

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 09-01-26

by Adam Burrowes

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

11:00 ET 16:00 GMT	President Trump participates in a meeting with the Secretary of State
13:00 ET 18:00 GMT	President Trump has Lunch with the Vice President
14:30 ET 19:30 GMT	President Trump participates in a meeting with Oil and Gas Executives

### Key Dates:

- ❖ *Jan. 30: Government funding expires*
- ❖ *Jan 31: Texas Special Election*
- ❖ *April 16: New Jersey Special Election*
- ❖ *March 10: Georgia Special Election*

### Washington

President Donald Trump will meet with Secretary of State Marco Rubio, arguably the most important member of Trump's Cabinet right now, in the Oval Office at 11:00 ET 16:00 GMT. The meeting is unusual and certainly likely to focus on Venezuela as Rubio is leading the administration's three-phase strategy for the country in the wake of the removal of former President Nicolas Maduro.

- At 13:00 ET 18:00 GMT, Trump will have lunch with Vice President JD Vance amid some tension in their public pronouncements regarding a woman fatally shot by an ICE officer in Milwaukee.
- Vance told reporters during a rare White House press conference appearance yesterday, "I'm not happy that this woman was there at a protest violating the law by interfering with the law enforcement action. I think that we can all recognize that the best way to turn down the temperature is to tell people to take their concerns about immigration policy to the ballot box..."

At 14:30 ET 19:30 GMT, Trump will meet with oil executives in the White House Cabinet Room. The meeting is aimed at drumming up industry investment in Venezuela's degraded oil infrastructure. Trump noted in a Truth Social message this morning that he is eying USD\$100 billion in investment from oil majors. (More below)

- Representatives from Chevron, Exxon, ConocoPhillips and more are among the companies Trump is eying to make the investment, per Politico.

Friday's nonfarm payrolls report for December will be released at 08:30 ET 13:30 GMT. MNI's Markets Team [notes in a preview](#) that the report should see a return to a more normal update, after last month's dual payrolls figures and single month for the household survey in November with its missing October values and well-touted technical issues clouding it.

- According to MNI, "consensus looks for nonfarm/private payrolls growth of 69k/75k with primary dealer analysts a touch higher for nonfarm. It would see similar monthly

rates to those in November after nonfarm payrolls fell heavily in October on federal government deferred resignations showing up.”

Senate Majority Leader John Thune (R-SD) is leading a delegation of Republican senators to the US-Mexico border today to tout the GOP’s flagship “One Big Beautiful Bill”, the first of likely many events highlighting the legislation ahead of this year’s midterm elections.

## Trade

The US trade deficit dropped in October to its lowest level since 2009, as tariffs curb imports but other countries keep buying American goods, according to new data from the Department of Commerce cited by Semafor.

- Semafor notes, “Trump made reducing the deficit central to his economic policy, and the US “appears to be winning the trade war,” one analyst said... The drop in imports was largely fueled by pharmaceuticals — many drug companies frontloaded shipments in September after Trump threatened high tariffs, a reflection of the swings in global trade that defined 2025.”

Joe Brusuelas, chief economist at auditor RSM US, told the [Financial Times](#) that the decline in the trade deficit with Ireland, where many large US pharmaceuticals are domiciled, suggested the Trump administration’s trade crackdown was paying off.

- “This does look like the attempt to rebalance global trade by Washington is impacting the behaviour of large global firms,” Brusuelas said.

**Figure 1: US Trade Deficit**



Source: Semafor, Department of Commerce

## Tariffs

The Trump administration is bracing for an unfavourable ruling from the Supreme Court on President Trump’s so-called Liberation Day tariffs, which could result in the US Treasury being compelled to pay up to USD\$150 billion in refunds for tariffs already paid by importers.

- The Supreme Court has scheduled an Opinion Day for today but does not say ahead of time which rulings will be passed. Opinions will be posted [here](#) at around 10:00 ET 15:00 GMT.
- Reuters [reports](#), “Anticipation that the court will strike down the tariffs Trump imposed under the International Emergency Economic Powers Act of 1977 rose after the November arguments in the case when conservative and liberal justices alike voiced skepticism about whether that law gave him the authority to levy the duties.”
- Indeed, as noted in previous editions of this newsletter, Polymarket sees a 75% implied probability that Trump loses the case.
- The case does not cover sector-specific tariffs on automobiles, metals, semiconductors, pharmaceuticals, and lumber, which were imposed using the Section 232 authority.

While the case is likely to go against Trump, the ruling may not be clear-cut. CNBC notes, “The court has the option to grant limited powers under the IEEPA and require only limited repayment, along with multiple other options for how it handles a touchy matter that is being closely watched on Wall Street.

- “Moreover, even should the White House lose the case, it has other tools in its chest to implement tariffs that don’t require the emergency powers cited under the act.”

Treasury Secretary Scott Bessent, speaking in Minneapolis, said the court’s decision may be somewhat clouded, but if it goes against Trump’s tariffs, the administration could replace any lost revenues by switching to other tariff authorities, per Reuters.

- Bessent said that a negative ruling would mean “the president loses flexibility to use tariffs, both for national security, for negotiating leverage.”

Jose Torres, senior economist at Interactive Brokers, told CNBC, “If the court blocks the tariffs, the administration is going to find workarounds. President Trump is very ambitious in getting this agenda through despite potential controversies that could surround such a decision.”

- “Blocking tariffs would be bad for onshoring ambitions. It would be bad for fiscal conditions, rates would go higher,” he continued. “But it would be good for corporate earnings. Input prices would be lower and trade would be smoother.”

## Venezuela

President Trump announced on [Truth Social](#) this morning that he has called off a second round of strikes on Venezuela, citing the interim government’s decision to release political prisoners.

- Trump wrote, “Venezuela is releasing large numbers of political prisoners as a sign of “Seeking Peace.” This is a very important and smart gesture. ... Because of this cooperation, I have cancelled the previously expected second Wave of Attacks, which looks like it will not be needed, however, all ships will stay in place for safety and security purposes.”
- Bloomberg notes, “The military activity in the region may not be over, though. Trump said Thursday strikes were being prepared against drug cartel facilities...”

Trump also noted in the statement that he hopes that oil companies will invest USD\$100 billion in the country, ahead of a White House meeting with oil executives today.

- Semafor notes, “The Trump administration is counting on US capital to rebuild Venezuela’s economy, and while American firms, so far, don’t appear to see the troubled country as a home-run market, lobbyists see an opening: “This is not Iraq. This is not Syria,” one [said].”

Trump told Fox News’ Sean Hannity yesterday that he will meet with Venezuelan opposition leader and Nobel Peace Prize recipient María Corina Machado as soon as next week – a first show of support for Machado after the administration sidelined the opposition in favour of working with members of the Maduro regime.

- “I understand she’s coming in next week sometime, and I look forward to saying hello to her,” Trump said.
- Bloomberg notes. “Since [former president Nicolas] Maduro’s capture, Trump’s team has negotiated directly with Delcy Rodríguez, Maduro’s former vice president, with the American president saying he planned to work with her as the US sought to “run” Venezuela before a peaceful transition of power.”

## Venezuela War Powers Resolution

The Senate delivered a major rebuke to the Trump administration, voting 52-48 yesterday to advance a largely symbolic war powers resolution that would compel the administration to seek Congressional approval for any further military action in Venezuela.

- Five Republican senators - Rand Paul (R-KY), Todd Young (R-IN), Lisa Murkowski (R-AK), Josh Hawley (R-MO), and Susan Collins (R-NH) - joined with all Democrats to advance the bipartisan measure introduced by Paul and Senator Tim Kaine (D-VA).
- A vote to pass the resolution itself is expected next week. The Senate is likely to vote to proceed to a resolution on Monday and spend the rest of the week debating it. Should it pass the House, it will be subject to a veto from President Trump.
- Although the resolution is unlikely to become law, it signals unease within the moderate wing of the Republican caucus over the extent of Trump’s military operations in Venezuela. The vote could also be a pre-emptive rejection of Trump’s revival of rhetoric regarding the acquisition of Greenland.

## China

Axios [reports](#) that China hawks in the House of Representatives are pressing ahead with efforts to prevent Beijing from accessing sensitive US technology as the Trump administration green-lights chip sales.

- Axios notes, “Congress is looking to rein in President Trump on chip sales, even as most Republicans avoid public criticism... Republicans are largely toeing the line publicly on the president’s decision to allow AI chips to go to China, but that’s masking growing unease privately.”
- According to the report, Reps Jefferson Shreve (R-IN) and Sydney Kamlager-Dove (D-CA) on Friday will introduce legislation to strengthen staffing at the Department of Commerce’s Bureau of Industry and Security.

The legislation - The BIS STRENGTH Act - would authorize Commerce to appoint 25 "highly qualified technical experts and offer competitive compensation, within existing federal pay limits, to attract and retain top-tier talent."

- Shreve said in a statement, "Export controls only work if we have the experts to enforce them."
- Kamlager-Dove said, "The loss of career technical experts at BIS in the last year has significantly undermined BIS's ability to administer the export controls that help safeguard U.S. national security."

## **Congressional Business**

The House is OUT

The Senate is OUT

**Committee Schedule –**

## **Government Funding**

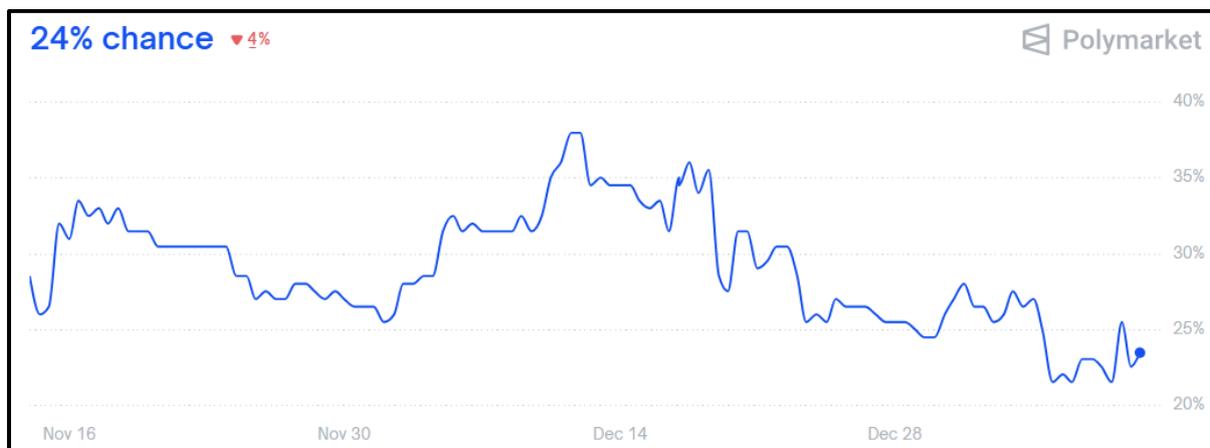
The House yesterday passed a minibus of three FY2026 appropriations bills in an bipartisan 397-28 vote. Passage of the bills, which would fund the Department of Commerce, Department of Energy, and Department of the Interior, inches Congress closer to avoiding a government shutdown when funding expires at the end of the month.

- The Hill notes, "So far, Congress has passed three out of the 12 appropriations bills needed to fund the government. If these three bills pass the Senate and are signed by President Trump, lawmakers will still need to pass six more appropriations bills by the end of January."
- Should Congress fail to pass all 12 funding bills, a short-term measure will be required to avert a shutdown. So far, Democrats have shown little appetite for using shutdown leverage to pursue policy changes, as they did during the October standoff over Obamacare subsidies.

The ranking Democrat on the House Appropriations Committee, Rep. Rosa DeLauro (D-CN) said during a House Rules Committee hearing on Tuesday that negotiations on the last six bills have been "productive" and that negotiations are "progressing at a pace that is very encouraging."

- "As of this evening, I am confident we will be able to complete our work and avoid any kind of continuing resolution prior to the Jan. 30 deadline," she said.
- Bettors at Polymarket see a roughly 25% chance of a government shutdown on January 31, reflecting optimism that neither party sees any political value in another shutdown.

## **Figure 2: Government Shutdown by January 31**



Source: Polymarket

## Housing

President Trump announced on [Truth Social](#) yesterday that he is “instructing his representatives” to buy USD\$200 billion in mortgage bonds in an attempt to “drive mortgage rates down”.

- Trump wrote, “This will drive Mortgage Rates DOWN, monthly payments DOWN, and make the cost of owning a home more affordable. It is one of my many steps in restoring Affordability, something that the Biden Administration absolutely destroyed.”

The Hill notes, “Mortgage-backed securities are bonds funded by payments on home loans. Fannie Mae and Freddie Mac, two government-sponsored enterprises under federal control since 2008, purchase billions of dollars in mortgages, package them into bonds and sell those securities to investors. Lenders can then use proceeds from selling to Fannie and Freddie to help fund more home loans than they might otherwise be able to offer.

- “While Trump didn’t specify which federal entities would buy the new tranche of bonds, Federal Housing Finance Agency Director Bill Pulte — the head of the agency in charge of Fannie and Freddie — appeared to confirm their involvement.”

The announcement is the administration’s second major housing policy initiative this week, after Trump declared on Wednesday that his administration is moving to ban institutional investors from buying single-family homes.

- Barron’s notes, “Tackling housing has advantages over some of the other sectors that have attracted the president’s attention in having few apparent legal obstacles, while the benefits could be seen relatively quickly. Analysts at UBS estimate such purchases could reduce the current 30-year headline mortgage rate to around 6.0% from around 6.21% currently. The acquisitions wouldn’t breach the cap on Fannie and Freddie’s holdings.”

## Health Care

Seventeen Republican House Reps broke with leadership yesterday to pass a ‘clean’ three-year extension of lapsed enhanced Affordable Care Act subsidies.

- Politico notes, “The 230-196 vote follows a procedural vote Wednesday to advance the bill, where nine Republicans joined Democrats in favor of moving forward. Thursday’s final passage vote had eight additional Republicans supporting the bill, including House Homeland Security Chair Andrew Garbarino [R-NY] and Rep. David Joyce [R-OH] a senior appropriator.”

The measure is certain to die in the Senate, but the vote will apply additional pressure on moderate Senate Republicans to work on a bipartisan solution that will revive the subsidies. A plan currently under negotiation includes a two-year extension with some policy tweaks.

- The Wall Street Journal [reported earlier this week](#): “The emerging [Senate] framework [would add] income caps, antifraud measures and other provisions designed to draw GOP support. Language related to abortion coverage remains a major sticking point.”
- The Congressional Budget Office released a [new report](#) yesterday stating that a three-year extension of expired Obamacare subsidies will increase the deficit by USD\$80 billion.

## Ukraine War

Ukrainian President Volodymyr Zelenskyy said yesterday that the security guarantees between Kyiv and Washington are “essentially ready” to be finalised by Trump, following a big week of negotiations in Paris where top US officials also hashed out some of the peace deal’s biggest sticking points, per [Reuters](#).

- Senate Majority Leader John Thune (R-SD) has thrown cold water on optimism that the Senate could vote on Senator Lindsay Graham’s (R-SC) Russia sanctions bill as soon as next week, after Graham claimed in a statement on X that he had received the green light from President Trump.
- Politico reports, “Thune reiterated Thursday that he thinks the bill needs to start in the House, which has the constitutional prerogative to initiate bills dealing with federal revenue. But House GOP leaders still think the legislation should originate in the Senate.”

## Iran

The Trump administration is reassessing a view that protests in Iran lack sufficient energy to challenge the regime, as anti-government protests continue to swell, according to US officials cited by Axios.

- Axios notes, “The protests have spread over the past 12 nights, with last night’s being the largest so far. Some crowds yesterday openly chanted for the regime’s downfall. They’re driven mainly by economic turmoil, which has deepened amid President Trump’s renewed push to tighten sanctions and the damage inflicted from the 12-day war in June.”

Speaking to the Hugh Hewitt Show podcast on 8 Jan, Trump renewed his threats to strike against the regime, saying, “They’re doing very poorly. And I have let them know that if they start killing people - which they tend to do during their riots, they have lots of riots - if they do it, we’re going to hit them very hard”.

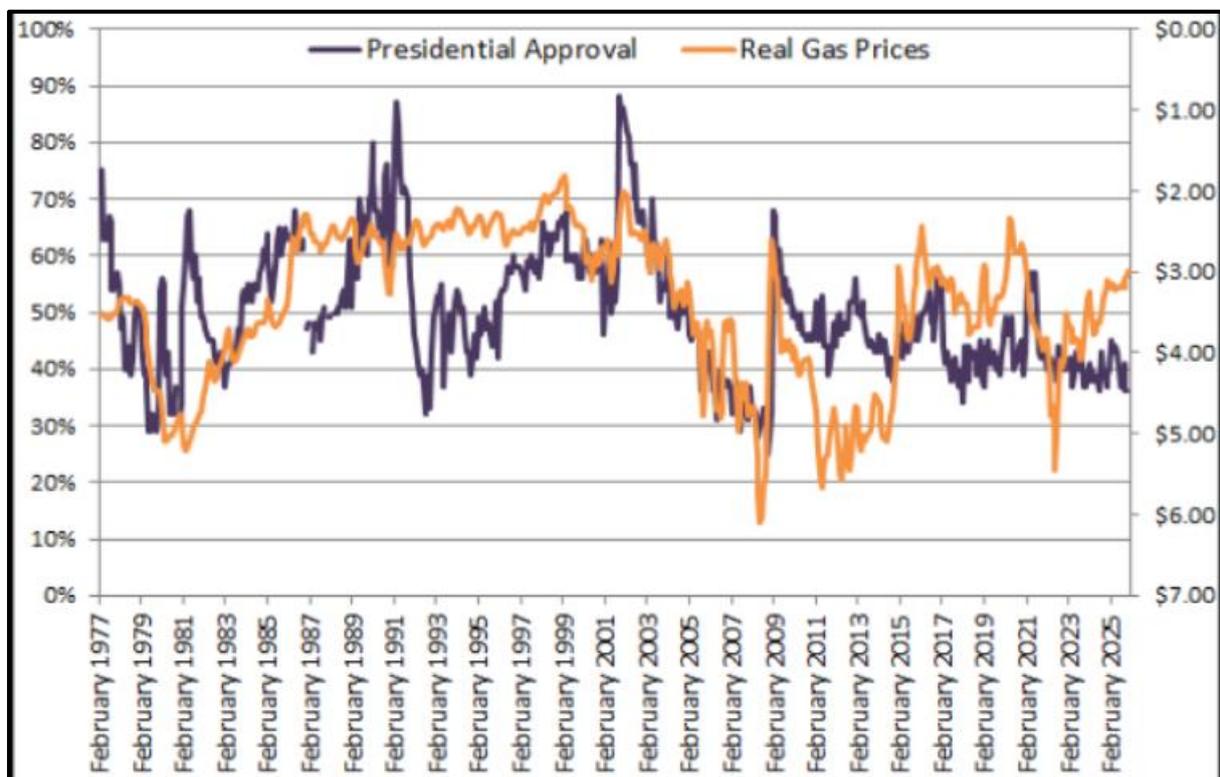
- In a televised address today, Iranian Supreme Leader Ali Khamanei said, "There are some rioters who want to please the American president by damaging public property", but that Iran "won't back down in the face of vandalism".
- Khamanei added that Trump "should focus on running his own country" and claimed that Trump "will be overthrown at the peak of pride, like past tyrants".

### Chart of the Day

A new report from [Sabato's Crystal Ball](#) has shown that the connection between gas prices and presidential approval is weaker in recent years, suggesting that low gas prices won't necessarily be a boost for the GOP at the ballot box next year.

- The report notes, "The price of a gallon of gasoline in President Trump's first year in office has been relatively low, with gas recently dipping under \$3 a gallon on average for the first time in half a decade, when the pandemic was having a major effect on the economy and society at large.
- "That said, Trump's overall approval rating remains underwater, and it is weaker now than it was a few months ago. Trump's approval numbers on the economy and inflation—the latter of which would seem to be most connected to the price of gasoline—are weaker than his overall approval.
- "There is some connection, historically, between gas prices and presidential approval, but that connection has been weaker lately."

**Figure 3: Presidential Approval and Gas Prices, 1977-2025**



Source: UVA Center for Politics

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