

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 11-07-25

by Adam Burrowes

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

09:30 ET 14:30 BST	President Trump departs The White House en route Kerrville, Texas
12:20 ET 17:20 BST	President Trump arrives in Kerrville, Texas
14:10 ET 19:10 BST	President Trump joins a Roundtable with First Responders and Local Officials
15:15 ET 20:15 BST	President Trump departs Kerrville, Texas, en route Bedminster, NJ

### KEY DATES:

- ❖ Congressional recess: August 4-September 1
- ❖ Government funding expires: September 30

### Washington

President Donald Trump will depart the White House this morning at 09:30 ET 14:30 BST for Kerrville, Texas, to tour the site of the July 4 flooding. Trump will meet families impacted by the disaster and hold a roundtable with local officials and emergency personnel at 14:10 ET 19:10 BST.

- At 15:15 ET 20:15 BST, Trump will depart Texas for Bedminster, New Jersey. He has no public events scheduled for Saturday. On Sunday, he will attend the FIFA Club World Cup final at the MetLife Stadium in East Rutherford, NJ, before returning to the White House.

Secretary of State Marco Rubio is continuing engagements in Kuala Lumpur, Malaysia, where he is attending the East Asia Summit Foreign Ministers' Meeting and ASEAN Regional Forum Ministerial.

- Today, Rubio held an hour-long meeting with Chinese Foreign Minister Wang Yi, arguably the most high-profile meeting between US and Chinese officials since Trump took office, and the first contact between the pair since January.
- Rubio told reporters it was a “very constructive, positive meeting,” and noted that there was a lot that the two countries could work on together.
- On a potential meeting between Trump and Chinese President Xi Jinping, Rubio said the “odds are high... I don’t have a date for you, but I think it’s coming.”

Chinese state media reported that Wang said: “Both sides agreed that the meeting was positive, practical and constructive... Both sides agree to enhance diplomatic channels and communication and dialogue at all levels and in all fields... Both sides agreed to explore expanding areas of cooperation while managing differences,” per Reuters.

- The Washington Post notes: “Rubio, who earned a reputation as a China hawk during his 14 years as a Republican senator, was blacklisted by Beijing in 2020 and remains on its sanctions list.”

Yesterday, Rubio met with Russian Foreign Minister Sergei Lavrov, echoing Trump’s dissatisfaction with Russia’s reticence to engage in peace talks with Ukraine. Rubio also met trilaterally with his counterparts from Japan and South Korea.

- The State Department said in a readout of the latter meeting that: “The three emphasized that trilateral cooperation remains critical to promoting peace and stability in the Indo-Pacific,” committed “to bolstering defense and deterrence and to the complete denuclearization of North Korea,” and “discussed increasing resiliency by enhancing economic cooperation on shared economic opportunities...”

## Trade and Tariffs

Trump told NBC’s Kristen Welker that he intends to impose blanket tariffs of 15% or 20% on most trade partners, downplaying concerns that higher tariffs could negatively affect the stock market or drive inflation.

- Trump said: “We’re just going to say all of the remaining countries are going to pay, whether it’s 20% or 15%. We’ll work that out now... I think the tariffs have been very well-received. The stock market hit a new high today.”
- Trump noted: “Not everybody has to get a letter. You know that. We’re just setting our tariffs,” adding that new letters would be issued to Canada and the European Union “today or tomorrow.”
- Trump said: “I’d like to do it today. I’m talking European Union, which is, as you know, many countries, and Canada. We’ll be putting them out over the next couple of hours.”

## Canada

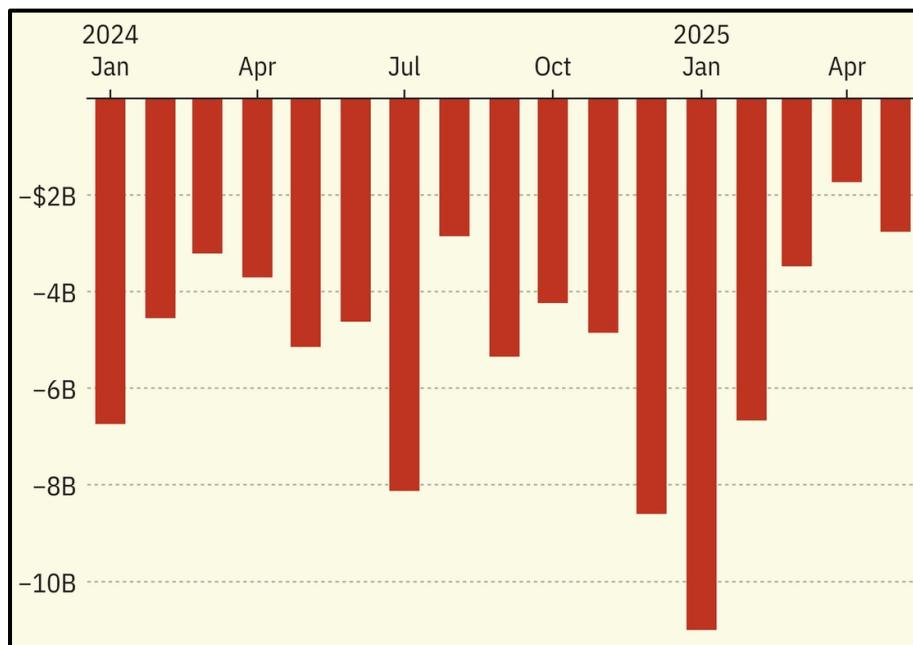
Shortly after the NBC interview, Trump published to Truth Social a tariff letter he issued to Canadian Prime Minister Mark Carney, imposing a 35% tariff. The new tariff rate will take effect on August 1, consistent with other tariff announcements this week.

- Similar to the tariff letter issued to Brazil, the Canada letter diverges from the template by outlining concerns with Canada’s “failure to stop drugs pouring into [the US],” non-tariff barriers, and indicating that the elevated tariff rate is due to Ottawa’s decision to ‘financially retaliate against the US’.
- Trump said in the letter: “If for any reason you decide to raise your Tariffs, then, whatever the number you choose to raise them by, will be added onto the 35% that we charge.”
- The Wall Street Journal notes that “an exemption for goods that comply with the nations’ free-trade agreement, the U.S.-Mexico-Canada Agreement, would still apply, a White House official said, stressing that could change.”

Semafor notes: “Carney had offered concessions to Trump as recently as last month, when he halted a Canadian digital service tax targeting US tech companies, but on Thursday the Liberal Party head struck a more defiant tone, promoting new trade ties and sharing plans to make the country less “dependent on the United States.”

- Axios notes: “The surprise announcement about Canada is a tactic straight from Trump's trade playbook. He goes from 0 to 100 with a massive threat on a tight deadline, to try to back the other side down. And it works! But it could also deeply disturb markets, particularly if the calendar gets closer to Aug. 1 without a deal.”
- Karl Schamotta, chief market strategist at Corpax, told WSJ: “Traders remain broadly convinced that the President will ultimately fail to follow through on his threats, but this may not be a safe assumption,”

**Figure 1: US Trade Balance with Canada**



Source: Semafor

## Congressional Business

The House is OUT

The Senate is OUT

**Committee Schedule –**

## Federal Reserve

Trump continued his attack on Fed Chair Jerome Powell in two posts on Truth Social.

- Trump said: “Tech Stocks, Industrial Stocks, & NASDAQ, HIT ALL-TIME, RECORD HIGHS! CRYPTO, “Through the Roof.” NVIDIA IS UP 47% SINCE TRUMP TARIFFS. USA is taking in Hundreds of Billions of Dollars in Tariffs. COUNTRY IS NOW “BACK.” A GREAT CREDIT! FED SHOULD RAPIDLY LOWER RATE TO

REFLECT THIS STRENGTH. USA SHOULD BE AT THE “TOP OF THE LIST.” NO INFLATION!!!

- ““Too Late” DEMEANS THE GREAT CREDIT OF THE USA. We are now, again, the Number One Credit in the World! “Gigantic Comeback.” The Fed Rate should be reflective of this. We should be at the top of the list!!! LOWER THE RATE!!!,” Trump added in a later message, referring to Powell.

## FY26 Government Funding

Trump threatened to withdraw support from any Republican senator who opposes his USD\$9.4 billion rescissions package, raising the stakes for ongoing FY2026 negotiations.

- Trump on Truth Social: “It is very important that all Republicans adhere to my Recissions Bill and, in particular, DEFUND THE CORPORATION FOR PUBLIC BROADCASTING (PBS and NPR), which is worse than CNN & MSDNC put together. Any Republican that votes to allow this monstrosity to continue broadcasting will not have my support or Endorsement. Thank you for your attention to this matter!”

As previously noted in this newsletter, the rescissions package has been increasingly tied to FY26 appropriations, with Senate Minority Leader Chuck Schumer (D-NY) suggesting that he would whip opposition to a short-term funding bill, if the Senate GOP passes rescissions.

- Senate Majority Leader John Thune (R-SD) told reporters yesterday that the Senate will likely start voting Tuesday on rescissions. After an initial vote, the tentative plan is for up to ten hours of debate (which Republicans and Democrats may use evenly), followed by a mini vote-a-rama on amendments, per Politico.

Senator Lisa Murkowski (R-AK) said: “I don’t like the whole exercise of rescissions, particularly at a time when we’re actually trying to advance appropriations. To me, we’ve got a disconnect here.”

- Politico reports: “Murkowski on Thursday helped derail a Senate Appropriations markup of the Commerce-Justice-Science funding bill when she crossed party lines to support an amendment from Sen. Chris Van Hollen that would restrict the Trump administration from overriding a plan approved by Congress to move the FBI headquarters to suburban Maryland. It spurred several Republican senators to withdraw support for the bill, leaving appropriators at an impasse.”

## Russia-Ukraine

Trump told NBC yesterday that he will have a “major statement to make on Russia on Monday”, but declined to offer further details. He added: “I’m disappointed in Russia, but we’ll see what happens over the next couple of weeks.”

- Trump also revealed that the US could sell weapons to NATO as a route to arming Ukraine: “We’re sending weapons to NATO, and NATO is paying for those weapons, 100%. So what we’re doing is the weapons that are going out are going to NATO, and then NATO is going to be giving those weapons [to Ukraine], and NATO is paying for those weapons.”

Bloomberg notes: "Ukrainian President Volodymyr Zelenskyy said a meeting with US and European allies in Rome stoked optimism that Donald Trump's administration will ramp up military aid..."

- Politico notes, per Reuters: "In a momentous shift, Trump will send weapons to Ukraine under the Presidential Drawdown Authority — a power frequently invoked by Biden but which Trump has not yet employed in his presidency..."

Some Democrats could withdraw their support from the pending Russia sanctions bill - Sanctioning Russia Act of 2025 - if Trump is provided unchecked authority over the implementation of sanctions and secondary tariffs.

- The bill's Republican co-author, Senator Lindsay Graham (R-SC), has long touted that the package has the support of up to 85 Senators – enough to veto-proof the bill. However, as Trump leans towards endorsing the package, Graham has appeared open to including language to insulate Trump from Congressional oversight.
- Trump told NBC yesterday: "It's a bill that the Senate is passing that very respectfully lets the president do whatever he wants, as you know. In other words, it's at my option if I want to use it."

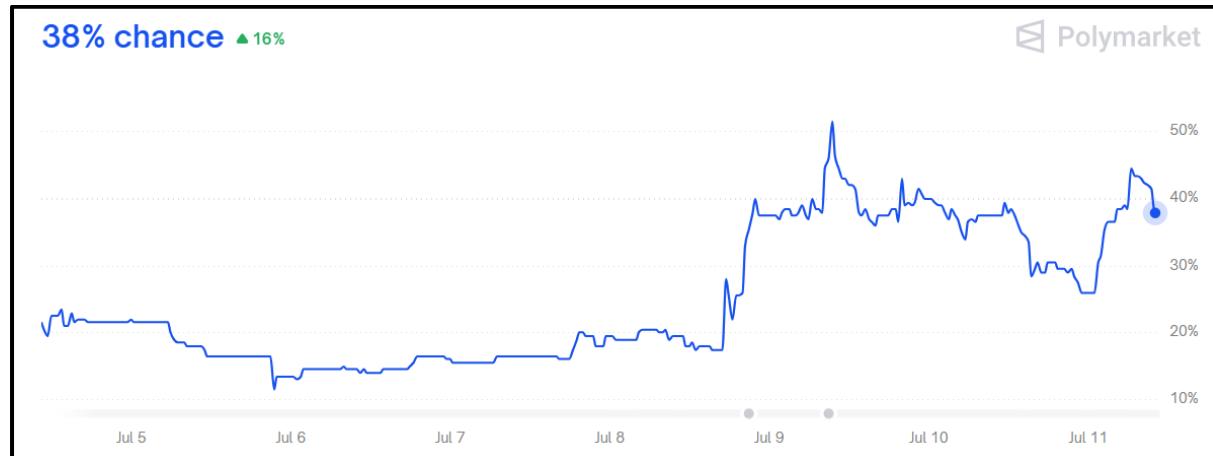
Senator Tim Kaine (D-VA), a cosponsor of the bill and member of the Foreign Relations Committee, said: "That, I would have some problem with. The notion of some waiver in the sanctions bill is pretty normal, but I would just like to have it be for specified criteria, rather than just open-ended."

- Another Democrat cosponsor, Chris Coons (D-DE), said Trump needs to "decide that he's actually going to show strength in challenging [Russian President Vladimir] Putin... If [Trump's] going to try and essentially take the force out of a strongly bipartisan sanctions bill, that means he hasn't yet figured out how badly Putin has been playing it."

According to Politico, Senate Majority Leader John Thune (R-SD) intends to take up the bill on the week of July 21, shortly before a month-long Congressional recess.

- The sanctions bill would impose primary sanctions on Russia if it initiates another military operation against Ukraine or refuses to engage in 'good faith negotiations for a lasting peace with Ukraine'. It also imposes a 500 percent tariff on imported goods from countries that buy Russian oil, gas, uranium, and other products.
- Bettors at Polymarket see an increasing chance that Trump will increase sanctions before August. The implied probability of new sanctions hit 50% shortly after Graham's comments earlier this week.

**Figure 2: Will Trump increase sanctions on Russia before August?**



Source: Polymarket

## Israel-Iran

The New York Times [reports](#) that “Israel has concluded that some of Iran’s underground stockpile of near-bomb-grade enriched uranium survived American and Israeli attacks last month and may be accessible to Iranian nuclear engineers...”

- NYT notes: “Israel, the United States and now a growing number of outside experts agree that all of Iran’s working centrifuges at Natanz and Fordo — about 18,000 machines, which spin at supersonic speeds — were damaged or destroyed, probably beyond repair. The question they are now examining is how long it would take the Iranians to rebuild some or all of that capability...”

The Times of Israel [reports](#) that Israeli Defence Minister Israel Katz warned that Israel could pursue further military action against Iran if it takes steps to reconstitute its nuclear programme: “There is no place where you can hide. If we need to return, we will return with even greater force.”

- IDF Chief of Staff Lt. Gen. Eyal Zamir said the war in Iran was “a moment in which we proved, to ourselves and to the world, that when the people of Israel are threatened, we know how to unite, to act, and to strike with precision, power and responsibility.”
- Air Force chief Maj. Gen. Tomer Bar said yesterday: “We bridged a challenge of 1,800 kilometers and turned Iran from a ‘third-circle’ country into a ‘first-circle’ country. The campaign is not over. We are prepared to act as needed.”

## Mining

The Department of Defense has taken a 15% stake in mining company MP Materials - the US’ largest miner of rare earths. The deal calls for MP Materials to build a new factory to make rare-earth magnets at a scale that vastly exceeds current U.S. magnet production. It is expected to come online in 2028, per The [Wall Street Journal](#).

- Semafor notes that the “unusual, multibillion-dollar deal comes as rare earths have become central to the US-China trade war: Beijing, which has an iron grip on the industry, put pressure on global supply chains earlier this year when it restricted exports of the materials.”

- WSJ continues: "In its deal with MP Materials, the Department of Defense is guaranteeing a price floor for rare earth minerals and magnets. That means the company is protected against a scenario in which China fully withdraws its restrictive export policies and the minerals flood into the market, lowering global prices."

## Chart of the Day

Morning Consult's [mid-year report](#) states that, "the geopolitical headwinds facing global business leaders have hardly been more pronounced," noting that "With 2024's global election supercycle now complete, many are slightly less concerned about domestic social unrest and political polarization."

- The report notes: "Alongside persistent economic uncertainty linked to the Trump administration's on-again off-again tariff war and strained U.S.-China relations, companies must also contend with no less than three major military conflicts: the Russia-Ukraine war, the Israel-Hamas war, and most recently, the Iran conflict."
- "In a nod to how much these developments have also generated concern among the public - both as political constituents and as consumers - the state of the global economy and cross-country conflict are among the top three most pressing threats identified by survey respondents across 19 major consumer markets at the mid-year mark."

**Figure 3: Mid-Year Geopolitical Risk Report**

	Argentina	Australia	Brazil	Canada	China	France	Germany	India	Italy	Japan	Mexico	Nigeria	Russia	South Africa	South Korea	Spain	Turkey	U.K.	U.S.	Global average "major threat" shares
Global economic conditions	+1.2	<.5	+2.3	-1.5	+1.7	+1.6	+1.5	-3.2	-0.9	-1.3	-2.2	<.5	+1.2	-0.7	<.5	+2	-3	+2.5	-0.9	51%
Inter-state conflict	+0.9	-6.2	+0.5	-2.7	-2.8	+1.6	-0.8	+6.2	-2.1	-5	-4.2	-2.7	-2.2	+8.3	+2	+3.2	-1.3	+0.8	<.5	53%
Ethno-religious tensions	<.5	-1.8	-0.7	-3.1		+1.8	+1.1	-1	+1.8	+0.9	-5.1	+2	+2.8	+3.8	+2.9	+2.8	-1.4	+1.7	+2	42%
Domestic social unrest	+4.2	-3.2	+2.9	<.5		-1.7	+1.3	-1.9	-0.5	-4.5	+1	-1.1	-0.7	+3.3	+8	-2.9	<.5	<.5	+1.8	45%
Political polarization	+1.5	-1.7	<.5	-2.8		+0.7	+1.2	-2.6	+3.7	+1.4	+1.3	<.5	-5.4	+4.6	+8.2	+1.1	<.5	+1.6	-2.6	45%
Climate change	+1.1	-4.2	-1.1	-6	+2	-1.1	-1.1	-3.7	-4	-4	-1.8	-4.8	+3.9	-4.1	-1.1	-7.4	+1.7	-0.9	-8.1	55%

Source: Morning Consult

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