

MNI POLITICAL RISK ANALYSIS - US Daily Brief 10-09-25

by Adam Burrowes

The White House (times subject to change)

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| 11:30 ET 16:30 BST | President Trump receives his Intelligence Briefing |
| 19:00 ET 00:00 BST | President Trump hosts a dinner in the White House Rose Garden |

KEY DATES:

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

Washington

President Donald Trump will receive an intelligence briefing at 11:30 ET 16:30 BST before hosting a dinner in the White House Rose Garden at 19:00 ET 00:00 BST.

- Today's intel briefing may be a consequential one, considering major developments in Qatar yesterday and Poland overnight. Both of which could compel shifts in US foreign policy. (More on those below)

At 10:00 ET 15:00 BST, the Senate Banking Committee will hold an executive session to vote on the nomination of Council of Economic Advisors Chair Stephen Miran to the Federal Reserve's Board of Governors. [LIVESTREAM](#)

- As there has been little Republican opposition, the Committee is expected to vote in favour of Miran's nomination, teeing up a full Senate vote next week. Miran is expected to be confirmed to the Fed board in time for the September 16-17 FOMC meeting.

Markets are braced for two key inflation prints. First up is PPI at 08:30 ET 13:30 BST today. The CPI report will be released at the same time tomorrow, with core CPI to come in at 0.3% M/M rounded in August, same as July, with the MNI unrounded median looking for 0.32% with a slight lean in the risks toward a rounding-up to 0.4%, per the Bloomberg median.

- MNI's Tim Cooper and Chris Harris write in a [preview](#) that, "a 25bp Fed rate cut at the September FOMC meeting looks assured almost no matter what transpires in the August inflation data, given the increasing focus on downside labor market risks reinforced by this week's QCEW revisions and another soft payrolls report for August last week."

Federal Reserve

MNI's Evan Ryser reports that a federal judge Tuesday night granted a preliminary injunction blocking Trump from firing Federal Reserve Governor Lisa Cook while her lawsuit challenging her termination is resolved. Department of Justice lawyers have previously indicated they intend to appeal any decision against Trump.

- Judge Jia Cobb wrote, "At this preliminary stage, the Court finds that Cook has made a strong showing that her purported removal was done in violation of the Federal Reserve Act's 'for cause' provision."
- Cobb added that, "The Court agrees with Cook's argument that preventing her from discharging her duties as a Federal Reserve Governor, a unique Presidential任命 and Senate-confirmed role..."
- Abbe Lowell, the lawyer representing Cook, said the "Allowing the President to unlawfully remove Governor Cook on unsubstantiated and vague allegations would endanger the stability of our financial system and undermine the rule of law."
- Politico writes: "Naturally, this one is now headed straight for the appeal courts, and likely ultimately to the Supreme Court — but whatever happens, it appears Cook will at least be in her job Tuesday, when the two-day Fed board meeting begins."

Meanwhile, the ranking Democrat on the House Judiciary Committee launched an investigation into FHFA Director Bill Pulte, upon whose mortgage fraud allegations much of the DOJ's case against Cook was predicated.

- Rep Jamie Raskin (D-MD) said, "Your decision to use the FHFA to selectively — and publicly — investigate and target the President's designated political enemies gives rise to the unmistakable impression that you have been improperly coordinating with the White House to launch these probes."
- The move signals one avenue of inquiry Democrats will pursue if they win control of the House at next year's midterm elections, empowering them with Congressional oversight and investigative authority.

Axios notes that Pulte has made similar mortgage fraud allegations against Senator Adam Schiff (D-CA) and New York Attorney General Letitia James, who led an impeachment effort and a lawsuit against Trump, respectively.

- Beltway outlets [reported](#) this week that Pulte had a verbal altercation with Treasury Secretary Scott Bessent at a Georgetown club event, suggesting that some members of the Trump administration may be uncomfortable with Pulte's tactics.

Bureau of Labor Statistics Payroll Revisions

Data from the BLS show that the US economy added 911,000 fewer jobs than previously reported in the year ending in March 2025, the largest downward revision on record.

- Semafor notes that, "Tuesday's sharply revised figures could support [Trump's] argument that his tariff and immigration policies aren't to blame for the cooling labor market... and fuels an ongoing debate over the integrity of economic data."
- James Knightley, chief international economist at ING, said "These revisions suggest that jobs momentum is being lost from an even weaker position than originally thought,"

White House officials said the revision proves that Trump inherited a worse economy than reported from former President Joe Biden, and officials are correct to raise concerns about the reliability of official economic data.

- The Wall Street Journal [writes](#), "Trump has good reason to be frustrated with the reliability of the monthly surveys, though there's no evidence they were 'rigged,' as

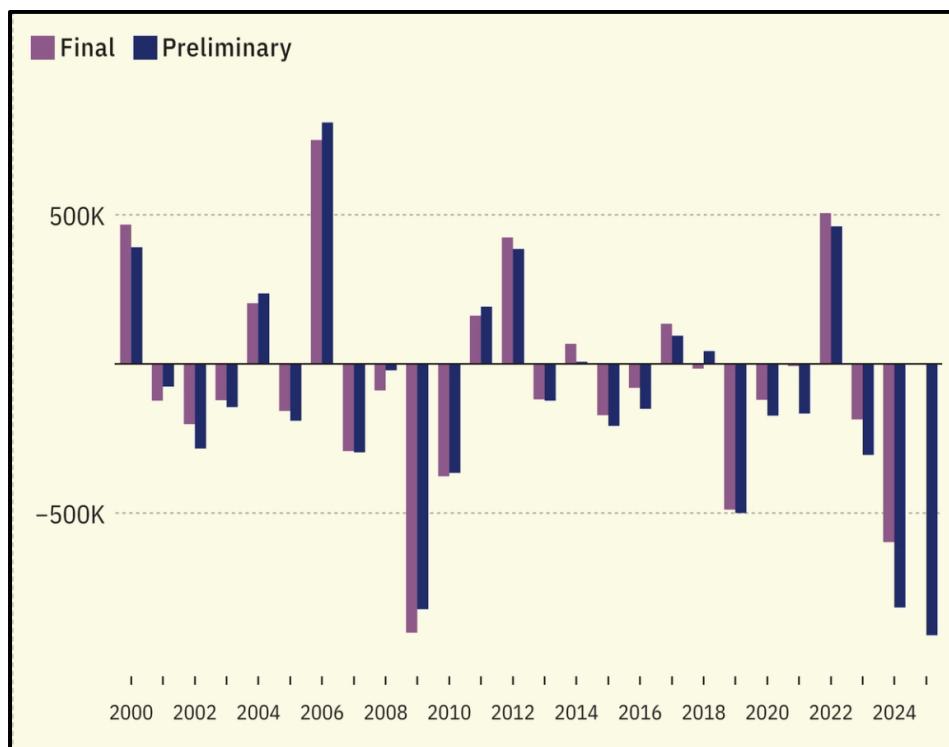
he has claimed. As we've pointed out, BLS has overestimated job growth in recent years owing to declining survey response rates. Only 43% of employers respond to the survey, down from 60% before the pandemic."

- Vice President JD Vance wrote on X: "It's difficult to overstate how useless BLS data had become. A change was necessary to restore confidence," referring to Trump's firing of Erica McEntarfer, the chief statistician at the agency.

FT notes: "Trump has nominated EJ Antoni, a MAGA loyalist and economist at the rightwing Heritage Foundation, to replace McEntarfer. Antoni is awaiting confirmation by the Senate and has yet to take up the position, with the agency headed by a veteran official in the interim."

- Antoni is a controversial figure, with mainstream media outlets highlighting his [discussion](#) on gender IQ, [presence](#) at the January 6 attack on the US Capitol, and [previous posts](#) on social media.
- Polymarket shows an implied probability of 45% of Antoni being confirmed as BLS Commissioner. His chances may be boosted by the payroll revisions providing cover for moderate Republicans to back Antoni.

Figure 1: Annual Revisions to US Employment Estimates



Source: Semafor

Tariffs

The Supreme Court has agreed to hear a case challenging Trump's use of the International Emergency Economic Powers Act to impose unilateral tariffs on dozens of trading partners. The court will hear the case on an expedited timeline this fall.

- Politico notes that the action, "potentially sets the stage for the justices to rule by the end of the year, in line with the Trump administration's request for a quick decision. The high court set oral arguments for the first week of November and laid out an expedited schedule for both sides to file briefs ahead of that date."
- The case, which has seen two lower courts rule against Trump, but allow the tariffs to remain in place pending appeal, does not apply to sectoral tariffs (steel, copper, lumber, pharmaceuticals, semiconductors, etc) which were, or will be, imposed via a different authority.
- Trump administration officials, including Treasury Secretary Scott Bessent, have framed the case as an existential challenge to Trump's economic agenda. Bessent conceded that the administration would be compelled to refund tariff revenue if the court rules against the administration.

University Patents

Commerce Secretary Howard Lutnick said the Trump administration is looking to tap tens or hundreds of billions of dollars in future government revenue by taking a stake in patents registered by universities that receive federal funding.

- Lutnick told Axios: " The scientists get the patents, the universities get the patents and the funder of \$50 billion, the U.S. government, you know what we get? Zero. In business, if I gave them 100% of their money, I would get half the profits, with the scientists. So I think if we fund it and they invent a patent, the United States of America taxpayer should get half the benefit."
- Axios notes: "President Trump has struck unprecedented deals with the private sector — a 10% stake in Intel, a 15% cut of Nvidia's revenue from AI chips sold to China, a "golden share" in U.S. Steel — that depart starkly from GOP orthodoxy."

China

NBC News reports that a bipartisan group of House lawmakers will make an official trip to China later this month, the first such official visit by members of the House since 2019.

- "The US congressional delegation or CODEL to China, which has not previously been reported, is being organized by Rep. Adam Smith of Washington, the former chairman of the House Armed Services Committee and current top Democrat on the panel," per NBC.

Schiff said, "I think it's fairly significant. It's part of wanting to try to open up a dialogue between the U.S. and China. And I personally think it's important that you do that. Merely talking with China is not endorsing everything that they do. It's like China is a big, powerful country. We are a big, powerful country. I think we need to talk about that." He continued. "So there's no significance at the timing. I think it should happen more often, on a frequent basis."

- Schiff added, when asked if the trip could include a meeting with Chinese President Xi Jinping, "We're asking. We don't know yet."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: SENATE Commerce: Hearings to examine America's AI action plan.
- Agriculture: "Exploring State Options in SNAP"
- 10:00 ET 15:00 BST: SENATE Banking: Business meeting to consider the nomination of Stephen Miran, of New York, to be a Member of the Board of Governors of the Federal Reserve System

House of Representatives

House Speaker Mike Johnson's (R-LA) razor-thin majority in the House shrank again yesterday after Democrat James Walkinshaw defeated Republican Stewart Whitson in a Virginia special election to fill the seat of the late Democrat Rep. Gerry Connolly.

- Politico notes, "With the Democratic win in Virginia, the GOP majority will soon slip to 219 to 213, meaning Speaker Mike Johnson can lose only two Republicans on party-line votes. Democrats expect to add two additional members this fall after a Sept. 23 election to replace late Rep. Raúl Grijalva and a Nov. 4 election to replace late Rep. Sylvester Turner. On the Republican side, Tennessee Rep. Mark Green stepped down in July and won't be replaced until early December."

Government Funding

The implied probability of a government shutdown on October 1 dropped below 40% according to Polymarket, after White House officials gave Congressional Republicans the green light to move forward with funding negotiations.

- Politico notes that White House budget aides delivered Trump's "so-called wish list of 'anomalies,'" which are special exceptions that the administration wants lawmakers to include in any funding stopgap measure."

While the baseline expectation is that Congress will find a solution to avert a shutdown, there is no clear plan yet on the length of a short-term Continuing Resolution or on Republican and Democratic red lines.

- Politico reports that the Trump administration and hardline House conservatives want a stopgap funding plan through January 31 or beyond. Appropriators want a much shorter continuing resolution to allow for full-year funding negotiations.

Senate Minority Leader Chuck Schumer (D-NY) is adamant that he won't swallow another partisan funding extension. He was panned by his conference for undermining House Democrats in March by supplying votes to a CR that offered nothing to Democrats.

- This time around, Schumer and House Minority Leader Hakeem Jeffries (D-NY) are taking steps to align on their priorities. However, it is not immediately clear what demands they will make to endorse a deal, or whether House Republicans or Trump will entertain them.

Senate Majority Leader John Thune (R-SD) yesterday appeared to rule out extending in a CR Affordable Care Act (Obamacare) tax credits that expire at the end of the year. “But not on a short-term CR that’s going to be clean and hopefully quick so we can buy ourselves some time to do bigger appropriations,” Thune told reporters Tuesday night about addressing Obamacare credits, per Punchbowl.

- Punchbowl adds: “This is a growing political problem for moderate Republicans, as more than four million Americans could lose coverage without the subsidies. Rank-and-file Democrats say an extension of Obamacare credits is their minimum demand for supporting any government-funding measure.”
- Axios writes, “The pressure is rising on Democrats to stiff President Trump and let the government shut down on Oct. 1... Plunging into a shutdown is risky for Democratic leaders, who rejected the option earlier this year. But a shutdown fight might be the only action that appeases their deeply unsatisfied party base.”

Figure 2: Government Shutdown by October 1



Source: Polymarket

Gaza War

Israel yesterday conducted a major air strike on members of Hamas' leadership in Qatar. The strike is a significant escalation of Israel's extraterritorial assassination operations, hitting a Gulf Cooperation Council (GCC) member for the first time and drawing a stern rebuke from the Trump administration.

- Qatar, a major non-NATO ally of the United States and an intermediary between Hamas and Israel, has long been viewed as a valuable conduit to ceasefire talks, despite providing diplomatic protection for Hamas officials.

Trump said in a [lengthy statement](#) on Truth Social that the decision was taken by Israeli Prime Minister Benjamin Netanyahu alone without consultation with the US. He characterised the strike as ‘unfortunate’ and said he feels “very badly about the location of the attack.”

- Trump went on to add, "I believe this unfortunate incident could serve as an opportunity for PEACE. ... I assured [Qatar] that such a thing will not happen again on their soil."
- White House spokesperson Karoline Leavitt told reporters, "Unilaterally bombing inside Qatar, a sovereign nation and close ally of the United States that is working very hard in bravely taking risks with us to broker peace, does not advance Israel or America's goals."

Notably, the strike came less than two days after Trump gave Hamas a "last warning" to surrender on [Truth Social](#). That message was followed by an Israeli evacuation order for Gaza City as the IDF accelerates its operation to take control of northern and central Gaza.

- The attack appears to have been greenlit after gunmen, believed to be from the West Bank, killed five people in Jerusalem yesterday. Netanyahu said, "We will get everyone who helped them, everyone who sent them, and we will carry out even tougher measures."

It is unlikely that Qatar could mount a military response to the attack, but the operation is likely to have profound consequences for any future ceasefire negotiations and is a blow to international norms regarding conduct in negotiations.

- The Arab League—which includes Egypt, another key player in Gaza cease-fire talks—issued a statement saying that Israel's "behavior has now gone beyond all established international norms and every principle of international law, placing a clear responsibility on the international community to deal with a state that mocks the law and disregards the consequences of its shameful actions."

More broadly, the attack is likely to undermine any future efforts for an expansion of the Abraham Accords to include Saudi Arabia, a key plank of Trump's Middle East agenda.

- Saudi Arabia's Ministry of Foreign Affairs said in a statement that Riyadh is "placing all its capabilities at [Qatar's] disposal to assist in any measures it may take," and warned of "grave consequences of the Israeli occupation's persistent criminal assaults and its blatant violations of the principles of international law and all international norms."
- Bader Al-Saif, an assistant professor of history at Kuwait University said, "Troubled time for the Gulf, but the biggest loser is the US." Despite being Israel's most important foreign ally and military supplier, the United States appears to be either unwilling or unable to rein in Israel's offensives across the region, and that is undermining its credibility as a security guarantor in the Gulf, he said, per The New York Times.
- Bloomberg writes that the strike marks "the start of a new normal" in the region, where the path to coexistence is unclear, and the "alternative is constant insecurity."

Ukraine War

NATO is working to devise a response to an incursion of Russian attack drones into Polish airspace overnight. The Polish air force, with operational support from Italy, Germany, and the Netherlands, scrambled fighter planes to shoot down drones deemed a threat.

- NATO's top commander confirmed that drone incursion is "the first time NATO planes have engaged potential threats in allied airspace". Various European leaders, including European Commission President Ursula von der Leyen and the EU's top diplomatic Kaja Kallas, said that the violation of Polish airspace was a deliberate provocation by Moscow.
- The Polish government confirmed that they have triggered Article 4 of the NATO charter - to convene NATO members for urgent security talks. That is short of the Article 5 collective defence clause, which has only been invoked once, following the September 11 attack on the United States.
- Polish Prime Minister Donald Tusk said, "There is no doubt that this provocation is incomparably more dangerous from Poland's point of view than any previous ones. This situation brings us all closer to open conflict, closer than at any time since the Second World War."

The most immediate response is likely to include the fast-tracking of air defence systems to Poland and the neighbouring Baltic states that make up NATO's primary frontline defence with Russia.

- Von der Leyen said in a wide-ranging State of the European Union address this morning that the EU will build a 'drone wall' between Europe and Russia and will launch an "Eastern flank watch" programme to improve real-time surveillance of EU countries bordering Russia.

Europe and Ukraine will also expand calls for tougher sanctions on Russia, including the seizure of frozen Russian assets to fund Kyiv. Von der Leyen said the EU is looking at 'phasing out' Russian fossil fuels faster and looking at sanctions on the 'oil shadow fleet and third countries', which chime with an [FT report](#) yesterday.

- The FT reported that "Trump has asked the EU to impose tariffs of up to 100 per cent on India and China as part of a joint effort to increase pressure on Russia to end its war in Ukraine"
- A US official said, "We're ready to go, ready to go right now, but we're only going to do this if our European partners step up with us."
- Belgian Prime Minister Bart De Wever said, "the only reaction can be that we support Ukraine even more and to try to cripple Russian economy as hard as possible."
- Politico notes, "Trump has been promising a new phase of sanctions against Putin for weeks; perhaps this latest incident might push him into action."
- But political obstacles are likely to delay a new EU sanctions package, with Hungary and Slovakia holding an effective veto over any new measures, especially if they target Russian hydrocarbons.

Notably, the incursion comes ahead of the five-day 'Zapad' joint Russian and Belarusian military exercise near the Polish border, which gets underway on September 12. The exercise is officially expected to involve around 13,000 troops, but analysts caution the real number is likely to be far higher, per [CEPA](#).

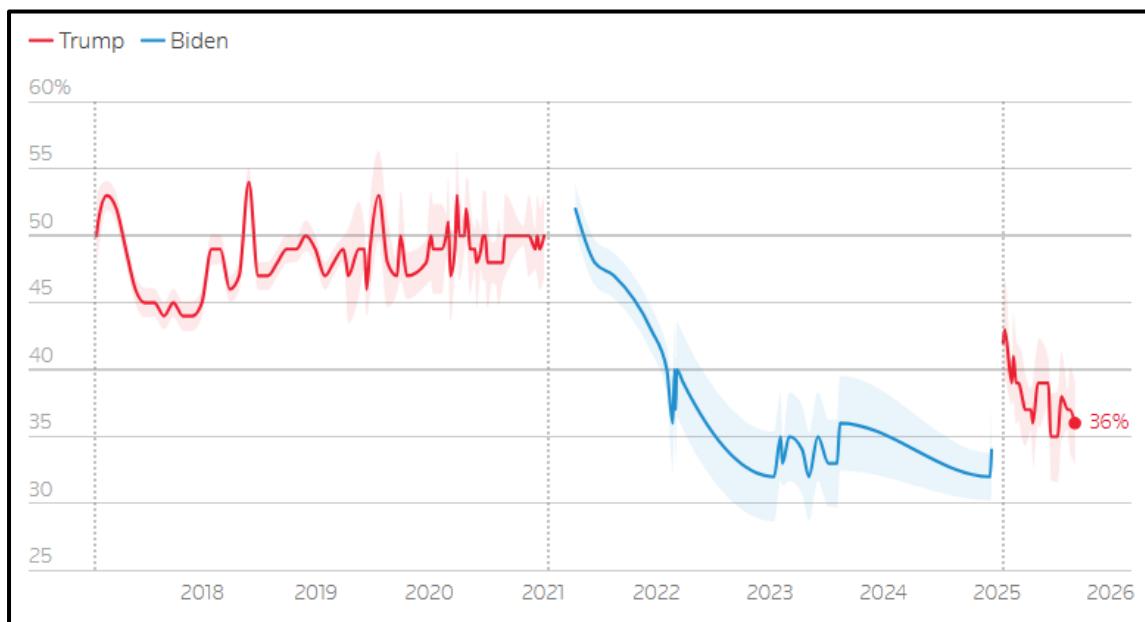
- Military experts have warned that the exercises, while smaller in scope than previous years, could provide cover for expanded Russian operations in Ukraine or mask a build-up of Russian military assets on NATO's eastern flank.

Chart of the Day

Donald Trump's presidential approval rating stood at 42% in recent days, with the president getting higher marks for his handling of crime and immigration versus the economy, according to a new Reuters/Ipsos survey.

- Reuters notes: "Trump gets relatively poor marks on his handling of the economy, with 36% of Americans liking his economic stewardship and just 30% backing his handling of the cost of living for U.S. households."
- Semafor notes: "If elections are a referendum on the economy, President Donald Trump and his GOP allies in Congress have their work cut out for them. Unemployment is rising, tariffs are still biting, and inflation hasn't yet abated."

Figure 3: % of Americans who Approve of the President's Handling of the Economy



Source: Reuters/Ipsos

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