

MNI POLITICAL RISK ANALYSIS - US Daily Brief 13-10-25

by Adam Burrowes

The White House *(times subject to change)*

02:20 ET 07:20 BST	President Trump arrives in Tel Aviv, Israel
03:45 ET 08:45 BST	President Trump meets with Hostage Families
04:00 ET 09:00 BST	President Trump delivers remarks to the Knesset
06:00 ET 11:00 BST	President Trump departs Tel Aviv, en route to Sharm El Sheikh, Egypt
06:45 ET 11:45 BST	President Trump arrives in Sharm El Sheikh, Egypt
07:30 ET 12:30 BST	President Trump participates in a Middle East Peace Ceremony
10:00 ET 15:00 BST	President Trump departs Sharm El Sheikh, Egypt, en route to The White House

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

US President Donald Trump arrived in Tel Aviv, Israel, today for a whistlestop one-day regional tour to tout the first phase of the US-brokered Gaza peace deal.

- In the morning, Trump met with Israeli hostage families before delivering remarks to the Knesset, the Israeli parliament. He then departed Israel for Sharm El Sheikh, Egypt, to participate in a “peace ceremony.”

Gaza War

Phase One of the US-brokered peace plan for Gaza appears to be underway without major complications. The ceasefire between Israeli and Hamas is holding, and aid trucks have been surged into Gaza. The Israeli Defence Forces are undertaking a staged withdrawal to designated lines, allowing Palestinian civilians to return to Central and Northern Gaza.

- The 20 remaining living hostages held by Hamas in Gaza were released. The Guardian notes, “about 1,700 detainees from Gaza and 250 Palestinian prisoners are being released today...”

President Trump [told reporters](#) aboard Air Force One yesterday, “The war is over. It’s over. You understand that?” This morning, Trump received a standing ovation ahead of a speech to the Israeli Knesset.

- He told assembled lawmakers and dignitaries, *“This is not only the end of a war. This is the end of the age of terror and death and the beginning of the age of faith and hope and of God. It’s the start of a grand concord and lasting harmony for Israel, and all the nations of what will soon be a truly magnificent region. I believe that, so strongly. This is the historic dawn of a new Middle East.”*
- Ahead of Trump’s speech, Israeli Prime Minister Benjamin Netanyahu said, “On behalf of the government and people of Israel, I thank you for your extraordinary

friendship, thank you for helping bring our hostages home, thank you for supporting Israel's march to victory and thank you for paving a path to peace."

After his speech to the Knesset, Trump departed for Egypt, where he will attend a peace ceremony in Sharm El Sheikh, the location of the breakthrough peace talks.

- UN Secretary General, António Guterres, UK Prime Minister, Keir Starmer, Italian Prime Minister, Giorgia Meloni, Spanish Prime Minister Pedro Sánchez, and the French president, Emmanuel Macron, are also in attendance. Netanyahu will not attend due to the proximity to a Jewish holiday, per his office.

Despite the successful completion of Phase One of the peace deal, there are concerns about the next phase of the deal. Thorny questions, including Hamas' disarmament and the future governance of Gaza, remain unanswered.

- Shira Efron writes in [Foreign Affairs](#), "Trump's plan has created a chasm between phase one and subsequent phases. Without sustained pressure on all the parties and a commitment to address all the thorny issues—including Hamas's disarmament and Palestinian self-determination—this cease-fire risks becoming merely another interlude before violence reignites."

Government Shutdown Day 13

It's Day 13 of the US government shutdown, and the impasse continues without any signs of an offramp. The Senate is out of session until Tuesday evening. The House remains out of session indefinitely, with House Speaker Mike Johnson (R-LA) using an extended recess to keep pressure on Senate Democrats to end their blockade on the House-passed November 21 stopgap funding measure.

- Senate Majority Leader John Thune (R-SD) is expected to hold an eighth (likely doomed) vote on the House-passed CR when the chamber returns tomorrow.

The Wall Street Journal [writes](#), "Inside the marbled and frescoed halls, the days have taken on a tedious rhythm. Senators repeat the same talking points. Party leaders hold news conferences and give interviews several times a day, at different locations around the Capitol grounds, blaming each other for the impasse. They haul out placards to claim favorable polling and quote each other's flubs. Nothing changes."

- Punchbowl News writes on Johnson's strategy, "An institution that voluntarily shuts itself down for weeks in the midst of a huge clash over federal spending — something that impacts all Americans — isn't playing a real role in governing. Yes, the House passed a CR 23 days ago. But Senate Democrats, who instigated this crisis, have rejected it seven times now. So maybe it's time to go back to the drawing board."

Government Shutdown Key Dates:

- 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.

On Saturday, President Trump directed Defense Secretary Pete Hegseth to tap USD\$8 billion in research and development funding to pay US troops, many of whom were set to miss their first paycheck on October 15. The move derisks a major pressure point for both parties and likely ensures the shutdown will continue.

- But as Punchbowl notes, “Hundreds of thousands of civilian federal employees have been furloughed and aren’t getting paid. This includes air-traffic controllers, Customs and Border Patrol and ICE agents, Federal Bureau of Prisons guards, the FBI and CIA — the gamut of tough, dangerous jobs. Federal contractors are suffering as well.”

On Friday, Office of Management and Budget Director Russell Vought announced on X that the White House had begun laying off more than 4,000 federal workers. The Treasury Department and Department of Health and Human Services account for more than half of the total planned layoffs. The departments of Homeland Security, Education, Energy, Housing, and Urban Development and the Environmental Protection Agency are also affected.

- Axios notes that the ‘reductions in forces’ are the latest blow to the federal workforce, which is already down 200,000 employees this year. The American Federation of Government Employees (AFGE) said in a statement that it has sued the administration, and won’t stop fighting until every layoff notice is rescinded.
- Vice President JD Vance told Fox, “The longer this goes on, the deeper the cuts are going to be. To be clear, some of these cuts are going to be painful. This is not a situation that we relish. This is not something that we’re looking forward to, but the Democrats have dealt us a pretty difficult set of cards.”

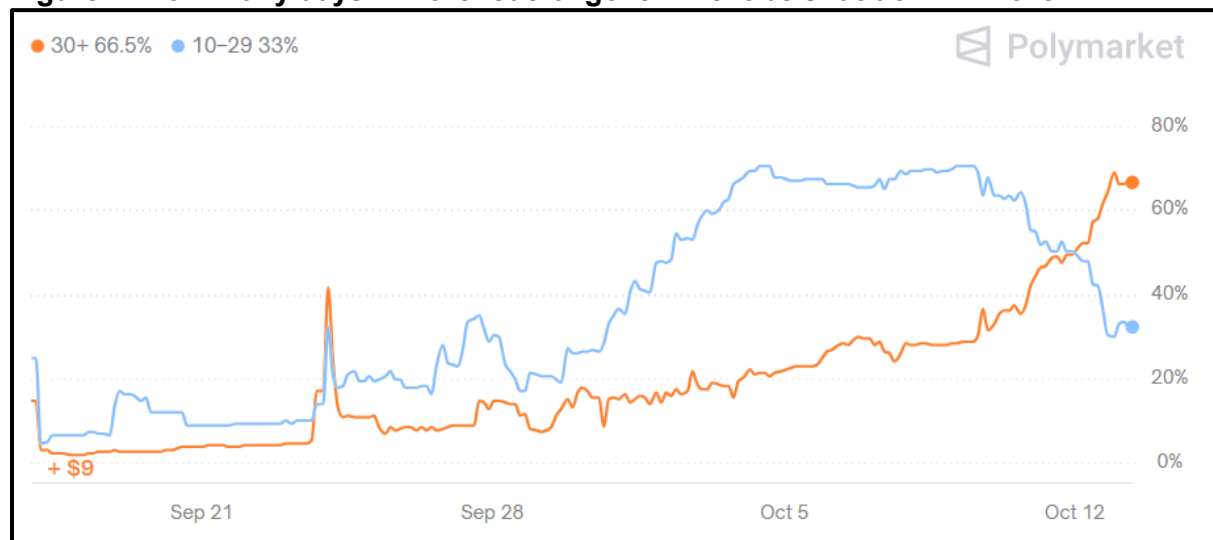
Republican and Democratic demands appear unchanged. Democrats want a permanent extension to expiring Obamacare subsidies and language to prevent the White House from impounding or rescinding Congressionally authorised funds. Republicans believe that those discussions can only take place after Democrats vote to reopen the government.

- Johnson reiterated to Fox News on Sunday, “The Republicans have already said we were going to have thoughtful conversations, deliberation and debate about continuing the Covid-era Obamacare subsidies. Because they don’t expire until Dec. 31. They’re trying to pretend like that’s a September issue. It never was.”
- House Minority Leader Hakeem Jeffries (D-NY) told Fox, “This should be a bipartisan negotiation. ... My friends on the other side of the aisle, they seem to believe that health care is an extraneous issue. ... It’s a central issue. This is the wealthiest country in the history of the world, and people throughout this country should be able to afford to go see a doctor when they need one for themselves, their family and their children.”

Treasury Secretary Scott Bessent told Fox Business this morning that the government shutdown is “starting to affect the economy.”

- Bettors at Polymarket see little chance the shutdown will end within 30 days (November 1). According to the market, there is now a more than 65% implied probability that the shutdown will extend beyond 30 days.

Figure 1: How many days will the federal government be shut down in 2025?



Source: Polymarket

China

President Trump dialled down trade tensions with China with a Sunday message on Truth Social that appeared to open the door for a trade deal. Trump [wrote](#), “Don’t worry about China, it will all be fine! Highly respected President Xi just had a bad moment. He doesn’t want Depression for his country, and neither do I. The U.S.A. wants to help China, not hurt it!!!”

- Trump’s dovish pivot continued aboard Air Force One yesterday, “I think we’re gonna be fine with China. I have a great relationship with President Xi. He’s a very tough man, he’s a very smart man, he’s a great leader for their country, and I think we’ll get it set.”

Treasury Secretary Scott Bessent told Fox Business this morning that the US “aggressively pushed back against,” a “provocative move” from China. Bessent noted that there was “substantial communication over weekend,” and there will be “lots of staff level meetings”.

- Bessent said he has been in touch with allies and will be meeting them this week, adding that he “expects support” from India and others. He warned, “we don’t want to decouple, but China sending a decoupling message.”
- He said he believes China is “open to discussion,” but if not, there are “substantial levers” the US can pull. He added that the US “could move more aggressively than China.”

Bessent said on rare earth supply chains, “we’ll see if China wants to be a reliable supplier,” but revealed that the Trump administration is “going to do the equivalent of Operation Warp Speed to tackle processing,” referring to Trump’s first-term COVID-19 vaccine initiative.

- Continuing Trump’s dovish tilt, Bessent said he is “confident this can be de-escalated,” as lines of communication have been opened, noting that “100% tariffs don’t have to happen”. He added that the Trump-Xi meeting is on track to go ahead

in South Korea as planned, and he hopes to meet his counterpart, Vice Premier He Lifeng, for a 5th round of talks ahead of the leaders' meeting.

Trump's dovish turn came after he roiled markets on Friday, reacting to Beijing's new rare earth export control measures with a [Truth Social post](#) that threatened a new 100% tariff on all Chinese goods and to cancel a planned meeting with Chinese President Xi Jinping on the margins of the APEC summit in South Korea at the end of the month.

- CNBC notes that Trump's post, "shook U.S. stock markets on Friday, erasing \$2 trillion in equity values in a single day."
- The Wall Street Journal reports that Beijing responded over the weekend by "blaming Washington for having first introduced new restrictions against China after the latest round of trade talks in September, adding that its new rules would have only a limited impact on global supply chains, and that they didn't constitute an export ban."

Vice President JD Vance told Fox News on Sunday, "It's going to be a delicate dance, and a lot of it is going to depend on how the Chinese respond. If they respond in a highly aggressive manner, I guarantee you, the president of the United States has far more cards than the People's Republic of China. If, however, they're willing to be reasonable [then the US would, too]."

- The Chinese Ministry of Commerce said Sunday, "Threatening with high tariffs at every turn is not the right way to get along with China. If the US persists in its own course, China will resolutely take corresponding measures to safeguard its legitimate rights and interests."
- Trump told reporters on Sunday, when asked about the November 1 tariff truce deadline, "Let's see what happens. You know for me, you know what November 1 is? It's an eternity. November 1 is an eternity for me. For somebody else, is right around the corner. For me, when I hear November 1, it's an eternity."

Bloomberg writes, "The remarks from Trump and Vance suggest that the US wants to keep up the pressure on China to reverse its most recent trade moves, while trying to reassure spooked markets that a tit-for-tat escalation isn't inevitable."

- Goldman Sach analysts wrote in a note, "The recent policy moves suggest a wider range of potential outcomes than appeared to be the case ahead of the last few key US-China meetings... The most likely scenario seems to be that both sides pull back on the most aggressive policies and that talks lead to a further — and possibly indefinite — extension of the tariff escalation pause reached in May."
- Politico writes, "China's rupture of the trade peace "is a particularly sophisticated show of force, one that underscores a growing mismatch between China's long-term strategy and the Trump administration's more improvisational approach."

India

India's Trade Ministry confirmed this morning that an Indian delegation will travel to the US this week for talks aimed at striking a trade deal before a fall deadline. A ministry official told reporters that "good progress" has been made since negotiations resumed last month, without providing additional details.

- Reuters reports that the official said India is looking for buy more US natural gas as part of the deal. Bloomberg reports that in a September meeting in New Delhi, "India offered concessions to the US, including easing some restrictions on the import of genetically modified corn, and offering to buy more American defense and energy goods."

Last week, Indian Prime Minister Narendra Modi wrote on X, "Spoke to my friend, President Trump and congratulated him on the success of the historic Gaza peace plan. Also reviewed the good progress achieved in trade negotiations. Agreed to stay in close touch over the coming weeks." Modi's statement came amid a thaw in tensions that has yet to translate into progress on trade.

- Commerce Minister Piyush Goyal said on October 7 that talks with the US are "ongoing continuously," but declined to outline a timeframe for the completion of a trade agreement: "We never negotiate based on deadlines... Currently, the US government is in shutdown mode. In light of that, we'll have to see how, where, and when the talks can take place."
- Indian Foreign Minister S. Jaishankar warned last week that India won't compromise on the interests of farmers or small businesses to facilitate a deal, appearing to throw cold water on Commerce Secretary Howard Lutnick's calls for India to 'open its markets'.
- An Indian official told Indian Express this week, "[Trump is] probably looking at [Modi] meeting him before a deal is announced, but that's not how the Indian system traditionally works." A second senior official said, "It's out of the question for the Prime Minister to meet the US President before a deal is signed," citing concerns over Trump's unpredictable negotiating style.
- The Indian Express notes, "There is now cautious optimism that the remaining differences could be bridged in the run-up to the ASEAN and East Asia leaders' summit in Kuala Lumpur from October 26 to 28. If both Modi and Trump attend, it could open a window for a meeting on the sidelines."

Pharmaceuticals

President Trump on Friday that his administration had struck a deal with UK-based pharmaceutical company AstraZeneca to lower prescription drug costs. The deal is the second agreement with a major pharma company, following a similar deal with Pfizer.

- The White House said in a statement, "The agreement will provide every State Medicaid program in the country access to [most-favoured-nation] drug prices on AstraZeneca products, resulting in hundreds of millions of dollars in savings and continuing President Trump's historic efforts to strengthen the program for the most vulnerable."
- AP [reports](#), "Advocates have generally praised the administration's efforts to cut drug prices, though some have expressed concerns that too much onus is being placed on the manufacturers to lower costs without implementing U.S. policy safeguards to ensure such outcomes."

Axios [reports](#) that the deal, "was a clear sign [Trump had] paused his commerce secretary's push to slap 100% tariffs on pharmaceuticals that aren't manufactured in the US."

- Axios notes that the pharma episode pitted Commerce Secretary Howard Lutnick, an advocate for pharma tariffs, against Health Secretary Robert F. Kennedy Jr, who had been negotiating with drug companies as part of Trump's "most favored nation" prescription drug plan to lower drug costs for Americans.
- It appears that RFK won out, with Trump reversing a previous [Truth Social message](#) teasing the imminent imposition of 100% tariffs on pharma imports.

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Security

Punchbowl News reports that, “Secretary of State Marco Rubio sought to reassure Senate Republicans last week that the AUKUS security pact will survive an ongoing Pentagon review, telling GOP senators during a closed-door lunch meeting that the partnership will emerge “stronger.””

- Rubio’s comments are the latest sign that the Trump administration is seeking to calm anxiety in London and Canberra, and amongst hawks in Congress, that a review of the nuclear submarine pact between the US, UK, and Australia is at risk from a Pentagon review initiated by Pentagon policy chief Elbridge Colby.
- Punchbowl notes, “Inked in 2021, AUKUS has enjoyed strong bipartisan backing on the Hill. Republicans often note that it’s one of the few Biden administration foreign policy initiatives they supported.”
- Punchbowl adds, “Colby is close with Vice President JD Vance and has been panned as an “isolationist” by GOP hawks because of his view that the United States should shift resources away from Europe to prioritize the Indo-Pacific.”

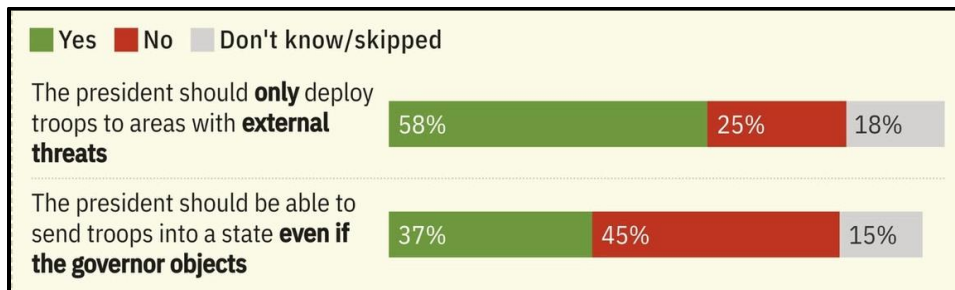
Law and Order

Politico reports, “A federal appeals court temporarily lifted the block on Trump’s federalization of National Guard troops in Chicago yesterday, but stopped short of green-lighting their deployment in the city. In Portland, where troops are also waiting in the wings, an appeals court appears primed to soon let the deployment move forward.”

- Vice President JD Vance told Fox News yesterday that the White House is considering invoking the Insurrection Act as officials ramp up federal law enforcement action in US cities, per Semafor.
- Semafor notes, “The 1807 statute would allow President Donald Trump to deploy active-duty military personnel; the government has already sent National Guard troops to Democratic-run cities with the stated aim of protecting immigration agents from protests. Courts have blocked some of those deployments, but analysts say the

legal setbacks could push Trump to take a more aggressive route and invoke the act.”

Figure 2: American Views of Military Deployments to States



Source: Semafor, Reuters/Ipsos

Ukraine War

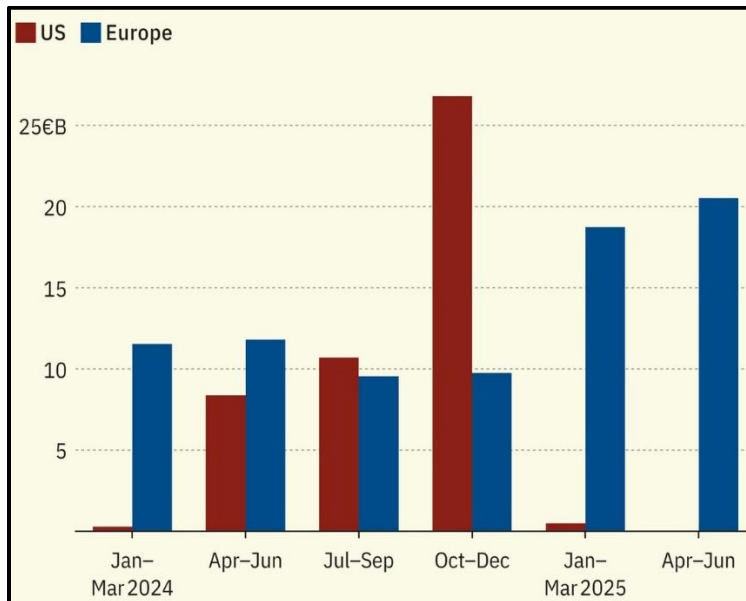
President Trump and Ukrainian President Volodymyr Zelenskyy spoke on the phone on Saturday as the latter pushes Trump to use the momentum from the Gaza peace deal to take a more assertive role in a Ukraine ceasefire.

- Zelenskyy wrote in a Saturday [statement on X](#), “I had a call with US President Donald Trump—a very positive and productive one. I congratulated [him] on his success and the Middle East deal he was able to secure, which is an outstanding achievement. If a war can be stopped in one region, then surely other wars can be stopped as well—including the Russian war.”

Trump told reporters aboard Air Force One yesterday that he’d consider arming Ukraine with long-range Tomahawk missiles that would allow strikes deeper into Russia, but said he may first talk to Russian President Vladimir Putin about it in a bid to end the war, per [Bloomberg](#).

- Trump said on Tomahawks, “We talked about that and so we’ll see. I might say, ‘Look, if the war’s not going to get settled, I may send them Tomahawks... If the war is not settled, then we may very well do it. We may not, but we may do it.’”
- Trump indicated he would use the threat of Tomahawks as leverage with Putin, “I might have to speak to Russia, to be honest with you, about Tomahawks. Do they want to have Tomahawks going in their direction? I don’t think so. I think I might speak to Russia about that, in all fairness. I told that to President Zelenskyy, because Tomahawks are a new step of aggression. You understand that.”

Figure 3: Government Support for Ukraine



Source: Semafor, Kiel Institute

Venezuela

Defense Secretary Pete Hegseth said in a [post on X](#), “At the President’s direction, the Department of War is establishing a new counter-narcotics Joint Task Force in the SOUTHCOM area of responsibility to crush the cartels, stop the poison, and keep America safe. The message is clear: if you traffic drugs toward our shores, we will stop you cold.”

- The Hill notes, “The formation of the task force comes as the Trump administration has launched four strikes against alleged drug trafficking boats in the Caribbean Sea in recent weeks. The strikes have killed 21 in total, according to the administration.”

Politico’s [Nahal Toosi](#) writes Trump has a different plan to oust Venezuelan President Nicolas Maduro this time around, “The first time President Donald Trump tried to push Nicolas Maduro out of power, he wasn’t coy about it. He accused the Venezuelan dictator of stealing an election, stripped U.S. recognition from Maduro’s government, imposed sanctions on Caracas and rallied other countries to pressure Maduro to quit. It didn’t work.

- “In his second term, Trump is targeting Maduro differently, and his message is, uncharacteristically for Trump, less direct. Even though Trump continues to say Maduro is an illegitimate leader, he has said ‘we’re not talking about’ regime change in Caracas. Instead, he’s emphasizing the long-standing accusations that the strongman is a drug lord and a dangerous criminal. The plan, people familiar with the situation tell me, is to force Maduro out as part of Trump’s ongoing fight against drug cartels.”

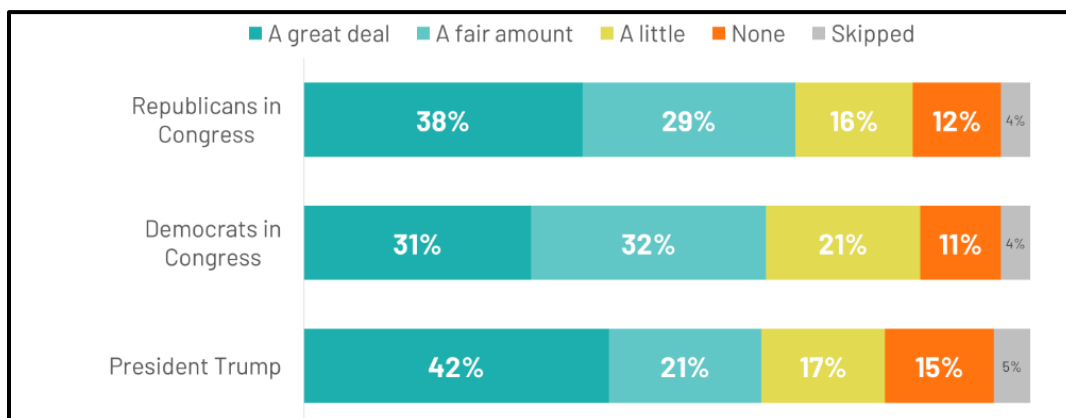
Chart of the Day

New polling from [Ipsos](#) has suggested, “that this shutdown might hurt Republicans and Trump more than it would hurt Democrats. At the same time, there aren’t any glaring signs that it will help Democrats, who have been struggling with their own lack of popularity.

Ultimately, while the fate of this shutdown is uncertain, one thing that seems likely is that this shutdown will only reinforce partisan entrenchment and disillusionment.”

- Ipsos notes, “A majority of Americans are at least somewhat concerned about the government shutdown, though it’s not very concerning to most... No side will leave this shutdown unscathed. Democrats in Congress, Republicans in Congress, and President Trump receive at least some blame in the eyes of the public.”
- Ipsos concludes, “How hard do Americans want their side to fight? It depends. Half of America would prefer their leaders stand up for their issue positions at the cost of a shutdown. Independents would rather see a compromise. The most likely end result: more disillusionment.”

Figure 4: Who gets the blame for the government shutdown?



Source: Ipsos

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