

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

by Adam Burrowes

The White House *(times subject to change)*

10:00 ET 15:00 BST	President Trump departs the White House for Walter Reed Medical Center
11:00 ET 16:00 BST	The First Lady makes an Announcement
15:00 ET 20:00 BST	President Trump returns to the White House
17:00 ET 22:00 BST	President Trump makes an Announcement in the Oval Office

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

At 10:00 ET 15:00 BST, President Donald Trump will depart the White House for Walter Reed Medical Center, where he will receive a “routine yearly check-up,” per White House Press Secretary Karoline Leavitt.

- Trump last received a physical in April, with the White House reporting the President in “excellent health,” despite [social media speculation](#) over his health.
- Trump will return to the White House around 15:00 ET 20:00 BST. He has an unspecified announcement scheduled at 17:00 ET 22:00 BST. The recent newscycle suggests the announcement is likely related to the Gaza peace deal or the ongoing government shutdown. However, previous announcements have often related to investment pledges. The most recent being from [Pfizer](#). The First Lady also has a rare, unspecified announcement planned.

Gaza War

The Israeli Cabinet yesterday approved an agreement with Hamas that paves the way for the exchange of hostages held in Gaza and the release of hundreds of Palestinian prisoners.

- Speaking at a Cabinet meeting yesterday, Trump described the agreement as a “momentous breakthrough in the Middle East,” adding that he thinks “it’s going to be a lasting peace, hopefully an everlasting peace.”
- Trump said he’ll be “leaving fairly soon for the Middle East,” where he is expected to attend a signing of the agreement in Egypt and address the Israeli Knesset. The US is also expected to deploy 200 troops to Israel to monitor the ceasefire.

A spokesperson for the Israeli Defence Forces said this morning “the ceasefire agreement went into effect as of [05:00 ET 10:00 BST 12:00 local],” with IDF forces positioned “in accordance with the outline of the ceasefire agreement and the return of the kidnapped.”

- The spokesperson noted, “IDF forces in the Southern Command are deployed in the area and will continue to operate to eliminate any immediate threat.” The withdrawal

to the 'yellow line' outlined in the ceasefire agreement still sees the IDF in control of roughly [60% of the Gaza Strip](#).

Following the signing off on the ceasefire deal at a cabinet meeting overnight, the clock has been ticking on a 72-hour period for Hamas to release all hostages, living and dead. This marks the first potential obstacle to the sustainability of the deal. If and when this process is concluded, alongside the release of nearly two thousand Palestinian prisoners held by Israel, it could bolster the lower geopolitical risk premium recognised within the Middle East since the ceasefire came into force.

- The actions of Houthi rebels in Yemen will also be closely watched. While the Iranian-backed proxy group welcomed the news of a ceasefire, Israel's [Ynet](#) noted on 9 Oct that the group has warned that any apparent backtracking on the agreement will result in a resumption of attacks on Israel and shipping in the Red Sea.

The New York Times writes that although, "Trump and the chief Hamas negotiator each declared that the war in Gaza was over," whether the conflict "is truly at an end is still unclear: Some of the most difficult issues appeared to have been left to a future phase of negotiations, including whether Hamas would lay down its weapons."

- A Haaretz journalist [writes](#), "There is also no clarity about what comes next. Beyond the first phase, there is no political horizon. The agreement does not address Gaza's future governance, any permanent monitoring mechanism or a broader diplomatic framework. The first stage could well end up being the last, leaving the long-term picture as murky as ever."

Federal Reserve

CNBC reports that the list of candidates for Fed chair has been whittled down to five from 11 after a series of interviews with Treasury Secretary Scott Bessent. According to the report, the remaining candidates include Fed Vice Chair for Supervision Michelle Bowman, Fed Governor Christopher Waller, NEC Director Kevin Hassett, Former Fed Governor Kevin Warsh, and Blackrock Fixed Income CIO Rick Rieder.

- According to CNBC, "Treasury plans to hold another round of interviews with all five candidates in the coming weeks and months." The interviews will be led by Bessent, who will then send a smaller list to Trump, who will make the final decision.

The final candidate is likely to be nominated to the seat of former governor Adriana Kugler, who was replaced by CEA Chair Stephen Miran last month. Miran's temporary term on the board will end in January, allowing Trump to nominate a Fed Chair who can be seated on the board for a full 14-year term.

- The Supreme Court will hear arguments on Trump's attempt to fire Fed Governor Lisa Cook in January. If Trump is successful, it would free up an additional seat for Trump to fill, however, the prevailing view among analysts is that the Supreme Court is likely to rule in favour of Cook's argument that Fed Governors have enhanced protection from dismissal.

According to prediction market Kalshi, Hassett remains the favourite. However, Reider's inclusion on the shortlist has seen a spike in his odds, likely reflecting a view that Trump may

seek to nominate an outsider as chair. CNBC notes that Reider ‘impressed’ Bessent during the interview process.

Figure 1: Trump Nominee for Federal Reserve Chair, % Implied Probability

Kevin Hassett	30% ▼ 2
Rick Rieder	23% ▲ 16
Kevin Warsh	19% ▲ 4
Christopher Waller	17%
Stephen Miran	13% ▼ 3

Source: Kalshi

Bureau of Labor Statistics

Bloomberg [reports](#) that the Bureau of Labor Statistics has been directed by the White House Office of Management and Budget to bring back employees to assemble the September consumer price index report in time for publication by the end of the month. The data was originally scheduled to be released Oct. 15.

- Bloomberg notes, “The BLS had suspended all operations, including data collection and the production of economic statistics, as a result of the government shutdown. In its latest contingency plan, the Labor Department said scheduled BLS releases wouldn’t come out during a shutdown, nor would the agency’s website be updated. Out of the BLS’s roughly 2,000 employees, the plan only prescribed the commissioner to work during a lapse in funding.”
- The piece notes that the report is unlikely to be ready in time for the scheduled Oct. 15 release date but may come out in time for the Fed’s Oct. 28-29 policy meeting.

Government Shutdown Day 10

It’s Day 10 of the US government shutdown, and lawmakers appear no closer to a deal on reopening the government. Senate Majority Leader John Thune (R-SD) held a seventh vote on the duelling Republican and Democratic funding measures yesterday. Both bills failed, as expected, with no change to the vote share.

- Following voting, Thune recessed the Senate until Tuesday, suggesting the shutdown is on track to continue until at least October 15, when most US military personnel miss their first full paycheck, something that hasn’t happened on a large scale in modern US history.

Government Shutdown Key Dates:

- Oct. 10: Most federal employees, including Capitol Police, miss their paycheck.
- Oct. 14: Air traffic controllers miss their first paycheck.
- Oct. 15: Military members, including active service personnel, miss first paychecks.
- Oct. 24: Federal employees will miss their first full paycheck.

Leader-level talks remain nonexistent, but there has been some limited progress in discussion among appropriators and rank-and-file lawmakers.

- Politico reports, “One off-ramp idea from Senate Republicans is to vote on Obamacare subsidies as soon as the government reopens — something Sen. Jeanne Shaheen, the lead Democratic negotiator, called “promising.” Sen. Markwayne Mullin, the White House’s unofficial Democrat whisperer, pitched a new stopgap funding plan Thursday that would push the deadline to Dec. 18 or 19, rather than Nov. 21.”
- Senate Minority Leader Chuck Schumer (D-NY) and Democrat Whip Dick Durbin (D-IL) rejected both ideas, suggesting that Democrats aren’t close to folding without major concessions from the GOP.
- CNN reports, “Congressional Democrats are privately preparing to hold their position in the shutdown standoff for several more weeks if Republicans do not agree to their health care demands – and not even a missed paycheck for US troops will force them to yield.”

House Speaker Mike Johnson (R-LA) appears set to keep the House out of session until Senate Democrats fold. “Emotions are high. People are upset — I’m upset. Is it better for them, probably, to be physically separated right now? Yeah, it probably is, frankly,” Johnson said.

- With the House out of session, the CR passed by the lower chamber last month cannot be tweaked to include any Senate deal. The House also cannot vote on a standalone funding bill to pay troops; a major pressure point for both parties.

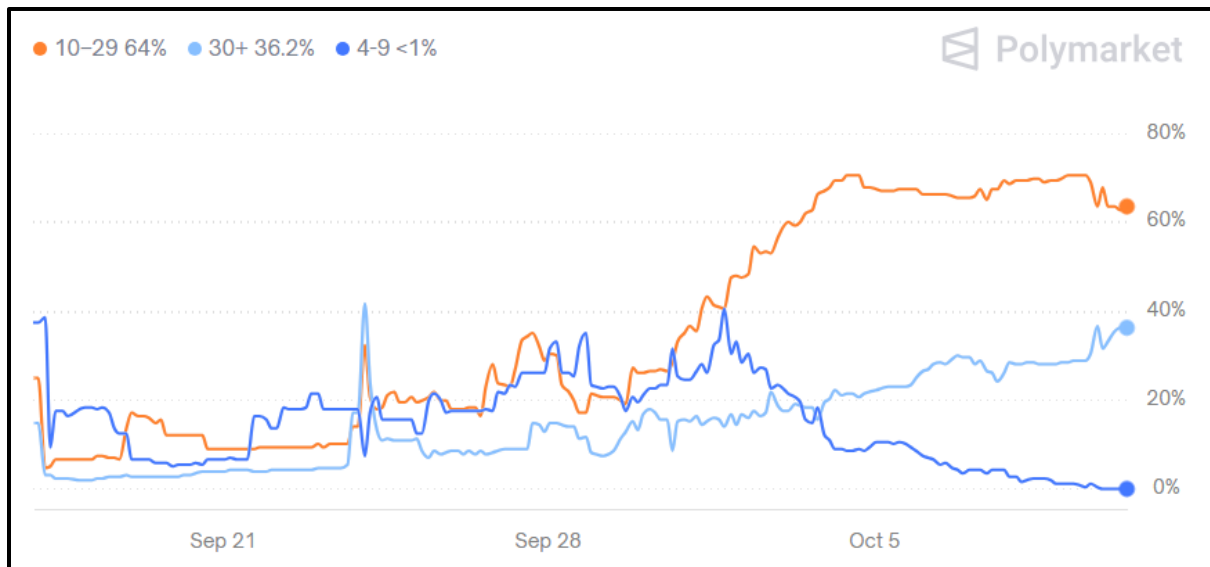
As the shutdown drags on, there are likely to be more calls for Thune to deploy the so-called ‘nuclear option’ to remove the Senate filibuster. Reminder: Due to the filibuster, most legislation in the Senate requires a supermajority of 60 votes. This explains why Democrats can block the GOP’s funding bill despite being the minority party.

- Senator Bernie Moreno (R-OH) and Rep Marjorie Taylor Greene (R-GA) are among the Republican lawmakers who have publicly called for abolishing the filibuster.
- Changing the Senate rules would require a simple majority vote. It is unclear if Thune would have sufficient support for such a move, considering many institutionalist Republicans believe it would backfire on them when they are in the minority.
- When asked about changing the filibuster, Thune said yesterday, “There’s always a lot of swirl out there, as you know, from social media, et cetera, but no, I have not had that conversation.”

Punchbowl News writes, “The possibility of a lengthy shutdown is growing more realistic by the day barring some dramatic shift. President Donald Trump may have to be the one to initiate that about face, although he’s been preoccupied with the Israel-Hamas peace deal, immigration and tariff fights, and sending National Guard troops into Democratic-run cities, among other things.”

- Bettors on the prediction market Polymarket now believe there is an increasing chance the shutdown will extend beyond 30 days. The implied probability of a month-plus shutdown has risen to 36%, with a shorter shutdown dropping slightly to 64%.

Figure 2: How many days will the federal government be shut down in 2025?



Source: Polymarket

China

Bloomberg [reports](#), “China will start levying special fees on American ships docking at its ports, significantly escalating a months-long dispute in which Washington has targeted the Asian country for its maritime and trade dominance.”

- According to Bloomberg, “Starting Oct. 14, Beijing will charge 400 Chinese yuan (\$56) per net ton on US ships that call at Chinese ports, according to a Ministry of Transport release on Friday. The fees will increase each year, reaching 1,120 yuan by April 2028. The ministry said the move is in retaliation for a US plan to start charging port fees on Chinese-built, -operated, or -owned ships.”

Semafor reports on the other pressure point on the bilateral relationship this week, “Shares of US rare earth companies jumped Thursday after China tightened export controls on crucial minerals, reopening a front in the countries’ trade war. The surge stemmed from speculation that the new restrictions would spur the US government to invest more deeply in the country’s domestic rare earth industry.”

- The New York Times [noted yesterday](#) on China’s export control move, “The new rules, which are set to take effect Dec. 1, are the latest step by Beijing as it tightens the reins on rare earths to exploit China’s dominance in the sector.”
- “Hours later, Beijing announced that starting on Nov. 8, it will also restrict exports of many kinds of equipment needed to manufacture batteries for electric cars, in a bid to protect China’s competitive advantage in the car industry as well,” continues NYT.

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Defence

The Senate voted 77-20 yesterday to approve its version of the must-pass the USD\$925 billion FY2026 National Defense Authorization Act, the annual funding bill for the Pentagon. The bill must now be resolved with the House into a final package to send to President Trump's desk.

- Punchbowl notes before passing the NDAA, "senators amended the bill to repeal two old war power laws. They also adopted a series of amendments to authorize the Coast Guard, boost lawmaker security and target outbound investments."
- Politico notes that, "Republicans blocked some Democratic efforts to put checks on Trump... They also foiled an amendment from Sen. Chris Van Hollen to prevent Trump from using the National Guard in cities if local officials oppose it. But Armed Services Chair Roger Wicker agreed to hold a hearing on the use of military personnel in American cities "in the coming weeks"..."

Senators also defeated two banking amendments. One from Senator Rand Paul (R-KY) that would end the Federal Reserve's practice of paying interest on bank reserves. A second amendment from Senate Banking Committee ranking Democrat Elizabeth Warren (D-MA) and Senator Rick Scott (R-FL) to make inspectors general at the Federal Reserve and Consumer Financial Protection Bureau appointed by the White House fell just short, per Punchbowl.

- The NDAA also includes the [ROAD to Housing Act](#), a sweeping bill touted by Senator Tim Scott (R-SC) as the most comprehensive federal housing package in a decade. The bill, which spans 40 sections — from zoning reform to housing counselling, is unlikely to make it into the final bill on Trump's desk.

Law and Order

A judge in Chicago on Thursday issued a temporary restraining order blocking the deployment of National Guard troops in Illinois, finding that the Trump administration's directive violates the Constitution and would "only add fuel to the fire that the defendants themselves have started," per NBC.

- In the other case yesterday on Trump's domestic military mobilisation, a three-judge appeals court panel in California appeared likely to be willing to grant the administration's request to pause a lower court ruling that blocked its efforts to deploy the National Guard to the streets of Portland, Oregon, with one of the judges suggesting the president's decision-making should get more deference, per NBC.

Banking

Treasury Secretary Scott Bessent said in [remarks](#) to the Fed Community Bank Conference yesterday that he's hopeful the Senate Banking Committee will soon markup legislation that would raise the limits on deposit insurance caps.

- Bessent said, "The House Financial Services Committee has likewise advanced two dozen important reforms to community bank regulation, while the Senate Banking Committee held a hearing and hopefully will soon mark-up an expansion of FDIC insurance on noninterest-bearing transaction accounts."
- Politico notes, "Both Republicans and Democrats on the panel have been looking at ways to increase the federal government's guarantee of bank deposits. Sens. Bill Hagerty and Angela Alsobrooks released a proposal in August to raise insurance caps from \$250,000 to \$20 million for checking accounts for businesses with less than \$250 million in assets."

Crypto

Talks on cryptocurrency regulation have stalled in the Senate, threatening the legislation's path forward this year in the latest clash over digital assets, with pro-crypto senators so far been unable clear the 60-vote threshold, per Politico.

- Politico reports, "Negotiations hit a hurdle Thursday when Republicans pressed Democrats to agree to a committee vote in the coming week and objected to proposed changes that they circulated. Jeff Naft, a spokesperson for Senate Banking Chair Tim Scott, blasted Democrats in a statement, saying their plan "was not written in legislative text, included multiple incoherent policy ideas, and was not a good-faith effort to engage on market structure."

Punchbowl reports that crypto is tax writers' "next major project," with lawmakers putting together legislation to address tax rules for digital assets.

- "The effort from the House Ways and Means and Senate Finance panels is still in the early stages. But there's an interest in being ready with a committee product in the months ahead. Ways and Means and Finance Republicans are actively discussing and coordinating on the potential bill," per Punchbowl.

Argentina

Treasury Secretary Scott Bessent announced in a [statement on X](#) that the US has started action to stabilise the Argentinian economy, seen as part of a broader effort to bolster the administration of President Javier Milei, an ally of the Trump administration.

- Bessent said, "We directly purchased Argentine pesos. Additionally, we have finalized a \$20 billion currency swap framework with Argentina's central bank. The U.S. Treasury is prepared, immediately, to take whatever exceptional measures are warranted to provide stability to markets."
- "I continue to hear from American business leaders who, thanks to President Milei's leadership, are eager to tie the American and Argentine economies more closely together. The Trump administration is resolute in our support for allies of the United

States, and to that end we also discussed Argentina's investment incentives, and U.S. tools to powerfully support investment in our strategic partners," Bessent added.

- Politico notes, "The swap line would effectively provide Argentina with U.S. dollars in exchange for an equivalent amount of Argentine pesos for a certain period of time until they're swapped back. If the value of Argentina's currency goes down in value during that time relative to the U.S. dollar, that could expose the U.S. to losses. Bessent has previously said he was exploring a swap line using the Exchange Stabilization Fund, which he controls at the Treasury Department."

Iran

The Treasury Department's Office of Foreign Assets Control (OFAC) [announced sanctions](#) on "over 50 individuals, entities, and vessels that facilitate Iranian oil and liquefied petroleum gas (LPG) sales and shipments from Iran."

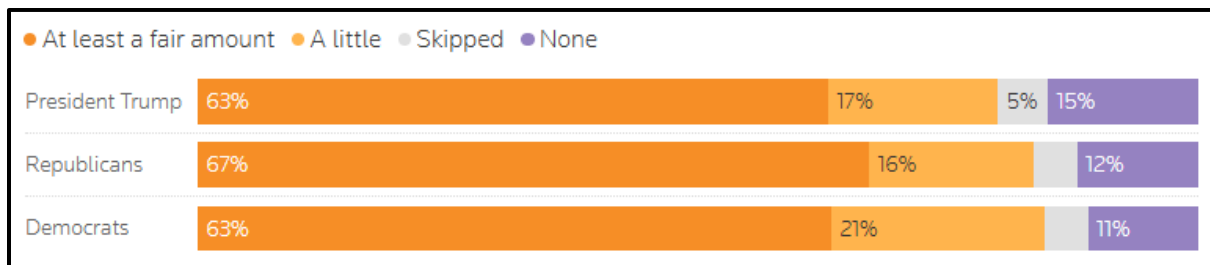
- Treasury said in a statement, "This action targets a network moving hundreds of millions of dollars' worth of Iranian LPG, along with nearly two dozen shadow fleet vessels, a China-based crude oil terminal, and an independent "teapot" refinery, which are key to Iran's ability to export petroleum and petroleum products to generate significant revenue."
- Secretary Bessent said, "The Treasury Department is degrading Iran's cash flow by dismantling key elements of Iran's energy export machine. Under President Trump, this administration is disrupting the regime's ability to fund terrorist groups that threaten the United States."

Chart of the Day

A new [Reuters/Ipsos](#) survey has found, "Americans blame both Republicans and Democrats for the ongoing government shutdown and are worried services could falter as a third of the federal workforce sits on unpaid leave."

- Reuters notes, "Some 49% of respondents said they were concerned there could be delays in services they rely on, such as Social Security payments or student aid. Thirty-three percent said they were not worried."

Figure 3: Who gets the blame for the government shutdown?



Source: Reuters/Ipsos

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