

MNI POLITICAL RISK ANALYSIS - US Daily Brief 13-01-26

by Adam Burrowes

The White House *(times subject to change)*

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| 12:30 ET 17:30 GMT | President Trump tours a plant at the Ford Rouge Complex in Dearborn, MI |
| 14:00 ET 19:00 GMT | President Trump delivers remarks to the Detroit Economic Club |

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 travel to Detroit, Michigan, today to tour an auto plant in Dearborn at 12:30 ET 17:30 GMT and then deliver his first major economic address of the year at the Detroit Economic Club at 14:00 ET 19:00 GMT.

- The Wall Street Journal [reported](#) earlier in the week that Trump had a briefing scheduled today on military options to respond to Iran's killing of protesters. However, there is nothing in Trump's or Secretary of State Marco Rubio's diaries.
- At 10:00 ET 15:00 GMT, Rubio will meet with Panamanian Foreign Minister Javier Martínez-Acha at the Department of State. At 12:00 ET 17:00 GMT, Rubio will meet with Armenian Foreign Minister Ararat Mirzoyan at the Department of State.

Reuters reports that a highly anticipated meeting between Rubio and his Danish and Greenlandic counterparts will take place on Wednesday. The meeting is expected to discuss recent threats by Trump to annex the self-governing Arctic island.

- Senator Chris Coons (D-DE) will lead a bicameral Congressional delegation to Denmark on Friday. The CODEL will be joined by Republican Senator Thom Tillis (R-NC), who is not seeking re-election and is in the spotlight this week for opposing the Department of Justice's criminal investigation into Fed Chair Jerome Powell.
- Coons said in a pointed [statement](#), *"The trip will highlight bipartisan support for our allies in the Kingdom of Denmark and discuss how to deepen this partnership in line with our shared principles of sovereignty and self-determination, and in the face of growing challenges around the world, especially bolstering Arctic security and promoting stronger trade relations between the two countries."*

MNI's Tim Cooper and Chris Harrison write in a [preview](#) of today's CPI report, "Consumer price inflation is set to pick up on a sequential basis in December from the suspiciously weak prior price prints, with MNI's collection of analyst previews suggesting a rise to 0.35% M/M core / 0.37% headline after average monthly increases of 0.08% and 0.10% respectively over November and October."

Trump's Economic Address

President Trump will deliver his first major economic address of the year today at the Detroit Economic Club at 14:00 ET 19:00 GMT. The speech comes as Trump engages in a pivot towards more populist economic policies aimed at addressing affordability.

- The speech is expected to expand on a raft of policy proposals Trump has unveiled in recent days via his Truth Social account and White House officials. Those include, endorsing bipartisan legislation capping credit card interest rates at 10%, effective January 20; calling on his 'representatives' to buy USD\$200 billion in mortgage bonds to bring down housing costs; advocating for a ban on institutional investors buying single-family homes; and pressing the Senate to pass a major crypto regulation bill.

He has also appeared to nudge the Department of Justice into setting up a probe into Federal Reserve Chair Jerome Powell, although he has denied knowledge of the investigation, and announced new secondary tariffs on countries that trade with Iran, potentially derailing a truce with China.

- In the wake of the US operation to remove former Venezuelan President Nicolas Maduro from power, Trump has also sought to drum up USD\$100 billion in investment from oil firms to rebuild the country's oil infrastructure, in a bid to bolster control over global oil supplies and exert influence over the interim government of Delcy Rodriguez.
- The renewed focus on affordability, particularly regarding housing, suggests the White House was spooked by Democrats' overperformance at November's off-year elections, with many Democrats running on explicit cost-of-living platforms.

Federal Reserve

The Department of Justice's criminal probe into Federal Reserve Chair Jerome Powell has fallen flat with Congressional Republicans, former Fed chairs and treasury secretaries, and the international central banking community. The level of public dissent suggests the Trump administration may look to quash the investigation to contain further fallout.

- A group of international central bankers said in a statement today, "*We stand in full solidarity with the Federal Reserve System and its chair Jerome H. Powell... Chair Powell has served with integrity, focused on his mandate and an unwavering commitment to the public interest. It is therefore critical to preserve that independence, with full respect for the rule of law and democratic accountability.*"
- The Wall Street Journal reports, "Alumni of Democratic and Republican administrations defended Powell and called the probe "an unprecedented attempt" to undermine the central bank's independence. The market reaction was muted, suggesting that investors believe President Trump's efforts to dictate Fed policy will likely be unsuccessful."

In addition to Senate Banking Committee member Senator Thom Tillis (R-NC) announcing in a statement he would put a hold on advancing potential nominees out of committee until the matter is "fully resolved" (his vote would be sufficient to stall Trump nominees), other high-profile Republicans have directly denounced the move or signalled soft disapproval.

- Senator Lisa Murkowski (R-AL) backed Tillis. Senator John Kennedy (R-LA), another member of the Banking Committee, said the litigation will “cause interest rates to go up, not down. We need this like we need a hole in the head.”
- Senator Kevin Cramer (R-ND), who also sits on Banking, called Powell a “bad” Fed chair but said, “I do not believe, however, that he is a criminal.”

Senate Majority Leader John Thune (R-SD) told reporters yesterday, “I haven’t seen the case or whatever the allegations or charges are, but I’d say they better be real and they better be serious.”

- Thune added, “It needs to be resolved quickly because the Fed’s role and the Fed’s independence in shaping monetary policy in the country is something we need to ensure proceeds without political interference.”
- Senator Tim Scott (R-SC), the chair of the Senate Banking Committee, has so far declined to comment on the record.
- Senate Banking Committee Republicans are scheduled to meet tonight to discuss a crypto regulation bill (more on that below). The group is certain to discuss a unified response to the DOJ probe.

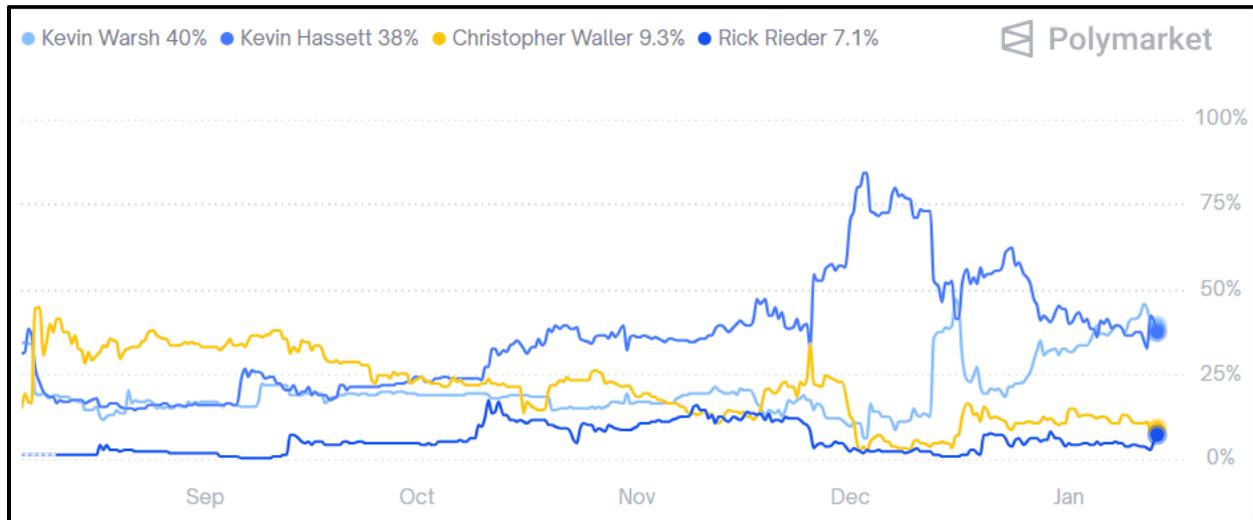
Politico reports, “One of [five people familiar with the administration’s reaction] said some inside and close to the White House are “freaked out” that a further threat to the Fed chief’s job security could spook the bond market.

- Axios reports that Treasury Secretary Scott Bessent, who has spent months trying to manage an orderly transition, told Trump that the federal investigation into Fed Chair Jerome Powell “made a mess” and could be bad for markets.
- A source told Axios, “The secretary isn’t happy, and he let the president know.” Bessent “thought that when the president named a new Fed chair, that Powell would go. But now that’s not going to happen,” one source said. “Now [Powell is] dug in. This really made a mess of things.”

Meanwhile, Fox News reported yesterday that Trump will interview BlackRock Chief Investment Officer of Global Income Rick Rieder as a potential pick for Fed chair on Thursday.

- According to Fox, “Administration Sources [said] this will be the fourth and last interview with a candidate to replace Federal Reserve Chairman Jerome Powell. Powell’s term is up May 15th.”
- Polymarket notes that National Economic Council Director Kevin Hassett remains the slight favourite to take the nomination, with an implied probability of 43%. Former Fed Governor Kevin Warsh is a close second at 35%. Rieder remains an outsider at just over 7%, with his odds firming slightly on news of the interview.
- The New York Times notes, “Treasury Secretary Scott Bessent said at an event on Thursday that he expected [Trump] to make a decision on Fed chair this month, either before or after he attends the World Economic Forum’s annual meeting in Davos, Switzerland.”

Figure 1: Who will Trump nominate as Fed Chair?



Source: Polymarket

Iran

Reuters reports that, according to an Iranian official, around 2,000 people have been killed during the 2-plus weeks of protest so far. The official said that this includes security personnel and blames "terrorists" for the deaths.

- Separately, the editorial board of the UK-based Iran International outlet, which has faced criticism from the regime in Tehran," claimed in a [statement](#) that "At least 12,000 people were killed in the largest massacre in contemporary Iranian history ..."
- Even if the number of casualties is closer to the official government figures rather than those claimed by Iran International, these protests are now the most widespread and deadly since the 1978-79 Iranian Revolution.

Overnight, Trump [announced](#) the imposition of 25% tariffs on countries "doing business" with Iran. With China the world's top buyer of Iranian crude, this move could pose a risk to the seeming improvement in relations in [recent months](#). A Chinese Ministry of Foreign Affairs spokesperson said, "There is no winner in a tariff war, China will firmly safeguard its legitimate and lawful rights and interests."

- Bloomberg reports, "The action has the potential to disrupt major US trading relationships across the globe. Iran's partners include not only neighboring states, but large economies including India, Turkey and China."

In one of the most explicit comments from a national leader on the situation, German Chancellor Friedrich Merz [said](#), "We are now seeing the final days and weeks" of the regime.

- With an internet and telephone blackout, media reports are somewhat unclear on the continued scale of the protests. Semi-official Iranian media reported that major cities experienced a "night free from unrest", and that more than 3 million marched in support of the government on 12 January, but non-governmental outlets, able to get reports from inside Iran, suggest continued widespread anti-regime activity.

Abbas Araghchi, the foreign minister, said yesterday that Tehran was prepared for conflict but also ready to negotiate after President Trump warned that the United States might

intervene to stop an increasingly deadly government crackdown on opposition protests, per the [New York Times](#).

- The Times reports, “Iran’s foreign ministry summoned the British, German, Italian and French ambassadors on Monday, according to the semiofficial news agency, Tasnim. The ambassadors were shown footage of “rioters’ violence,” the Tasnim report said, adding that Tehran had “called for the withdrawal of official statements supporting the protesters.””
- Iranian Foreign Ministry spokesperson Esmaeil Baghaei said a “communication channel” between Araghchi and US special envoy Steve Witkoff “is open and messages are exchanged whenever necessary.”
- Politico notes, “Trump told reporters late Sunday he may meet Iranian officials and was in contact with the country’s opposition — and continued to float potential military action.” Trump also suggested he could lean on former advisor Elon Musk to provide Starlink satellites to restore internet access to the country.

Figure 2: Top 10 partners for Iran in total trade, 2024

| Trade partner | Value (imports + exports) | Share |
|---------------|---------------------------|-------|
| China | \$32.4B | 26.0% |
| UAE | 28.2B | 22.6 |
| Turkey | 17.3B | 13.9 |
| Iraq | 12.3B | 9.9 |
| EU | 6.7B | 5.4 |
| India | 3.6B | 2.9 |
| Pakistan | 3.0B | 2.4 |
| Russia | 2.5B | 2.0 |
| Afghanistan | 2.4B | 1.9 |
| Oman | 2.3B | 1.9 |

Source: Bloomberg

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- ❖ 10:00 ET 15:00 GMT: HOUSE Financial Services (digital assets, FinTech, AI subcommittee): Delivering for American Consumers: A Review of FinTech Innovations and Regulations
- ❖ 10:15 ET 15:15 GMT: HOUSE Energy and Commerce: “Protecting America’s Energy Infrastructure in Today’s Cyber and Physical Threat Landscape.”
- ❖ 14:00 ET 19:00 GMT: HOUSE Ways and Means (trade subcommittee): Maintaining American Innovation and Technology Leadership

Government Funding

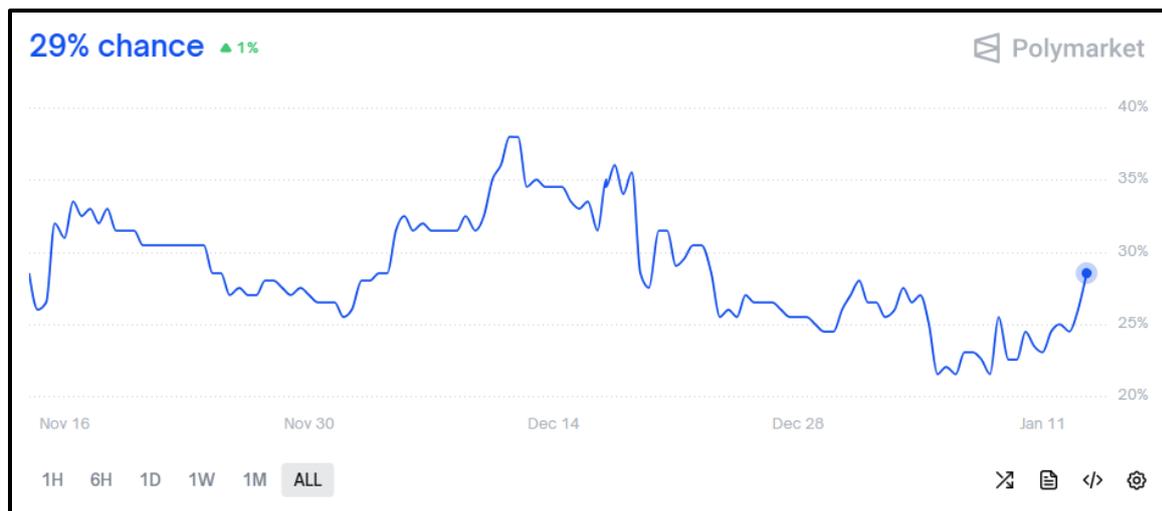
Senate Majority Leader John Thune (R-SD) told reporters yesterday that the upper chamber would stay in session until work is completed on government funding bills and a Venezuela war powers resolution that passed a procedural vote last week.

- Thune’s comments appear to de-risk the possibility that a scheduled Congressional recess next week could derail the bipartisan appropriations process and inadvertently push the government into a shutdown on January 31.
- So far, Congress has passed three of the twelve annual spending bills, passed as part of a package to reopen the government in November. The Senate is expected to take up the second package of three bills in the coming days, leaving six outstanding funding bills to race through before lawmakers leave town.

As noted in previous editions of this newsletter, markets remain relatively sanguine about the possibility of a second shutdown, although Polymarket notes the risk has ticked up slightly this week to nearly 30%.

- The increased risk likely reflects a fear that negotiations over the Department of Homeland Security bill may collapse amid Democratic demands for cuts to ICE, in the wake of the fatal shooting of a woman in Minnesota.
- Axios notes, “Republicans control Congress, and even progressives on the House Appropriations Committee acknowledged to us that any bill funding the Department of Homeland Security likely won’t contain cuts for ICE.”
- So far, few Democrats are on the record in support of Senator Chris Murphy’s (D-CT) threat to block the DHS bill if it fails to contain measures to rein in ICE.

Figure 3: Government Shutdown by January 31



Source: Polymarket

Reconciliation 2.0

The Republican Study Committee is set to today release its framework for a second reconciliation bill aimed at lowering costs, entitled “Making the American Dream Affordable Again.”

- *Note:* The first reconciliation bill, the process by which the governing party can pass tax and spending-related legislation via a party-line vote in the Senate, was the so-called Big Beautiful Bill in the summer.

Punchbowl News notes, “[The plan] shows the fervor with which some Republicans want to spend 2026 on big-ticket legislating. Senate Majority Leader John Thune has been skeptical about another reconciliation package. Speaker Mike Johnson is a bit more interested.”

- Punchbowl notes, “The bill has six categories: home ownership, “health care freedom” and lowering drug prices, reducing energy costs, “rebuilding the American family,” cutting spending and codifying [Trump’s] executive orders.”

Here are some of the notable policy items, per Punchbowl, “The Don” payment program is a “zero- to low-down payment” mortgage for “creditworthy borrowers.” The bill eliminates capital gains for a home seller if the home is sold to a first-time buyer. Repealing the estate tax, which would cost \$281 billion in revenue over a decade. “

- “A new “parallel” option for people to buy health insurance in a “separate marketplace” from Obamacare. Send insurance subsidies directly to individuals instead of through credits to health insurance companies, which is in line with what President Donald Trump has called for. Require pharmacy benefit managers to pass on rebates to consumers.”

Crypto

Senate Banking Committee Republicans are inching closer to a completed [legislative text](#), drafted with Democratic input, for their major crypto regulation bill.

- The text notes that the bill intends to “provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes.”
- Punchbowl notes, “Key language in Section 404, which would address limits on stablecoin yield and rewards, remains unresolved. That portion of the bill is currently subject to an all-out lobbying war between the crypto industry and banks. The 404 text being negotiated is so sensitive that the Banking panel has required outside legislative staff to review physical copies inside in the committee’s Dirksen office, according to two sources familiar with the arrangement.”

Tech

Nikkei Asia [reports](#), “Google will start developing and manufacturing high-end smartphones in Vietnam this year from scratch in a move similar to what Apple has planned for India as the American companies move a step closer to having complete supply chains outside of China.”

- According to Nikkei, “Google will begin carrying out new product introductions (NPI) for its Pixel, Pixel Pro and Pixel Fold phones in Vietnam. Development of the lower-end Pixel A series will remain in China for now, according to one of the sources.”

Critical Minerals

Treasury Secretary Scott Bessent yesterday hosted his counterparts from the G7, Australia, India, the EU, South Korea, Mexico, and US business representatives at the Treasury Department to discuss “solutions to secure and diversify supply chains for critical minerals, especially rare earth elements.”

- The Treasury Department said in a statement, “Throughout the course of discussions, attendees expressed a strong, shared desire to quickly address key vulnerabilities in critical minerals supply chains. The United States highlighted actions and investments it has already undertaken, as well as planned steps to create resilient, secure, and diversified critical minerals supply chains.”
- According to the statement, “Secretary Bessent expressed his optimism that nations will pursue prudent derisking over decoupling, and that they understand well the need to remedy current deficiencies in critical minerals supply chains. Noting that these supply chains have also become highly concentrated and vulnerable to disruption and manipulation, the Secretary urged attendees to increase their supply chain resiliency, and thanked attendees for their willingness to both learn from and work quickly with each other towards decisive action and lasting solutions.”

Democratic News

Senate Minority Leader Chuck Schumer (D-NY) received a boost yesterday, with former House Rep Mary Peltola (D) announcing she will challenge Senator Dan Sullivan (R-AK) for his Senate seat at November’s midterm elections. She is expected to run on an ‘Alaska first’ platform that puts state priorities ahead of partisan national politics.

- The Hill notes, “Peltola is one of the most prominent Democratic figures in Alaska and may pose a real threat to Sullivan. In 2022, she flipped the red state’s at-large House district to Democratic control. She was, however, defeated in 2024.”

Venezuela

Trump is expected to meet Venezuelan opposition leader and Nobel Peace Prize winner Mara Corina Machado at the White House on Thursday.

- The meeting could be a first public show of support for the Venezuelan opposition, with the Trump administration opting to negotiate directly with continuity interim President Delcy Rodriguez. So far, the Trump administration has declined to outline a timeline for new elections in the country.
- Shortly after the operation to remove former President Nicolas Maduro, Trump said, “I think it would be very tough for [Machado] to be the leader. She doesn't have the support within or the respect within the country.”
- Bloomberg noted on Jan 9, “Machado's visit to the US along with the release of some political prisoners earlier Thursday could lift opposition morale after Trump's mixed messaging.”

Oil executives emerged from a Friday meeting with Trump sceptical of the president's plan to raise USD\$100 billion to restore Venezuela's degraded oil infrastructure. Darren Woods, CEO of Exxon, said, “We've had our assets seized there twice, and so you can imagine to re-enter a third time would require some pretty significant changes Today it's uninvestable.”

- Reuters [reported](#) yesterday that Treasury Secretary Scott Bessent said additional US sanctions on Venezuela could be lifted as soon as next week to facilitate oil sales, and that he will meet next week with the heads of the IMF and World Bank on their re-engagement with Venezuela.

Taiwan

The New York Times [reported yesterday](#) that, "The Trump administration is completing a trade deal with Taiwan that would reduce tariffs on the island's exports and commit its largest chipmaker, Taiwan Semiconductor Manufacturing Corporation, to invest significantly more in the United States, according to three people familiar with the matter."

- The report notes, "The agreement, which has been under negotiation for months, is being legally scrubbed and could be announced this month. The deal would reduce the US tariff rate, to 15 percent, for goods from the island, the people said. That rate is in line with imports from Japan and South Korea, Asian allies that struck deals last year."
- According to the Times, as part of the deal, TSMC would commit to building an additional five semiconductor fabs in Arizona, doubling the company's proposed operations in the state. The first of the plants came online in 2020, with the second scheduled to open in 2028 and four more planned, prior to the trade agreement.
- Bloomberg [notes](#), confirming the NYT report, "With the cost of building a single fab upwards of \$20 billion, TSMC's additional investment would likely approach or surpass \$100 billion. The four extra fabs would be completed in the 2030s, the person said."

Russia

The Financial Times [reports](#) that the leaders of Canada, France, Germany, Italy, and the UK will all travel to the World Economic Forum (WEF) annual meeting in Davos, Switzerland, next week in an effort to convince President Trump to commit to providing concrete security guarantees for Ukraine. The report claims Ukrainian President Volodymyr Zelenskyy and European Commission President Ursula von der Leyen will also attend the impromptu leaders' summit, supposedly set to be held on Wednesday, 21 January.

- FT: "The Davos leaders' meeting will seek Trump's stamp of approval on agreements drawn up with his Ukraine negotiators and the US's European defence commander in Paris last week, seen as critical to ensuring Russia does not restart the war after any ceasefire. [...] "Without the US, none of this happens," said one European official involved in the negotiations, referring in particular to pledges from Britain and France to deploy troops to a post-ceasefire Ukraine. "It is still unclear what Trump really feels."
- Speaking at the UN on 12 Jan, US Deputy Ambassador Tammy Bruce called out Russia's firing of nuclear-capable Oreshnik missiles at Ukraine, saying "Russia's action risks expanding and intensifying the war". Ukrainian government officials [report](#) Kyiv and Kharkiv were hit with the most intense missile and drone barrage of 2026 to date overnight.
- The attendance of Trump alongside Von der Leyen and all G7 leaders, barring Japanese PM Sanae Takaichi, would mark a record for a WEF summit and significantly change the tone of the annual meeting, from one ostensibly focused on

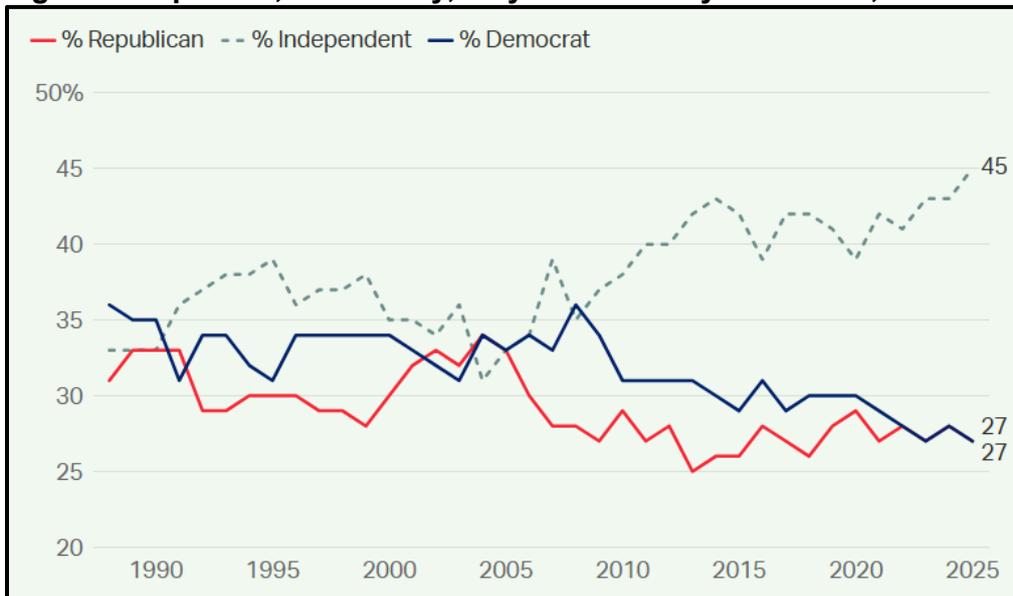
AI and emerging tech, with the main conversations taking place with business leaders, to a major geopolitical event.

Chart of the Day

According to a new survey from Gallup, a record high 45% of US adults identified as political independents in 2025, surpassing the 43% measured in 2014, 2023 and 2024. Meanwhile, equal shares of US adults — 27% each — identified as either Democrats or Republicans.

- The report notes, “In most years since Gallup began regularly conducting its polls by telephone in 1988, independents have been the largest political group. However, the independent percentage has increased markedly in the past 15 years, typically registering 40% or higher, a level not reached prior to 2011.”
- The surge in independent affiliation appears to be driven by young voters, with 56% and 54% of Generation Z and Millennials respectively, identifying as independent.
- Gallup notes, “Last year, more political independents said they lean toward the Democratic Party than the Republican Party, with the 45% of political independents breaking down into 20% Democratic leaners, 15% Republican leaners and 10% non-leaners. That is a shift from 2024, representing a three-point decline in Republican leaners and a three-point increase in Democratic leaners.”

Figure 4: In politics, as of today, do you consider yourself a R, a D or an I?



Source: Gallup

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