

MNI POLITICAL RISK ANALYSIS - US Daily Brief 11-08-25

by Adam Burrowes

The White House *(times subject to change)*

10:00 ET 15:00 BST	President Trump holds a press conference on law enforcement in Washington DC
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KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30

Washington

President Donald Trump will hold a press conference at 10:00 ET 15:00 BST to announce a new plan focused on public safety in Washington, D.C. The announcement comes after Trump threatened to take the city under federal control, citing crime.

- Trump said on [Truth Social](#) the press conference, “will not only involve ending the Crime, Murder, and Death in our Nation’s Capital, but will also be about Cleanliness and the General Physical Renovation and Condition of our once beautiful and well maintained Capital.”
- Trump continued: “The American Public is not going to put up with it any longer. Just like I took care of the Border... I will take care of our cherished Capital...”

NPR notes: “Last week, Trump directed federal law enforcement agencies ... to increase their presence in D.C. after a former White House staffer was assaulted in an attempted carjacking.”

- DC Mayor Muriel Bowser told MSNBC on Sunday: “I suspect that his announcement is that he is surging federal law enforcement, which he’s talked about. He may talk about even larger numbers or longer periods of time.”

The Washington Post reports that Treasury Secretary Scott Bessent will temporarily replace IRS Commissioner Billy Long, who is expected to be nominated as an ambassador.

- The Post notes: “Long was just confirmed in June, after Trump broke with tradition by forcing out the former Biden-appointed IRS commissioner before the end of his five-year term.”

Pawel Szefernaker, Chief of Staff to Poland’s new president, Karol Nawrocki, said Nawrocki has been formally invited to the White House.

- Szefernaker said on X: “In an official congratulatory letter, delivered on the day of the inauguration, U.S. President Donald Trump invited Polish President Karol Nawrocki to the White House for an official working meeting on September 3

Trump’s Artificial Intelligence and Crypto ‘Czar’ David Sacks wrote a [lengthy statement](#) on X, outlining the “best case scenario” for AI, downplaying AI “Doomer narratives.”

- Sacks said: “The AI race is highly dynamic so this could change. But right now the current situation is Goldilocks: We have 5 major American companies vigorously competing on frontier models. This brings out the best in everyone and helps America win the AI race.”

Intel CEO Lip-Bu Tan is expected to meet with Trump at the White House today, just days after Trump called for him to be sacked on Truth Social, citing his ties to China.

- The Wall Street Journal reports: “Tan is expected to have a wide-ranging conversation with Trump, with the intent of explaining his personal and professional background, the people said. He could also propose ways that the government and Intel could work together, they said.”

Federal Reserve

The Wall Street Journal [reports](#) that Trump is reviewing new contenders to be the next chairman of the Federal Reserve, with Treasury Secretary Scott Bessent leading the search.

- According to the Journal, “The Fed chair candidates include former St. Louis Fed President James Bullard; Marc Sumerlin, a former economic adviser to President George W. Bush; National Economic Council director Kevin Hassett; Fed governor Christopher Waller; and former Fed governor Kevin Warsh, the officials said. Bullard and Sumerlin are two of the possible nominees added to a list of about 10 people under consideration for the job, the officials said.”

Bessent told Nikkei, when asked about what qualities the next chair should possess: “It’s someone who has to have the confidence of the markets, the ability to analyze complex economic data. There are 12 votes, so [the Fed chair has to] manage that and build consensus. And it’s also someone who wants to be, I think, very attuned to forward thinking, as opposed to relying on historical data.”

- Bessent also raised some concerns about the political culture at the Fed: “My worry is that monetary independence is being hurt. Monetary independence is essential to the smooth functioning of the economy, to inflation expectations. I’m worried that the Fed’s mission [creeping] into so many other things has put the monetary independence at risk. So, I think the next Fed chair needs to be someone who can examine the whole organization.”

Axios notes that the Trump’s nominee to serve in the vacant governor spot, CEA Chair, Stephen Miran, holds “distinctly non-mainstream” views on central bank independence.

- As highlighted in this newsletter last week, “Miran and Dan Katz, now the Treasury chief of staff, [published a paper](#) that pushed for major structural change at the Fed, and argued the central bank has succumbed to groupthink. Fed governors should have shorter terms, the authors argued, and the president should be able to fire them. The vision amounts to a Fed with much less centralized power,” per Axios.

Tariffs and Trade

Bloomberg [reports](#) that US companies have so far taken the bulk of the hit from Trump’s tariffs but the burden will increasingly be passed on to consumers as companies hike prices, according to Goldman Sachs economist.

- Goldman notes: "Consumers in the US have absorbed an estimated 22% of tariff costs through June, but their share will rise to 67% if the latest tariffs follow the pattern of levies in previous years".

Treasury Secretary Scott Bessent spoke to [Nikkei Asia](#) on a range of issues related to trade and tariffs, saying that tariffs are likely to shrink if trade imbalances improve. "Over time, the tariffs should be a melting ice cube," Bessent said.

- Bessent explained the main objective of tariffs "is to rebalance" the current account deficit, which sits at \$1.18 trillion as of 2024, by far the largest of all major nations. Bessent has said that a deficit of such a scale could potentially lead to a financial crisis.
- Bessent noted, regarding ongoing negotiations with countries that have yet to secure a trade deal, "I think we will largely have that finished by the end of October."

Bessent said dealing with China is "difficult" because "it's a non-market economy, and non-market economies have different goals... We think that a lot of the production is below cost. It's a jobs program. They have employment goals. They have production goals, more than profitability goals."

- Nikkei notes that Bessent also explained that the tariff policy is a way to raise tax revenue and protect US industries, adding that Trump also "uses it for negotiations in foreign policy.... Just like now, he said he wants India to stop buying Russian oil," he said.

On the US dollar, Bessent said: "What a strong dollar isn't is the price on the screen. The price on the screen is set by the market, and it's a relative price versus other currencies. The strong dollar policy is to have policies that continue to keep the US dollar the reserve currency. And if we have good economic policies, then the dollar will naturally be strong."

- Bessent added: "Over the past few decades, [as] we had a trade deficit, money came back in as finance, largely to buy financial assets, whether it could be government bonds, could be private equity, could be 'Magnificent Seven' stocks... Now, what we're trying to do is have more foreign direct investment and continue to make the U.S. the most attractive place, not only for portfolio capital, but for manufacturing relocation."

China

The tariff and export control pause negotiated by US and Chinese officials in Geneva and London summits expires tomorrow. The baseline expectation is that another 90-pause will be agreed, pending Trump's approval. If the pause is not extended, a 145% US tariff on Chinese imports into the US – and Chinese retaliatory measures including rare earth export control – will snap back into place.

- The Financial Times [reports](#): "China wants the US to ease export controls on [high-bandwidth memory (HBM) chips] a critical component for artificial intelligence chips as part of a trade deal ahead of a possible summit between [Trump] and President Xi Jinping."

Semafor notes that chip giants Nvidia and AMD, “agreed to pay the US government 15% of their Chinese revenues to circumvent a ban on sales of high-end semiconductors to China.”

- FT [writes](#) that the quid pro quo arrangement is unprecedented. “According to export control experts, no US company has ever agreed to pay a portion of their revenues to obtain export licences. But the deal fits a pattern in the Trump administration where the president urges companies to take measures, such as domestic investments, for example, to prevent the imposition of tariffs in an effort to bring in jobs and revenue to America.”
- Bloomberg [reports](#): “The arrangement reflects [Trump’s] consistent effort to engineer a financial payout for America in return for concessions on trade. His administration has shown a willingness to relax trade conditions like tariffs in return for giant investment in the US... But such a narrow, select export tax has little precedent in modern corporate history.”

Separately, Trump suggested that China could increase US soybean imports to reduce its trade surplus with the US and ease a trade deal. The announcement is likely a nod to US farmers, who represent a core constituency of Trump’s base which could be in line for another bailout package if tariffs impact farm profits.

- Trump said on [Truth Social](#): “China is worried about its shortage of soybeans. Our great farmers produce the most robust soybeans. I hope China will quickly quadruple its soybean orders. This is also a way of substantially reducing China’s Trade Deficit with the USA. Rapid service will be provided. Thank you President XI.”

Agriculture Secretary Brooke Rollins said in April, amid concern that falling soybean and pork exports to China could cost the industry tens of billions of dollars: “First of all, the prayer is that that doesn’t need to happen — but secondly, if it does, for the short term, just as in Trump 1, we are preparing for that.”

- Axios noted in April: “In Trump’s first term, amid a smaller trade war with China, the government rolled out tens of billions of dollars in farm subsidies. Those bailouts, collectively, ended up being so large that they almost equaled the tariff revenue generated.”

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Fannie Mae and Freddie Mac

A senior White House official told reporters on Friday that Trump is considering public offerings for the mortgage giants Fannie Mae and Freddie Mac, later this year. “The president is weighing all his options,” said the official, per Politico.

- The Wall Street Journal [reports](#) that, “The plans being discussed by some administration officials could value the companies at roughly \$500 billion or more combined and involve selling between 5% and 15% of their stock... Still up for debate is whether the mortgage giants would IPO as one company or two separate entities.”
- The Journal notes: “It is unclear whether Fannie and Freddie would remain under government conservatorship. Bill Pulte, head of the Federal Housing Finance Agency, has in the past suggested the firms could remain under conservatorship while conducting a share offering, without clarifying how it would work.”
- According to the report, “The CEOs of six large banks—Morgan Stanley, JPMorgan Chase, Goldman Sachs, Citigroup, Wells Fargo and Bank of America—traveled to D.C. in recent weeks to meet with President Trump [Treasury Secretary Scott Bessent, Commerce Secretary Howard Lutnick and FHFA’s Pulte were also present] to discuss potential plans for Fannie and Freddie.”

Russia-Ukraine

Trump announced on [Truth Social](#) that he will meet Russian President Vladimir Putin in Alaska on Friday, August 15. While the White House has left the door ajar for Ukrainian President Volodymyr Zelenskyy to be included in a trilateral meeting his inclusion appears unlikely, and the terms of the meeting appear more favourable to Putin. The White House may argue that previous meetings between Trump and Zelenskyy increase the need for a Trump-Putin meeting.

- The prevailing view among observers is that the summit is unlikely to result in a ceasefire agreement acceptable to Ukraine. European leaders voiced concerns that the summit could provide Putin with a strategic victory and lead to an asymmetrical agreement designed to drive a wedge between the US and Ukraine, should Zelenskyy reject it.
- The announcement came on the day Trump had pledged to increase sanctions on Russia, if Putin didn’t reach a ceasefire agreement with Zelenskyy. Putin’s acquiescence to the meeting appears to have put the prospect on fresh sanctions back onto the backburner.

The meeting will be the first between Putin and a US president since he met Joe Biden in Geneva in June 2021. Putin last visit to the US was in 2015. Trump met Putin six times during his first term, most recently in 2019.

- Trump and Secretary of State Marco Rubio suggested ahead of the announcement that Moscow had presented their terms for a ceasefire. The terms are understood to include hardline demands for territory swaps and limitations of Ukraine’s sovereignty that are broadly seen as incompatible with Ukraine’s ceasefire terms.
- The Wall Street Journal summarises the Russian proposal, which trades a ceasefire for international recognition of Russian sovereignty over eastern Ukraine, [here](#).

Politico reports: “Under the proposal being floated by the Trump administration, Russia would agree to a freeze of the war along the contact line in Kherson and Zaporizhzhia, where Moscow controls less land than in the Donetsk and Luhansk regions... In return, Russia would be allowed to keep the Donbas,” according to a person familiar with the matter.

- Speaking on Friday, Trump indicated that territory swaps were likely inevitable: “You’re looking at territory that’s been fought over for three and a half years. ... It’s very complicated. But we’re going to get some back. And we’re going to get some switched. They’ll be some swapping of territories to the betterment of both...”
- NATO Secretary-General Mark Rutte [told ABC](#) that territory swaps would be on the table, but any deal would have to include security assurances for Ukraine and guarantees of Kyiv’s sovereignty over its military and geopolitical future.
- Zelenskyy appeared to pre-emptively nix the prospect of territorial swaps, saying on Telegram: “The answer to the Ukrainian territorial question already is in the Constitution of Ukraine. No one will deviate from this — and no one will be able to. Ukrainians will not gift their land to the occupier.”

European leaders issued a [joint statement](#) rejecting any ceasefire process that exclude Ukraine, after Vice-President JD Vance and UK Foreign Secretary David Lammy hosted European and Ukrainian security officials on Saturday at Chevening near London.

- The BBC notes: “Rustem Umerov, secretary of Ukraine's National Security and Defence Council, and Andriy Yermak, the head of Zelensky's office, attended the talks along with officials representing the UK, US, EU, France, Germany, Italy, Finland and Nato.”
- Europe’s top diplomat Kaja Kallas called a snap meeting of EU foreign ministers today to discuss the way forward. A central goal of the meeting is to present a united front calling on Trump to include Zelenskyy in Friday’s Alaska summit.

US NATO Ambassador Matthew Whitaker told CNN that Trump will have to “trust but verify” Putin in Alaska: “In any situation with competing national interests, whether it’s the United States, Ukraine, Russia or any of our allies, you just can’t take people at their face value, you’re going to look at their actions,” he said.

- Rutte said similarly that Trump is, “clearly is putting pressure on Putin. Next Friday will be important because it will be about testing Putin, how serious he is on bringing this terrible war to an end. ... [There’s an] absolute need to acknowledge that Ukraine decides on its own future.”

Alexander Gabuev, director of the Carnegie Russia Eurasia Center in Berlin, told the New York Times that Putin likely has several favourable outcomes in mind, heading into the summit.

- “Those include a favorable deal with Mr. Trump that the U.S. president successfully forces upon Ukraine or a favorable deal with Mr. Trump that Mr. Zelensky refuses, causing the United States to walk away from Ukraine.”
- “The third option, he noted, is that the Russian leader continues his current path for another 12 to 18 months, with the expectation that Ukraine will run out of soldiers faster than the Russian war economy runs out of steam.”

Senator Lindsey Graham (R-SC), a Russia hawk who co-authored a punitive sanctions package in the Senate, said: “I’m very OK with President Trump meeting with President Putin in Alaska. ... I have every confidence in the world that the president is going to go to meet Putin from a position of strength, that he’s going to look out for Europe and Ukrainian needs to end this war honorably.”

- However, Graham warned: “If [the war] ends in a way that looks like that Putin’s overly rewarded, there goes Taiwan. You can’t end a war without talking. I do hope that [Ukrainian President Volodymyr] Zelenskyy can be part of the process. I’ll leave that up to the White House,” per The Hill.

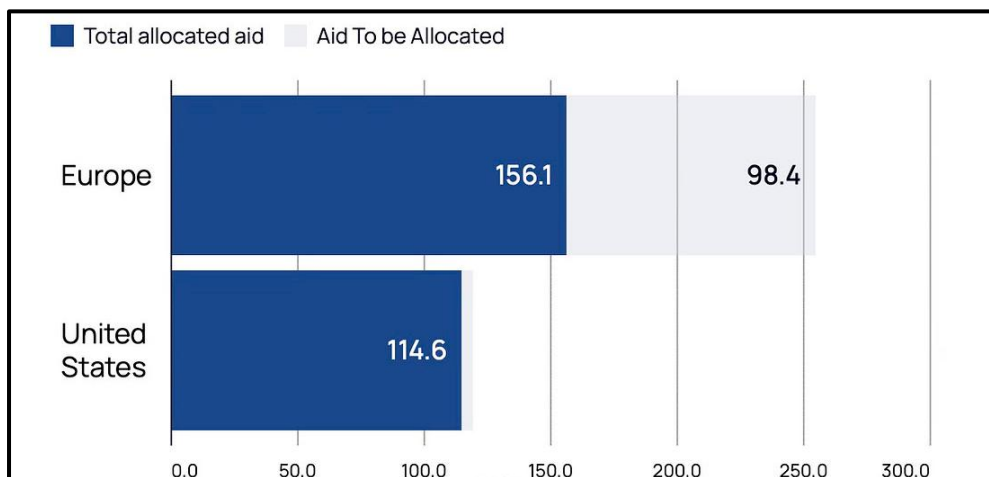
Military analyst Mick Ryan wrote on Substack that Trump’s belief that he can negotiate a territory swap, “shows a total lack of understanding of Ukraine’s objectives (and its law),” noting that the Constitution of Ukraine dictates that “Ukrainians will not gift their land to the occupier.”

- Ryan notes: “Not only is this providing a legitimisation of Russian aggression, it is very unlikely that Ukraine would agree to such terms, particularly given its absence from the discussion. Ukraine, more than anyone, understands that ceded territory would then be used as the launch pad for future Russian aggression...”
- Potential outcomes, according to Ryan, include: “A proposal to swap the Donbas for a ceasefire. A proposal to swap the Donbas for territory Russia controls in Kharkiv and Sumy. A demand for military aid to Ukraine cease. Easing off sanctions against Russia in exchange for a ceasefire or even just the promise of further negotiations attended by Russia. Putin might ask that the ICC arrest warrant be cancelled. Prisoner swaps (which are happening outside of this summit format anyway).”

Of course, without European and Ukrainian endorsement of a deal, Trump has limited influence over the global sanctions and military support for Ukraine.

- According to the Kiel Institute, Europe has been the primary source of government aid to Ukraine, since 2022.

Figure 1: Government Support to Ukraine, By Country Group (Billions Euros January 2022 – April 2025)



Source: Kiel Institute

Meanwhile, Ukraine and Russia continue to escalate long-range strikes on strategic infrastructure. Semafor notes: “Ukraine said Russia launched 100 drones overnight, while flights were grounded across southwest Russia as Ukrainian drones hit targets including an oil refinery in Saratov. Kyiv has ramped up its drone strikes into Russia in recent days, ABC reported.”

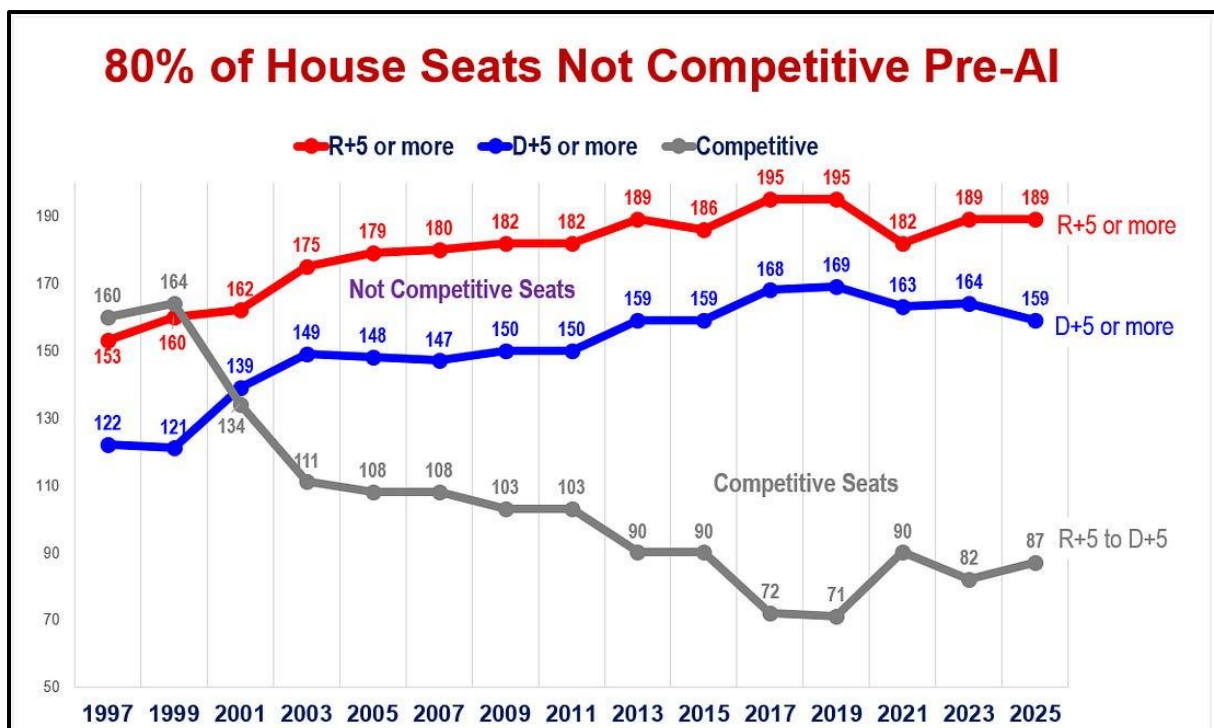
- Bloomberg reports that, per Ukraine's General Staff, Kyiv "made a successful drone strike early Sunday on a major refinery in the Saratov region".
- "Earlier, the regional governor announced that UAVS from Ukraine hit an unspecified "industrial enterprise" in the region, about 530 miles (850 km) southeast of Moscow. Later on Sunday, another drone reached a refinery owned by Lukoil PJSC in the Komi region... Lukoil didn't immediately reply to a request for comment. The refinery has processing capacity of over 80,000 barrels a day," Per Bloomberg.

Chart of the Day

Political consultant Bruce Mehlman notes that Artificial Intelligence could reduce the number of competitive seats in the House of Representatives in the future, increasing partisanship in Congress.

- Mehlman: "AI promises gerrymandering on steroids — weapons of mass division in the 2025 redistricting wars — with powerful AI models able to (1) precisely-sift unprecedented amounts and unprecedentedly-personal data, (2) compare unlimited potential maps to optimize outcomes. But while AI-enabled cramming could reduce the paltry 20% of seats that are currently competitive, AI-drawn maps might also create more competitive seats by shifting voters out of safer seats (where risk-averse incumbent politicians often prefer them)."

Figure 2: Share of Competitive and Partisan House Seats, Over Time



Source: Bruce Mehlman, Cook Political Report

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