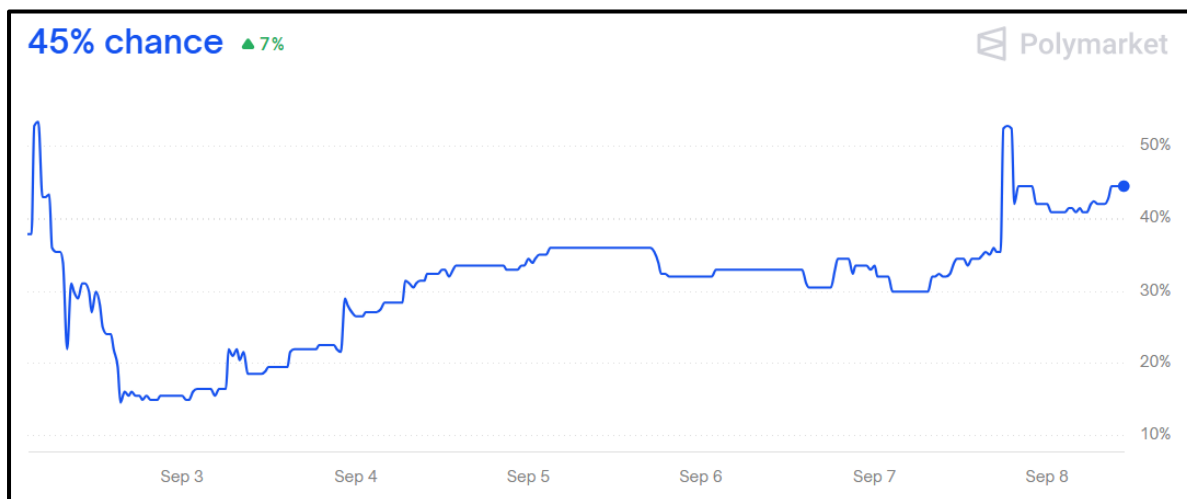
Democrats and GOP appropriators, according to Politico, want “a short-term extension to fund the government through November or December, giving appropriators more time to negotiate a bipartisan deal. Johnson and House Minority Leader Hakeem Jeffries recently discussed the possibility.”

- There is a broad expectation that Democrats will be willing to accept a deal – for example, extending Affordable Care Act tax credits – but there doesn't appear to be any ongoing discussions between Senate Minority Leader Chuck Schumer (D-NY) and Senate Majority Leader John Thune (R-SD).

The latest report from Democrat appropriators, Senator Patty Murray, (D-WA) and Rep. Rosa DeLauro (D-CT), says that \$410 billion is still being held up by the Trump administration's budget officials, further complicating an already tricky bipartisan funding deal, per Semafor.

- The two lawmakers said in a statement: "Any funding agreement must reflect Democratic priorities, and we must pass full-year spending bills that ensure lawmakers — not Donald Trump and Russ Vought — decide how taxpayer dollars get spent,"
- As Punchbowl notes, "Congress is in session this week and next, but then lawmakers depart for a week for Rosh Hashanah. And then its shutdown week, with Sept. 30 falling on a Tuesday. So 22 days isn't as long as it sounds."

Figure 2: Government Shutdown by October 1



Source: Polymarket

National Security

Politico [reports](#) that "Pentagon officials are proposing the department prioritize protecting the homeland and Western Hemisphere, a striking reversal from the military's yearslong mandate to focus on the threat from China."

- Politico notes: "A draft of the newest National Defense Strategy, which landed on Defense Secretary Pete Hegseth's desk last week, places domestic and regional missions above countering adversaries such as Beijing and Moscow, according to three people briefed on early versions of the report."
- "This is going to be a major shift for the U.S. and its allies on multiple continents," said one of the people briefed on the draft document. "The old, trusted U.S. promises are being questioned."

Ukraine War

The US and EU appear closer to coordinating new sanctions on Russia as diplomacy fails to unlock a ceasefire, but political obstacles are likely to undermine the process. On Saturday, Russia launched its largest aerial bombardment of Ukraine since 2022, with a key government building in Kyiv hit.

- Trump told reporters yesterday he is "not happy" with President Vladimir Putin's intensifying bombardment of Ukraine and obfuscation of a bilateral meeting with President Volodymyr Zelenskyy. He responded 'yes' when asked if he is ready to enact new sanctions.
- Treasury Secretary Scott Bessent told NBC yesterday, "We are prepared to increase pressure on Russia, but we need our partners in Europe to follow."

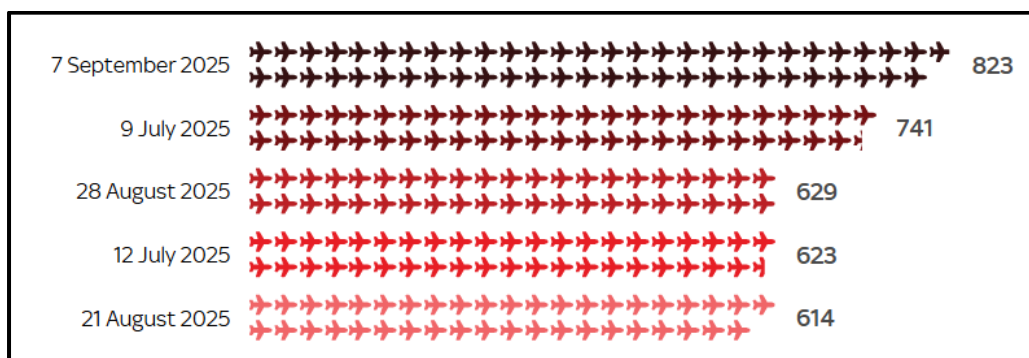
The Financial Times [reports](#) that EU officials are in discussions on "potential sanctions against China and other third countries for purchasing Russian oil and gas." According to the report, the measures are "unlikely to be adopted unless the US also targets China's energy imports," which may be unlikely as Trump administration officials have refrained from measures against China during trade talks. Moreover, as sanctions need EU unanimity, they could be torpedoed by Russia-leaning Hungary or Slovakia.

- There are also concerns that secondary sanctions on China will not substantially impact crude flows, as demonstrated by China's trade in sanctioned Iranian barrels.

Sky News notes: "Russia launched a record number of drones and missiles at Ukraine on Saturday night, its largest aerial overnight attack on the country since the full-scale invasion began in February 2022."

- Sky writes: "The scale of the barrage suggests a deliberate Russian strategy; launching larger salvos to achieve critical mass, overwhelming Ukraine's air defences and striking deep into the heart of the government district. For the first time, a symbolic target, the building that houses the Cabinet of Ministers, has been hit, sending a clear message of intimidation."

Figure 3: Most missiles and drones fired by Russia at Ukraine since February 2022



Source: Sky News, Ukrainian Air Force

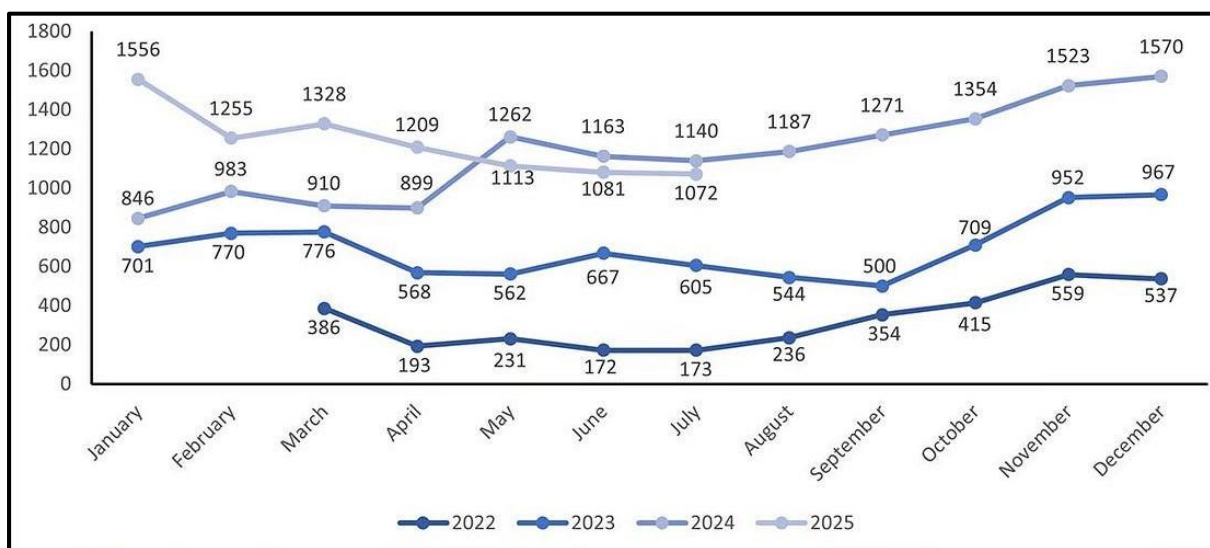
Trump told reporters yesterday, "certain European leaders," will visit Washington on Monday or Tuesday, without naming specific leaders. Trump also noted that he would likely speak with Putin in the coming days.

- Reuters reports that the EU sanctions envoy David O'Sullivan is in Washington with a technical team to discuss Russia sanctions. EU Council President Antonio Costa said today the EU's new Russia sanctions are being closely coordinated with the US, per Reuters.
- Bloomberg notes: "Last week, Trump demanded more economic pressure from Europe on Putin, including a total halt to purchases of Russian oil and gas, according to Finnish President Alexander Stubb. The US leader also called on Europeans to apply pressure to China, he said."
- FT notes: "The [EU] targeted two small Chinese banks in its last sanctions package for allegedly enabling the trade of prohibited goods with Russia, in a move that officials said was a test of its legal framework for expanding its restrictions to China."
- Euronews notes: "The EU has already reduced its purchases of Russian oil and gas since the start of Moscow's full-scale invasion in February 2022. In June, Brussels set out a 2027 deadline to phase out all remaining purchases of Russian energy."

Kremlin's spokesman Dmitry Peskov told reporters this morning that no sanctions will ever be able to force Russia to change course on Ukraine, per RIA.

- Peskov said: "Europe and Ukraine are doing everything they can to draw the United States into their orbit," referring to Trump's comments about new sanctions on Russia.
- Military Analyst Mick Ryan writes on his Substack that Russia is engaged in "a large-reinforcement and surge of operations" in Eastern Ukraine. The acceleration in Russian operations is shown in the "increase in average daily losses," according to Ryan, suggesting that a ceasefire agreement in the short-term is remote.

Figure 4: Russian Daily Losses, March 2022 – July 2025



Source: Mick Ryan, UK MOD

Gaza War

Trump issued a 'last warning' to Hamas yesterday after Middle East envoy, Steve Witkoff, sent a new US proposal to the Palestinian militant group.

- “Everyone wants the Hostages HOME. Everyone wants this War to end! The Israelis have accepted my Terms. It is time for Hamas to accept as well. I have warned Hamas about the consequences of not accepting. This is my last warning, there will not be another one! Thank you for your attention to this matter,” Trump wrote on Truth Social.
- Trump told reporters, referring to Hamas: “If you immediately release the hostages, good things are going to happen, but if you don’t — it is going to be tough and nasty for you.”
- Axios reports: “Trump’s comments came as the Israeli military began flattening high-rise buildings in Gaza City that it claims are used by Hamas for military purposes. It marked the first major phase in Israel’s new offensive to occupy Gaza City, which the government says is aimed at rooting out Hamas. The operation — backed by Trump — is expected to escalate quickly.”

Iran

Rafael Grossi, the Director of the International Atomic Energy Agency, said he hopes for a successful conclusion to nuclear talks with Iran in the next few days. The talks are aimed at a last-minute deal between Iran and the UN’s nuclear watchdog to avert the imminent re-imposition of UN sanctions.

- Delivering an opening statement to the IAEA Board of Governors meeting this morning, Grossi [said](#), “progress has been made in talks with Iran on full resumption of inspections, I hope that within the next few days it will be possible to come to a successful conclusion of discussions.”
- Grossi said he has “continuously and systematically” reached out to Iran in order to address Tehran’s concerns and restore cooperation between the IAEA and Iran.
- Grossi added: “There is still time. But not much. Always enough when there is good faith and a clear sense of responsibility. I can assure you that we are exercising our utmost efforts to come to a good outcome within the next few days, perhaps hours.”

Laurence Norman at the Wall Street Journal notes on X that it is, “Very unusual for [Grossi] to release Iran specific statement of his opening statement alone.”

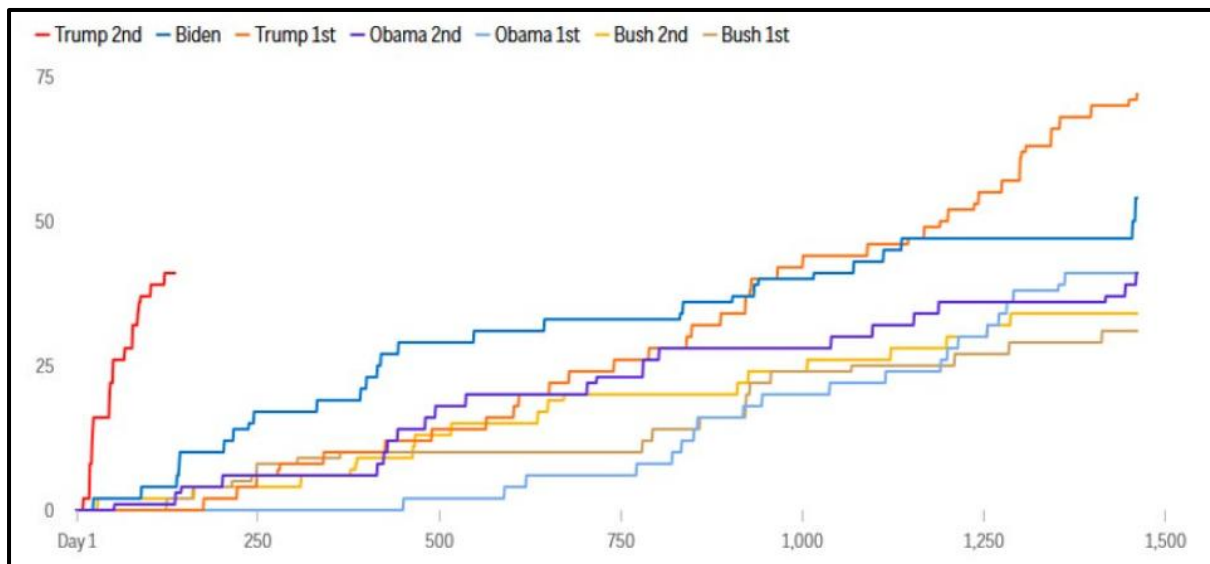
- Iran Nuances reports that Iran’s Foreign Ministry spokesperson said: “The results of the discussions with the [IAEA] are currently under review by the relevant authorities in Tehran. We are waiting for a final conclusion to be reached, and based on that, we will announce what the next step will be.”
- The spokesperson added that no decision has been taken yet on withdrawing from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).
- While, the comments appear to suggest a deal could be reached to avert ‘snapback’, Ali Vaez at the International Crisis Group writes that he, “can’t see a meaningful Iran-IAEA technical deal in the absence a political deal between Iran and the West.”
- Foreign Minister Abbas Araghchi told reporters yesterday that the impact of ‘snapback’ will be “mainly political,” suggesting its economic impact is being exaggerated.

Chart of the Day

Political analyst Bruce Mehlman notes on Substack: “The Trump Administration has declared more emergencies more often than any of its predecessors, citing nearly a dozen to justify & expedite executive action.”

- Mehlman notes: “Many laws give Presidents additional authorities to act in the event of national emergencies such as the 9/11 attacks, the Great Financial Crisis or COVID. There are no formal definitions of what qualifies as an “emergency,” and courts have shown wide latitude to Presidents in making that determination.”

Figure 5: Emergency Declarations by Administration



Source: Bruce Mehlman, AP

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