

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 14-08-25

by Adam Burrowes

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

11:00 ET 16:00 BST	President Trump receives his Intelligence Briefing
13:00 ET 18:00 BST	President Trump delivers remarks

#### KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

### Washington

President Donald Trump will receive an intelligence briefing in the morning before delivering remarks at the White House at 13:00 ET 18:00 BST.

- At 08:30 ET 13:30 BST, the Labor Department will release weekly jobless claims data

In wide-ranging [remarks](#) at the Kennedy Center yesterday, Trump suggested that he does not need Congressional approval to extend a 30-day deadline for federalizing the DC Police Department.

- Trump said: "We're going to be asking for extensions on that — long-term extensions because you can't have 30 days. I don't want to call a national emergency. If I have to, I will."

### Russia-Ukraine

Senior Kremlin aide Yuri Ushakov told reporters this morning that tomorrow's summit between Trump and Russian President Vladimir Putin in Anchorage, Alaska, will begin at 11:30 local time (15:30 ET 20:30 BST).

- Ushakov noted that the two leaders will have a one-on-one meeting with only translators present, as well as a wider meeting with delegations present and a working breakfast.

State-run Russian outlet Tass reports that Ushakov said the delegations will take the 'five-to-five' formula. The Russian delegation will include Foreign Minister Sergey Lavrov, Defence Minister Andrey Belousov, Finance Minister Anton Siluanov, the Special Presidential Envoy on Foreign Investment and Economic Cooperation Kirill Dmitriev, and Ushakov himself.

- The high-ranking status of this delegation stands in stark contrast to the relatively junior group of officials sent to the three rounds of talks with Ukraine that have taken place in Istanbul in recent months.
- The US delegation could therefore comprise Secretary of State Marco Rubio (who is also National Security Advisor), Secretary of Defense Pete Hegseth, Treasury



Secretary Scott Bessent, Commerce Secretary Howard Lutnick, and one of either USTR Jamieson Greer, Trump's chief negotiator Steve Witkoff, or Ukraine envoy Keith Kellogg, although the latter has been sidelined throughout negotiations.

- Putin and Trump will hold a joint news conference after the summit. There is no set timeline for how long the talks could last, so the presser is likely take place well into the evening on the east coast/early hours of the morning in Europe.

European leaders expressed cautious optimism that Trump is aligned with Ukraine's priorities, following a one-hour-plus call with Trump and Ukrainian President Volodymyr Zelenskyy. Trump told European counterparts that the meeting with Putin is aimed primarily at getting a better understanding of how to reach a ceasefire, rather than to strike a deal with Russia.

- European leaders appear to have received a commitment from Trump to press Putin on their two key priorities: (1) A ceasefire along the frontline must precede any deal and, (2) any cession of Ukrainian territory must be agreed bilaterally between Zelenskyy and Putin, then subject to a Ukrainian referendum per the country's constitution.

German Chancellor Friedrich Merz said alongside Zelenskyy that Trump "largely shares" Europe's priorities, "and that is why I can say that we had a really constructive and good conversation."

- French President Emmanuel Macron told reporters that Trump agreed that Ukraine must be involved in territorial discussions to end the war, and that Trump was "very clear" that he wants to get a ceasefire in Alaska, per Politico.
- Macron added that Trump made it clear that any security guarantees offered to Ukraine as part of a potential peace deal with Russia wouldn't involve the North Atlantic Treaty Organization, but he accepted that other guarantees would be given jointly by the U.S. and Europe, per the Wall Street Journal.

Zelenskyy told reporters in Berlin: "Putin is bluffing. He is trying to apply pressure before the meeting in Alaska on all directions of the Ukrainian front."

- He added that Putin is acting "as if sanctions are not important to him and that they are not working. In fact, sanctions are very helpful and are hitting the Russian military economy."

Putin hasn't publicly moderated his demands to end the war, although he appears to have dropped language calling for the 'denazification' of Ukraine. His primary conditions, unchanged from last year, include the "full withdrawal of Kyiv's forces from key Ukrainian regions and the abandonment of its NATO ambitions," per Reuters.

- Russian Foreign Ministry's deputy spokesperson, Alexei Fadeev, said this week: "Russia's position remains unchanged, and it was voiced in this very hall just over a year ago, on June 14, 2024," referring to Putin's speech outlining Russia's ceasefire terms.
- Russia currently controls around 20% of Ukraine, including Crimea since 2014, all of Luhansk, and roughly 70% of the Donetsk, Zaporizhzhia and Kherson regions. The most likely territorial exchange will include Crimea – which has been administered by

Moscow since 2014), Donetsk, and Luhansk – the latter two regions comprise the ‘Donbas’.

The Economist reports that a US-Russia deal could go further. “One potential area is a deeper normalisation of diplomatic and business relations between America and Russia, including a lifting of sanctions.”

- The Economist adds that: “Another is co-operation in the Arctic, for example over energy, resurrecting discussions that reportedly took place in February, with Russian officials keen to woo American business. What offers Russia might make for peace in Ukraine are less obvious.”

While Trump has said this week that ‘land swaps’ will be necessary, a source told Axios: “Trump said it’s Vladimir and Volodymyr who have to discuss territories with each other, not him.”

- A Trump administration official told Axios: "Yes, the president hasn't been happy about Putin as of late. But that's gone. He's optimistic. ... We're optimistic. But we're not crazy. This is hard."

Speaking at the Kennedy Center in Washington DC yesterday, Trump was equivocal about the meeting. He said that he hoped the meeting would set up a bilateral or trilateral meeting with Zelenskyy, but cautioned that it might not happen if he determined Putin wasn't genuine in his desire to end the war.

- Trump said: “If the first one goes OK, we'll have a quick second one. I would like to do it almost immediately. And we'll have a quick second meeting between President Putin and President Zelenskyy and myself, if they'd like to have me there.”
- But he added: “There may be no second meeting because if I feel that it's not appropriate to have it, because I didn't get the answers that we have to have, then we're not going to have a second meeting.”

He later said, in response to a question from the press, Russia would face “very severe consequences” if there was no progress toward a ceasefire.

- Trump declined to expand on potential consequences, but Treasury Secretary Scott Bessent told Bloomberg TV earlier yesterday that Trump will “make it clear to President Putin that all options are on the table.”
- On [Truth Social](#) this morning, Trump addressed media reports that the meeting could legitimise Putin’s war: “Very unfair media is at work on my meeting with Putin. Constantly quoting fired losers and really dumb people like John Bolton, who just said that, even though the meeting is on American soil, “Putin has already won.” What’s that all about? We are winning on EVERYTHING.”

## Economy

Treasury Secretary Scott Bessent told Bloomberg TV yesterday that the Federal Reserve should initiate a cycle of interest-rate cuts in September.

- Bessent said: “I think we could go into a series of rate cuts here, starting with a 50 basis-point rate cut in September. If you look at any model [it suggests] we should probably be 150, 175 basis points lower.”

- Bessent said Fed officials might have cut rates if they'd been aware of the revised data on the labour market that came out a couple of days after the latest meeting. The Bureau of Labor Statistics on Aug. 1 slashed the numbers for payroll gains in May and June by 258,000, per Bloomberg.

Bessent also took the rare step of criticising the monetary policy of a foreign central bank, saying that the Bank of Japan is "behind the curve" on inflation. "So they're going to be hiking and they need to get their inflation problem under control," he said.

- Bloomberg notes: "Following the Treasury Secretary's comments, the yen gained against the dollar Thursday in Tokyo, while Japanese 10-year yields ticked up."

Barron's notes: "The gauge that tracks stock market uncertainty—the Cboe Volatility Index, also known as the VIX or the 'fear index'—slumped to its lowest level of 2025 on Wednesday. Fixed-income investors are also feeling relaxed: The ICE BofAML Move Index, which measures bond-market volatility, fell to its bottom for the year as well.... Over the past couple of days, investors have become convinced the Federal Reserve is about to start slashing interest rates due to soft jobs data and a benign inflation reading."

- Business Insider reports: "Trump's shake-up of the Bureau of Labor Statistics means macro investors may start leaning more heavily on non-governmental data sources. Those include the ADP jobs report, MIT's Billion Prices Project, and more," according to macro traders.

## Federal Reserve

Trump told reporters at the Kennedy Center that he will name his nominee for Fed Chair "a little bit early" and appeared to counter Bessent's claim from earlier in the day that the White House is working on a longlist of over 10 potential nominees.

- Trump: "I'll be naming a new chairman sometime within the next -- I think I'll name it a little bit early, the new chairman. I'm down to three or four names, all good, all great. The problem is you name them and then they turn out to be not good. That's happened to me a couple of times, you name somebody, they tell you everything you want to hear and then they go in and they turn out to be not good."

Bessent told [Bloomberg TV](#) there are 10 or 11 candidates under consideration to succeed Powell when his term as chair ends in May — including current Fed officials — without running through the names.

- "We're working on the big list right now," he said, adding that two more names might be "revealed" soon.
- CNBC reported that Trump is considering candidates including David Zervos, chief market strategist at Jefferies; Rick Rieder, chief investment officer for global fixed income at BlackRock; and former Fed Governor Larry Lindsey.

## Sector-Specific Tariffs

[Reuters](#) reports that the results of the Trump administration's Section 232 probes into new pharmaceutical and sector-specific tariffs "likely remain weeks away, four official and industry sources said, later than initially promised as he focuses on other matters."

- Reuters notes: “Commerce Secretary Howard Lutnick had said in April when the review of whether reliance on foreign drug production threatens U.S. national security was launched that he anticipated that it would conclude between mid-May and mid-June. Global pharmaceutical companies are bracing for the outcome of the investigation, which will usher in sector-specific tariffs that Trump has said could start small and eventually rise to 250%.”
- A White House spokesperson, asked about media reporting indicating that the results of the probe could be several weeks away, cautioned that such reports were pure speculation unless confirmed by the White House. The spokesperson declined to give further details about the timing of the pharma probe or one involving semiconductors, Reuters adds.
- Sources cited in the report said that they expect the Trump administration to announce the results of its national security investigation into semiconductors first, followed by the pharma announcement, putting it a few weeks away.

Semafor reports that Congressional Democrats, “are hopeful their Republican colleagues will help them push back on Trump’s plan to collect 15% of the profits when Nvidia and AMD sell certain chips to China.”

- Senator Chris Van Hollen (D-MD) said: “This is a terrible idea, there’s bipartisan opposition. What we’re witnessing is that the Trump administration is literally willing to sell out American national security interests for the highest bidders.”

## Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

### Committee Schedule –

## FY26 Government Funding

With government funding set to expire in under seven weeks, Trump did little project confidence that a bipartisan funding deal will be reached to avert a government shutdown on October 1.

- Trump told reporters at the Kennedy Center, when asked if he would meet Democrat leaders to discuss a funding solution: “We will meet, but nothing is gonna come out of that meeting. So, we’re going to meet with them, of course. I’d like to meet them. We’re going to tell them all these good things, and they’re going to tell us no. But it’s almost a waste of time to meet because they never approve anything.”
- Senate Minority Leader Chuck Schumer (D-NY), who is yet to meet Trump during his second term, responded on X: “I call it a waste of leadership for Trump to have no plan to lower costs for hardworking Americans, or stop cuts to health care, veterans, and Social Security.”
- Politico reports that, meanwhile, “a three-judge panel on the D.C. Circuit Court of Appeals handed Trump a win Wednesday as he moves to “impound” — that is,

refuse to spend — congressionally approved funds... The administration's impoundments have been a sore spot in Congress' negotiations over government funding."

## South Africa

The government of South Africa issued a [statement](#) outlining its strategy to reduce a 30% tariffs imposed by Trump on goods imported into the US, including submitting a "revised offer as a basis for negotiations with the US."

- The statement says the government "has been implementing a response anchored on five key elements: i) continued engagement with the United States to secure a deal and reduce the tariffs; ii) diversification of exports to alternate markets; (iii) an economic response package to vulnerable companies and workers; iv) trade defense against import surge and dumping; and v) demand side interventions."

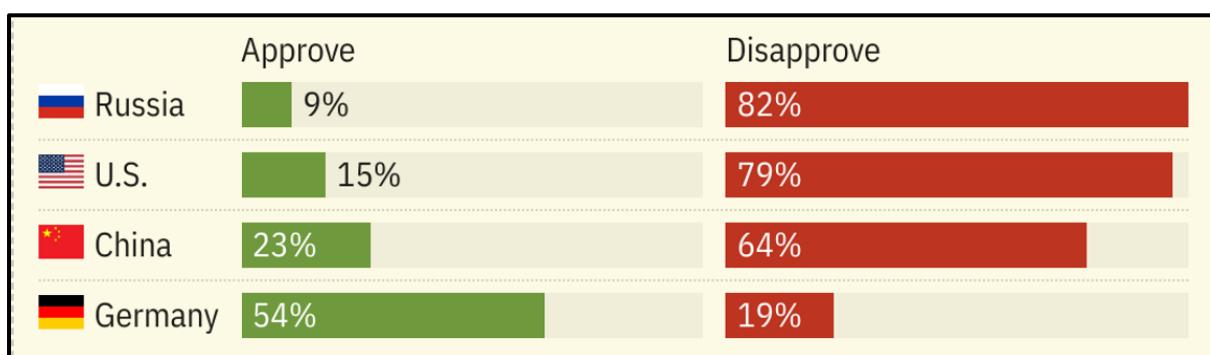
The leader of the Democratic Alliance, the second-largest party in South Africa's coalition government, told Reuters the 30% tariff is likely to remain in place unless Pretoria changes some domestic race policies.

## Chart of the Day

A new Gallup survey shows that only 15% of Canadians approve of leadership in Washington — a figure on par with lows seen during Trump's first term, and closer to Russia's approval rate among Canadians (9%) than China's (23%), per Semafor.

- Semafor writes: "It's the latest sign of Canadians' dissatisfaction with Trump, who has slapped the country with tariffs and talked openly about trying to annex it as the 51st state. The spat has driven out some Canadians living in the US and wrecked the economies of US-Canada border towns, and Canadians are more pessimistic about the economy than ever. But they appear ebullient about Mark Carney, who took over from Justin Trudeau as prime minister this year. Nearly six-in-10 Canadians approve of their country's own leaders, up 19 points from 2014."

**Figure 1: Canadians who Support the Leadership of Select Nations**



Source: Semafor, Gallup

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