

MNI POLITICAL RISK ANALYSIS - US Daily Brief 14-07-25

by Adam Burrowes

The White House *(times subject to change)*

10:00 ET 15:00 BST	President Trump meets with NATO Secretary General Mark Rutte (closed press)
12:00 ET 17:00 BST	President Trump participates in the White House Faith Office Luncheon

KEY DATES:

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

Washington

At 10:00 ET 15:00 BST, President Donald Trump will meet with NATO Secretary General Mark Rutte at the White House. According to Trump's diary, the meeting will be closed to the press. At some point today, Trump is expected to make a 'major statement' on Russia, likely to include new weapons shipments to Ukraine and the possible endorsement of sanctions on Russia. (More below)

Trade and Tariffs

Trump concluded his tariff week with Saturday letters to European Commission President Ursula von der Leyen and Mexican President Claudia Sheinbaum setting a 30% tariff rate for both trading partners.

- In his [letter to Sheinbaum](#), Trump said that Mexico has taken steps to secure the US-Mexico border, but hadn't done enough to curb the flow of Fentanyl into the United States.
- Trump: "If Mexico is successful in challenging the Cartels and stopping the flow of Fentanyl, we will consider an adjustment to this letter. These Tariffs may be modified, upward or downward, depending on our relationship with your Country."

Trump [said to von der Leyen](#), "We have had years to discuss our Trading Relations with The European Union, and have concluded that we must move away from these long-term, large, and persistent, Trade Deficits, engendered by your Tariff, and Non-Tariff, Policies and Trade Barriers."

- Trump warned: "The European Union will allow complete, open Market Access to the United States, with no Tariff being charged to us, in an attempt to reduce the large Trade Deficit. If for any reason you decide to raise your Tariffs and retaliate, then, whatever the number you choose to raise them by, will be added onto the 30% that we charge."

Von der Leyen said Sunday that the bloc would keep on hold its retaliatory tariffs until early August while it negotiates with the U.S. She added that the EU is also continuing to ready further countermeasures, "so we are fully prepared," per the Wall Street Journal.

- The Financial Times reported this morning: “The EU will delay its plan to hit the US with tariffs on €21bn of its annual exports to Europe on Tuesday in the hope of coming to an agreement [with Trump]...”

French President Emmanuel Macron said Saturday in a [statement on X](#) that, “Along with the President of the European Commission, France shares the same very strong disapproval at the announcement of horizontal 30% tariffs on EU exports to the United States from August 1st.”

- Macron called on the European Commission to “resolutely defend European interests,” by “speeding up the preparation of credible countermeasures, by mobilising all the instruments at its disposal, including anti-coercion, if no agreement is reached by August 1st.”

EU trade commissioner Maros Sefcovic said before a meeting of EU trade ministers in Brussels this morning that the two sides are approaching a good outcome for both sides in their trade talks: “The feeling on our side was that we are very close to an agreement,” per Reuters.

- Dan Mullaney, a former assistant U.S. trade representative for Europe and the Middle East, told WSJ the letter is likely to embolden those in the EU who want to retaliate and have argued that the U.S. isn’t serious about doing a deal. “Those people will feel like they’re now justified in their beliefs,” he said.

Bloomberg [reports](#) that “Cars and tariff levels on agriculture have emerged as key sticking points ... as the two sides work toward a provisional trade agreement in the coming days..”

- According to Bloomberg, “The EU is seeking a tariff no higher than 10% on agricultural exports... An offset mechanism that some carmakers [isn’t under consideration for now]... The bloc’s negotiators are focusing talks on car tariffs instead...”
- Bloomberg previously reported: “The US and the EU have been discussing an initial deal that would see most EU exports hit with a 10% tariff, with limited exemptions for some industries such as aviation and medical devices... The EU has also been arguing for lower rates on spirits and wines, as well as mitigating through quotas the 50% tariffs that Trump has imposed on steel and aluminum. The US has proposed a 17% tariff on agricultural products. The agreement would also cover non-tariff barriers, economic security cooperation and strategic purchases.”

Politico [writes](#): “Between the president’s growing impatience with the plodding pace foreign governments are taking and a broader fear about the Wall Street TACO meme suggesting “Trump Always Chickens Out,” Trump insiders privately maintain that it would make little sense — politically or from a policy standpoint — for the president to offer any additional grace...”

- The New York Times similarly [speculates](#) that previous optimism that tariffs could be a tool to crack open commercial opportunities, “is being replaced by doubts that Mr. Trump’s goal was ever to strike the kind of trade deals that would open up markets.”

Figure 1: Tariff for Select Partners, Including Country-Specific “Reciprocal” Tariffs

TRADING PARTNER	PREVIOUSLY ENACTED OR THREATENED	NEWLY ANNOUNCED	SHARE OF U.S. IMPORTS
E.U.	+20%	+30%	18.5%
Mexico*	+25%	+30%	15.5%
Canada*	+25%	+35%	12.6%
Japan	+24%	+25%	4.5%
South Korea	+25%	+25%	4.0%
Thailand	+36%	+36%	1.9%
Malaysia	+24%	+25%	1.6%
Brazil*	+10%	+50%	1.3%

Source: [New York Times](#) (“Note: Previously threatened rates refer to the “reciprocal” tariff rates that were originally imposed on April 1. Brazil, Canada and Mexico were not specifically targeted on April 1. Brazil was subject to a 10 percent global rate. Many goods from Canada and Mexico not covered by the North American trade agreement have been subject to a 25 percent tariff this year.”)

Economy

The Wall Street Journal [reports](#): “The economy has remained resilient against tariffs already in place, and investors expect that the president will walk back his threats or strike trade deals before the tariffs can incur serious damage to the economy and markets, analysts say. And Trump’s extension of the deadline for “reciprocal” tariffs to Aug. 1 has left investors in wait-and-see mode again.”

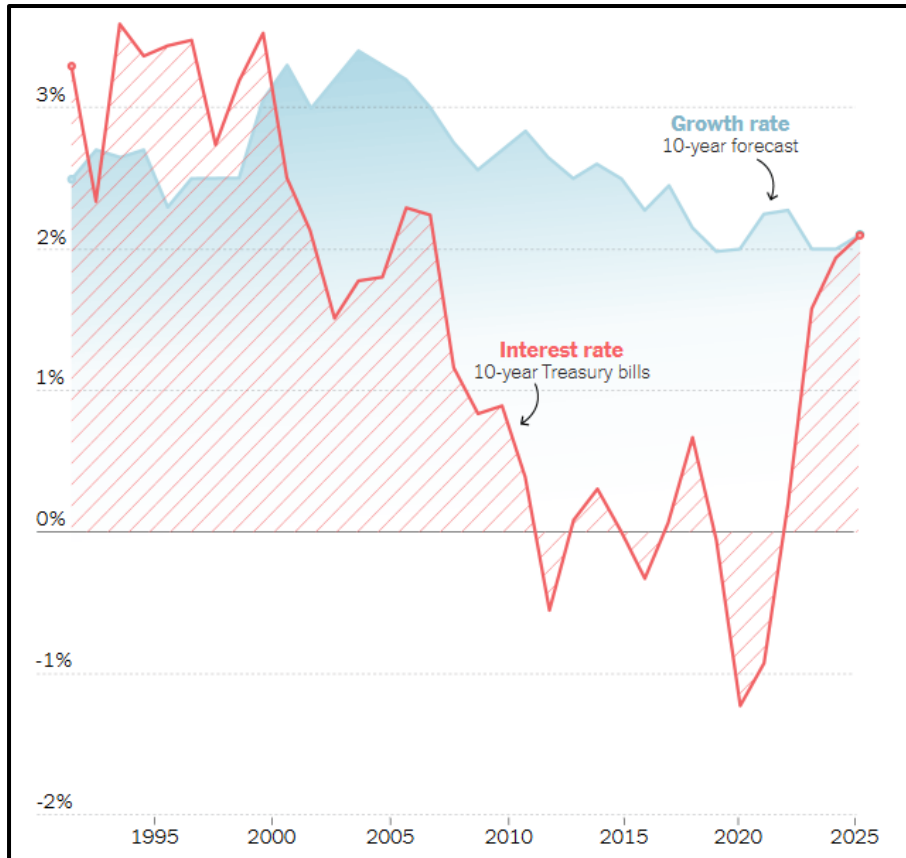
- Brent Schutte, chief investment officer at Northwestern Mutual Wealth Management, said: “The risk is the same as it was in the first administration—that the president misjudges where that fine line is between pushing too far and causing an economic contraction or a stock-market decline,”
- Douglas Rediker, chairman of International Capital Strategies, told the Washington Post: “I do believe the risks are building. Trump now feels a certain sense of invincibility and is willing to take positions on tariffs that are much more aggressive than probably anybody anticipated, because he does seem to believe he can get away with anything,”

Former President Joe Biden’s chief economic advisor, Jared Bernstein, wrote in a New York Times [op-ed](#) that he, “like many other longtime doves, am joining the hawks, because our nation’s budget math just got a lot more dangerous.”

- Bernstein wrote, “the interest rate our country pays on its debt has increased sharply, driven in part by government spending during the pandemic and by higher inflation. It’s shot up so much that it is now equal to our growth rate. That’s a potential game changer for debt sustainability.”

- Bernstein warned that Trump's policy, including his tariff regime and the Big Beautiful Bill, "could raise the ratio of debt to the G.D.P. by 30 percentage points over the next decade, driving interest rates six-tenths of a point higher than they are now."

Figure 2: 10-Year Growth Forecast vs Interest Rate on 10-Year Treasury Bills



Source: Olivier Blanchard from his book "Fiscal Policy Under Low Interest Rates", per The New York Times

Congressional Business

The House is IN

The Senate is OUT

Committee Schedule –

- 16:00 ET 21:00 BST: HOUSE Rules Meeting: Markup of various bills, including the GENIUS Act

Congress

House Republican leadership have dubbed this week 'crypto week'. The lower chamber will take up the Senate-passed GENIUS Act, the landmark crypto legislation that passed the Senate in June and consider the CLARITY Act and the Anti-CBDC Surveillance State Act.

- Investopedia notes that the Genius Act, “would enable private companies to issue stablecoins, a type of cryptocurrency that has its value tied directly to a state-issued currency, often the U.S. dollar. The bill would require companies issuing stablecoins to back them one-to-one with liquid cash.”

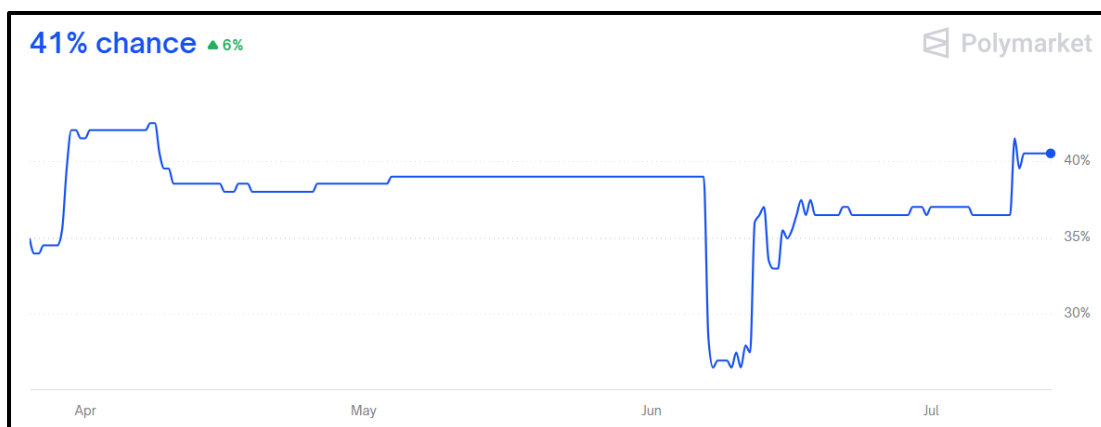
Financial Services Chairman French Hill (R-AR) told [CBS](#): “Our CLARITY Act which sets up the rules of the road for what’s a commodity, what’s a security, how to use digital assets, how to store them, how to custody them; these are the rules that will protect consumers, will limit access to our market and our investors from [those] outside of the United States trying to influence the crypto markets...”

- “I believe the bills we will have on the floor this week will protect investors, consumers, and make America as President Trump wants, a leader in financial technology and crypto and digital assets innovation.”

The Senate is expected to take up Trump’s House-passed rescission package, which would cut USD\$9.4 billion from the State Department’s foreign aid budget and public broadcasters.

- Senate Minority Leader Chuck Schumer (D-NY) has hinted that he will withhold Democratic votes from a, likely-required, short-term funding measure to avert a government shutdown on October 1, if Senate Republicans send the bill to Trump’s desk. Trump has warned Senate Republicans that he will withdraw his endorsement from any defectors.
- Data from Polymarket shows the implied probability of a government shutdown is 41%. That figure is likely to rise if the Senate pushes through the rescissions package.

Figure 3: Government Funding Lapse on October 1



Source: Polymarket

Russia-Ukraine

In a telephone interview with NBC News on Friday, Trump teased a major statement on Russia to take place on Monday.

- At 10:00 ET 15:00 BST this morning, Trump will meet with NATO Secretary General Mark Rutte at the White House where he is expected to finalise a new plan to arm Ukraine “that is expected to include offensive weapons,” according to [Axios](#).

- Axios sources report that “the plan was likely to include long-range missiles that could reach targets deep inside Russian territory, including Moscow,” a “major shift for Trump, who had until recently been at pains to say he would provide only defensive weapons to avoid escalating the conflict.”
- Politico reported earlier that Trump is “considering a new military aid package for Ukraine that numbers in the hundreds of millions”, that “could come from the fund approved by former President Joe Biden that lets the DOD give weapons from the U.S. military stockpile to Ukraine.”
- The Telegraph notes, “is expected to be worth around \$300m, could include crucial Patriot missiles and offensive medium-range rockets.”

Senator Lindsay Graham (R-SC), the coauthor, along with Senator Richard Blumenthal (D-CT), of a pending major sanctions package that would hit Russia with primary sanctions and countries that buy Russian goods with 500% secondary tariffs, told Axios: “Trump is really pis--- at [Russian President Vladimir] Putin. His announcement tomorrow is going to be very aggressive.”

- Graham said in a statement on X: “For months, President Trump has tried to bring Putin to the peace table, but a turning point is coming. I’m doing everything I can to ensure President Trump has what he needs to end this war.”

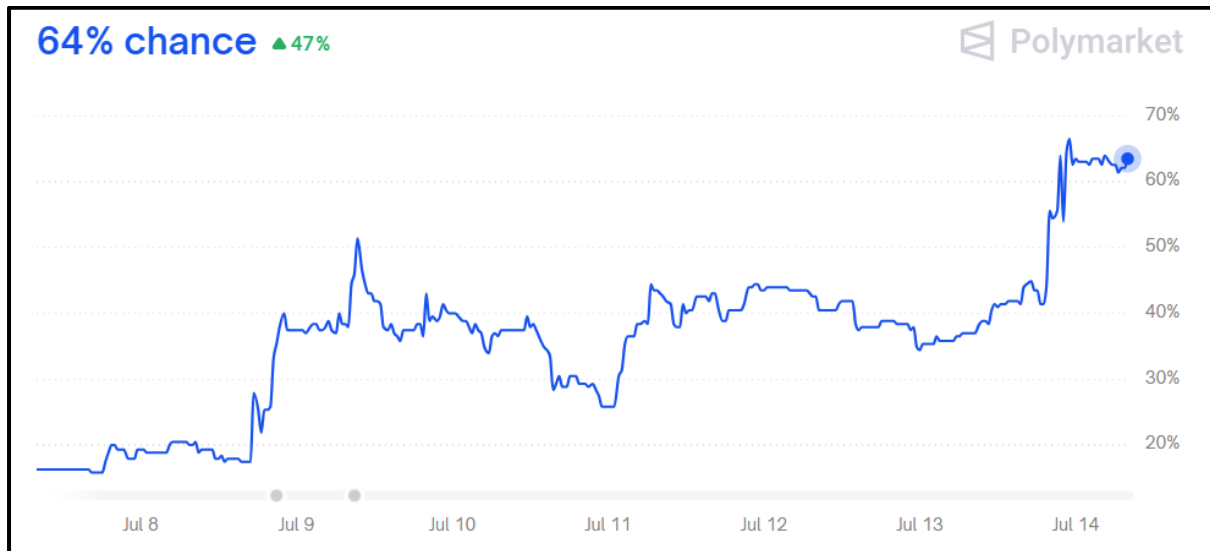
Trump has been leaning towards endorsing the sanctions bill, which is likely to be rewritten to provide Trump discretion over the implementation of sanctions and tariffs.

- Trump told NBC: “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. They’re going to pass a very major and very biting sanctions bill, but it’s up to the president as to whether or not he wants to exercise it.”
- Senate Majority Leader John Thune has indicated that the bill, which has strong bipartisan support, is expected to hit the Senate floor next week. House Speaker Mike Johnson (R-LA) said the House is likely to take up the package, if it passes the Senate, putting it on a track to Trump’s desk.

Secretary of State Marco Rubio said the Trump administration is talking to multiple countries in Europe, including Spain and Germany, that have Patriot batteries about sending them over to Kyiv.

- Rubio said after a meeting with Russian Foreign Minister Sergei Lavrov last week: “Well, the Spaniards have them. They’re really far from Ukraine and they have one. The Germans have, others have them — I’m not singling them out, but I’m just telling you those are two that I know. There are other Patriot batteries, and there are other opportunities.”
- Bettors at Polymarket see a 64% chance that Trump increases sanctions on Russia before August, a significant spike since last week when it was around 15%.

Figure 4: Will Trump increase sanctions on Russia before August?



Source: Polymarket

Israel-Iran

Trump's Middle East Special Envoy Steve Witkoff told reporters on Sunday that he is "hopeful", when asked about the status of Gaza ceasefire talks.

- Witkoff confirmed that he would meet with senior Qatari officials on the sidelines of the FIFA Club World Cup, taking place shortly after his comments at the MetLife Stadium in New Jersey. President Trump was also in attendance at the event.

The Washington Post reports: "A consensus is emerging within Iran's fractious political scene that the country must relaunch negotiations over its nuclear program with the United States, even as mistrust remains over whether such talks could simply be the prelude to another Israeli attack, according to analysts and political observers inside and outside Iran."

- Iran's Foreign Minister Abbas Araghchi wrote in a Financial Times op-ed on July 8: "Although Iran has in recent days received messages indicating that the US may be ready to return to negotiations, how can we trust further engagement? ... Iran remains interested in diplomacy but we have good reason to have doubts about further dialogue."

Laurence Norman at the Wall Street Journal [reports](#) that Trump has signalled he would support Israel in another attack, if Iran were to take steps towards making a nuclear bomb.

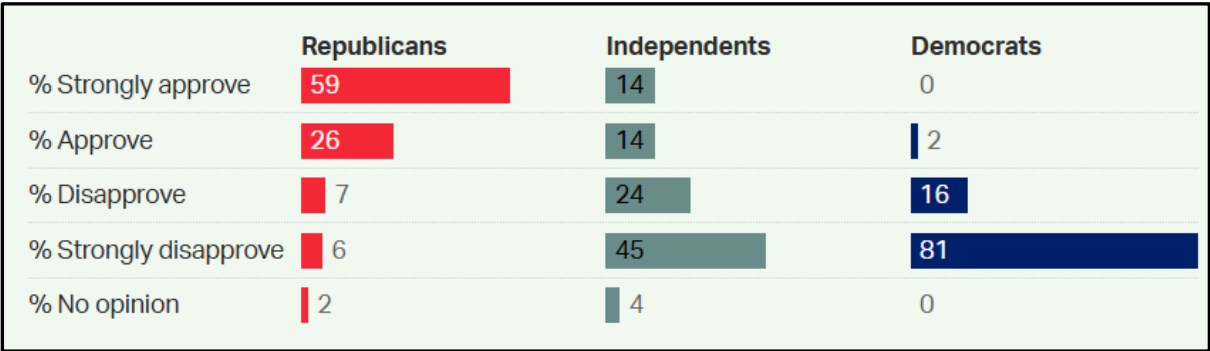
- Norman writes that Israeli Prime Minister Benjamin Netanyahu told Trump in private that "if Iran resumed moving toward a nuclear weapon, Israel would carry out further military strikes. Trump responded that he favored a diplomatic settlement with Tehran, but didn't otherwise object to the Israeli plan."
- Norman outlines the dilemma for the three parties: "Trump is counting on the threat of further attacks to pressure Tehran into an agreement that would foreclose it from building a nuclear weapon. Israel is skeptical a diplomatic settlement would prevent Iran from secretly rushing toward a nuclear weapon. And Tehran is demanding guarantees it won't face more bombing in return for resuming talks with Washington."

Chart of the Day

A new survey from [Gallup](#) has found that, “Perhaps because of Americans’ opposition to immigration policies that Trump has enacted to remove undocumented immigrants from the U.S., their evaluation of his work on immigration is mostly negative. Thirty-five percent approve of his handling of the issue, including 21% strongly approving, while 62% disapprove, including 45% strongly.”

- Axios notes on the survey that “about 70% of independents oppose Trump's approach. Only 30% of U.S. adults surveyed want immigration decreased — down 25 points from one year ago,” and “A record-high 79% of those polled said immigration is good for the country.”
- According to Axios, “Trump recognizes it's problematic — politically and practically — to deport people who came here illegally but now work and pay taxes. But Trump's in a real jam with his MAGA base, which opposes amnesty for anyone here illegally, even if they hold jobs, pay taxes and commit no crimes after arriving.”

Figure 5: “Do you strongly approve, approve, disapprove or strongly disapprove of the way Donald Trump is handling the immigration issue?”



Source: Gallup

IMPORTANT: This email contains information protected by copyright which can only be used in accordance with the terms of your Market News subscription agreement. UNAUTHORIZED DISCLOSURE, PUBLICATION, REDISTRIBUTION OR FURTHER DISSEMINATION OF THIS INFORMATION MAY RESULT IN CRIMINAL PROSECUTION OR OTHER SEVERE PENALTIES. Any such authorization requires the prior written consent of Market News. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News. Market News takes any such violation seriously and will pursue available legal remedies.

This document may contain forward-looking statements. Forward-looking statements may be identified by the use of such words as; "may," "might," "will," "would," "should," "could," "expect," "plan," "planned," "intend," "anticipate," "believe," "estimate," "estimated," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and other similar terms. Forward-looking statements are not historical facts or guarantees of future performance but instead express only beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside the control of Market News. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Subscribers are cautioned not to place undue reliance on any forward-looking statements or examples. None of Market News or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright @ 2023 Market News Ltd & Hawking LLC d/b/a Market News. All rights reserved.