

MNI POLITICAL RISK ANALYSIS - US Daily Brief 15-07-25

by Adam Burrowes

The White House *(times subject to change)*

12:30 ET 17:30 BST	President Trump departs the White House en route Pittsburgh, Pennsylvania
14:30 ET 19:30 BST	President Trump participates in Inaugural Pennsylvania Energy and Innovation Event
17:40 ET 22:40 BST	President Trump departs Pittsburgh, Pennsylvania, en route The White House
18:50 ET 23:50 BST	President Trump arrives The White House

KEY DATES:

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

Washington

President Donald Trump will depart the White House just after midday for Pittsburgh, Pennsylvania, where he will participate in the inaugural Pennsylvania Energy and Innovation Event at 14:30 ET 19:30 BST. He will return to the White House at 18:50 ET 23:50 BST.

- Semafor notes that Trump is looking, “as usual, for deals: Among the \$70 billion in investments promised by Sen. Dave McCormick, R-Pa.: Google will invest \$25 billion in data centers across Pennsylvania and neighboring states over the next two years...”

Trump’s former National Security Advisor, Mike Waltz, will appear before the [Senate Foreign Relations Committee](#) at 10:00 ET 15:00 BST for a hearing on his nomination to serve as Trump’s ambassador to the United Nations. The hearing will provide a rare opportunity for Democrats to grill a Trump administration insider on foreign aid budget cuts, strategy in Russia, Iran, and Gaza, and on the ‘Signal gate’ scandal that precipitated his removal from office.

- Senator Jeanne Shaheen (D-NH) will say, per prepared remarks: “The situation at the United Nations is especially alarming. Mr. Waltz, with your past support for Ukraine and clear-eyed view of threats like China, I hope you will push back on the administration’s early missteps and some of your more misguided colleagues like Secretary [Pete] Hegseth.”

Secretary of State Marco Rubio, who has also held the NSA position since Waltz’s removal, will meet with his Italian counterpart at the Department of State today at 09:30 ET 14:30 BST. State Department spokesperson Tammy Bruce will brief reporters at 14:00 ET 19:00 BST.

The Supreme Court agreed on Monday that the Trump administration can proceed with dismantling the Education Department by firing more than a thousand workers, per the [New York Times](#).

- The Times notes: "The order is a significant victory for the administration and could ease President Trump's efforts to sharply curtail the federal government's role in the nation's schools."

Trade and Tariffs

House Ways and Means Republicans will meet with US Trade Representative Jamieson Greer this morning and Commerce Secretary Howard Lutnick on Wednesday for updates on trade negotiations.

- Republican Policy Committee Chairman Rep. Kevin Hern (R-OK) said: "I think they're just keeping us abreast, which is what we'd expect. And I think if there's anything we can do to help expedite any of these issues, we're going to be involved in that."

Axios writes: "President Trump seems to think financial markets are perfectly happy with his tariffs and open to his more aggressive approach, because stocks keep hitting all-time highs. But financial markets think there's absolutely no chance Trump will go ahead with the tariffs he's threatened, and therefore ... keep bidding assets up to all-time highs..."

- "The two beliefs can't co-exist for much longer, and the disconnect can't end well, either... At some point between now and Aug. 1, the U.S. will or will not strike trade deals, and will or will not adjust tariff rates accordingly."

Europe

The European Union is edging closer to retaliatory actions against Trump's reciprocal tariffs but will refrain while negotiations are ongoing through August 1, when a new 30% tariff rate will take effect.

- Bloomberg reports that the EU has finalized a list of countermeasures to target US goods worth €72 billion, including Boeing Co. aircraft, automobiles and bourbon.
- Politico notes: "The biggest line item in the 200-page list is aircraft and aircraft parts, with tariffs set to target almost €11 billion of U.S. exports — potentially dealing a heavy blow to plane maker Boeing."

MNI's Policy team [reported on 14 July](#) that EU officials are targeting a series of mini trade deals for key industries, even if Trump's 30% tariffs are imposed from August 1.

- Trump told reporters at the White House yesterday that Europe, "would like to do a different kind of deal. We're always open to talk. We are open to talk, including to Europe. In fact, they're coming over. They'd like to talk."

German Chancellor Friedrich Merz said this morning that the "goal is a quick solution", and noted he is in close contact with Trump and Commission President Ursula von der Leyen. He confirmed that the EU is refraining from countermeasures "for now", but that "the US should not underestimate [the EU's] willingness to respond."

- A spokesperson for the European Commission said that Trade Commissioner Maros Sefcovic will hold a call with USTR Jamieson Greer this evening after talking with Commerce Secretary Howard Lutnick on 14 July. In line with Merz's comments, the spokesperson said that the EU "has no intention to move forward with any trade countermeasures before 1 Aug", and that a Commission team is en route to Washington to continue working-level talks.
- Sefcovic told reporters yesterday he's "absolutely 100 percent sure that a negotiated solution is much better than the tension which we might have after the 1st of August." But he added, "we must be prepared for all outcomes."
- Denmark's foreign minister, Lars Løkke Rasmussen, said after a meeting of European leaders yesterday: "The EU remains ready to react and that includes robust and proportionate countermeasures if required and there was a strong feeling in the room of unity."

China

Treasury Secretary Scott Bessent told Bloomberg TV this morning that he expects to meet his Chinese counterpart in the coming weeks, adding that "we're in a good place" regarding China. Bessent said, following [reports](#) that Nvidia will restart sales of its H20 AI chip to China, that the decision is part of a 'mosaic' on talks with Beijing.

- More broadly on trade, Bessent said: "I am not going to rush deals because of some market deadline." He continued that an over-emphasis on market attention on the deals is "not the right approach".
- Asked about tariff rates possibly going above the 2 April 'Liberation day' levels, Bessent said that the ceiling applied then referred to 'good faith talks', and that too many countries were 'dragging their feet'.

Japan

ABC News [reports](#) that, "Unlike the European Union, the Japanese government has made no indication it plans to impose any kind of reciprocal tariff on the U.S., even if the U.S. does move forward with its planned 25% tariffs on all Japanese exports."

- A Japanese government official told ABC: "We have no intention to change the Japan-U.S. ally relationship. We will cooperate with the United States to make a win-win situation."
- Hideo Kumano, Japanese chief economist at Dai-ichi Life Research Institute, warned ABC that if the US tariffs are imposed on Japanese goods, Japan will likely see a recession: "It's inevitable to see some kind of damage. There is a possibility that we will fall into recession."
- Treasury Secretary Bessent told Bloomberg TV this morning that an upcoming visit to Japan later this week is not for trade talks, but for the World Expo.

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Foreign Affairs: Breaking China's Chokehold on Critical Mineral Supply Chains
- 10:00 ET 15:00 BST: HOUSE Financial Services: Dodd-Frank Turns 15: Lessons Learned and the Road Ahead
- 10:00 ET 15:00 BST: SENATE Foreign Relations: Hearings to examine executive nominations, including Mike Waltz to serve as Ambassador to the United Nations

Rescissions

Senate Majority Leader John Thune (R-SD) could delay a first procedural vote on Trump's USD\$9.4 billion rescissions package, that was expected to come today. The rescissions cut Congressionally authorised spending from the State Department's foreign aid budget and from public broadcasters. The package must be approved by Friday, or it will expire.

- While it is unclear Thune has the 51 votes required to clear the first procedural hurdle, the baseline expectation is that the package will pass the Senate in some form. A tentative timeline suggests a 'vote-a-rama' is likely to take place on Thursday, setting up final passage in the House on Friday.
- Senate Appropriations Chair Susan Collins (R-ME) told reporters yesterday that Senate Republicans will meet with OMB Director Russel Vought this afternoon: "We still are lacking the level of detail that is needed to make the right decisions. It's extremely unusual for any senator to not be able to get that kind of detailed information," Collins said.

Politico notes: "It's increasingly evident the rescissions package will have to be changed in order to pass the Senate, and Thune told reporters as he left the Capitol Monday that leadership is working with wary senators to "see what a path forward on amendments looks like.""

- House Speaker Mike Johnson (R-LA) told reporters yesterday: "I think you got to respect the White House's request, and that's what we did, so I hope that's what we get back. There are two big categories of rescissions, and I'm not sure either of them should be subject to dispute."

Punchbowl News notes: "President Donald Trump has made support for the rescissions package a Republican loyalty test, while Democrats are saying passage of the measure could blow up the FY2026 appropriations process," spiking the risk of a government shutdown on October 1.

- Punchbowl adds: "Moderate Senate Republicans are raising alarms over the proposed cuts to foreign aid, especially PEPFAR, the George W. Bush-era HIV/AIDS prevention program.
- "They also don't like the proposed \$1 billion-plus cut to the Corporation for Public Broadcasting, which helps fund NPR and PBS. But PEPFAR and foreign aid are by far the biggest issues right now."
- Senator Brian Schatz (D-HI) said to Republicans: "They should do what they did in the first Trump term, which was reject a rescissions package, and it went away for

the rest of the term. None of them want to do this. They are being dragged across the starting line and presumably across the finish line.”

Federal Reserve

The Washington Post [reports](#) that Kevin Hassett, the White House’s National Economic Council Director, is emerging as a leading contender to become the next chair of the Federal Reserve. The Wall Street Journal [reported similarly](#) last week.

- The Post writes: “Hassett, 63, is among at least four Fed chair contenders who Trump thinks will be more responsive to his push for lower interest rates than current Federal Reserve Chair Jerome H. Powell... Hassett has a close relationship with Trump and has worked for him for almost a decade, making him one of the few advisers who have endeared themselves to the president while staying in his good graces.”

Axios reports: “Trump’s appointees are trying to lay out legal predicates to fire Fed Chair Jerome Powell for cause — specifically, that the Fed’s \$2.5 billion headquarters renovation included changes not approved by a federal planning authority and/or that Powell lied to Congress about the project...”

- “The president has also installed allies, including the White House staff secretary, on the commission that approves such renovations — normally the province of architects and historical preservationists.”

Treasury Secretary Scott Bessent told Bloomberg TV this morning the “formal process for a successor to Fed Chair Jerome Powell has already started”.

- Bessent said: “[there are] lots of good candidates in and outside the Fed... traditionally the Fed chair also steps down from the board...lots of talk of a shadow Fed chair would be confusing.”
- Bessent refused to be drawn on whether Trump has sounded him out for the position, reiterating that he currently has “the best job in town.”

Russia-Ukraine

Trump increased pressure on Russia yesterday, announcing plans for sending defensive and offensive weapons to Ukraine via NATO partners and issuing Russian President Vladimir Putin a 50-day ultimatum to reach a peace deal with Ukraine, or be hit by “very severe tariffs”.

- CNN notes, “Taken together, the moves amount to a markedly new approach to the conflict, which Trump has worked to distance himself from since taking office in January,” but analysts are sceptical the move will force Russia to moderate its war effort.

Trump said at the White House, alongside NATO Secretary General Mark Rutte, “we’re very, very unhappy with [Russia] and we’re going to be doing very severe tariffs if we don’t have a deal in 50 days, tariffs that are about 100 percent. You’d call them secondary tariffs. You know what that means. But today we’re going to talk about something else. And as you know, we’ve spent \$350 billion approximately on this war with Russia and Ukraine and we’d like to see it end.”

- Trump said on the weapons transfer deal: "We are not buying it, but we will manufacture it and they're going to be paying for it."
- A White House official [clarified to CNN](#) that when the president referred to "secondary tariffs," he meant 100% tariffs on Russia and secondary sanctions on other countries that buy Russian oil.

The Financial Times [reports](#) that Trump privately encouraged Ukrainian President Volodymyr Zelenskyy to strike Moscow, if possible, in a phone call on 4 July

- FT reports that in the call, Trump asked, "Volodymyr, can you hit Moscow?...Can you hit St Petersburg too?" Trump asked on the call, according to the people. They said Zelenskyy replied: "Absolutely. We can if you give us the weapons." Trump signalled his backing for the idea, describing the strategy as intended to "make them [Russians] feel the pain" and force the Kremlin to the negotiating table, according to the two people briefed on the call."

The New York Times notes: "Trump seems to be adopting an approach toward Russia that looks much like that of his predecessor: arming the Ukrainians. But there is reason to doubt that he will stick with it..."

- Military strategist Mick Ryan writes on his Substack: "The big question of course is whether Trump will follow through with his threats. On the weapons, this will probably happen... The tariffs are a very different issue. On them, I think we need to wait and see. Putin has demonstrated no inclination to step back from his maximalist goals for the war since launching his full-scale invasion in February 2022."
- Adm. James Stavridis, the former NATO supreme allied commander, told CNN on Monday: "What I would like to see is a provision for the United States to send more harpoon missiles to go after the Black Sea fleet, more HIMARS, surface-to-surface weapons that can reach deep behind Russian lines, more offensive cyber capability, and Kate, maybe some more F-16 aircraft, all of which are very capable offensively... I think that is what could move Putin to the negotiating table, which is what we want on our side,"

State-run Russian outlet TASS reports that Russian Deputy Foreign Minister Sergei Ryabkov said on Trump's statement: "Russia is ready to negotiate, [the] diplomatic way is preferable... Russia does not accept any attempt to make demands, much less ultimatums."

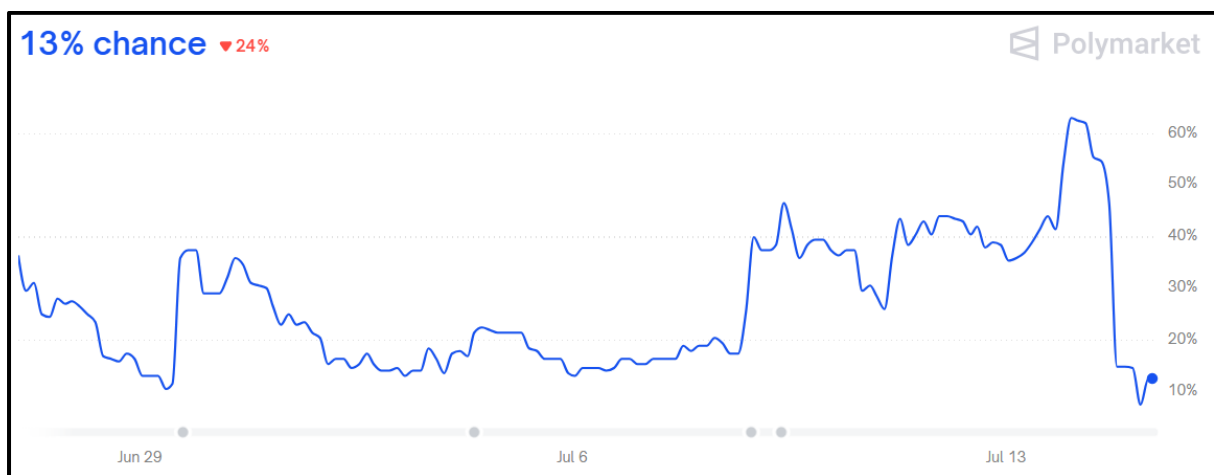
- Separately, Kremlin spokesperson Dmitry Peskov said Trump's statement is "serious, we need time to analyse it... If President Vladimir Putin deems it is necessary, he will surely make comments on this [Trump's statement]... Decisions taken in Washington and Brussels are seen by Ukraine as a signal to continue the war."

Senate Majority Leader John Thune (R-SD) said he would hold off on advancing Senator Lindsay Graham's (R-SC) and Richard Blumenthal's (D-CT) Russia sanctions bill.

- Thune said: "It sounds like right now the president is going to attempt to do some of this on his own. If at some point the president concludes that it makes sense and adds value and leverage that he needs in those negotiations to move the bill, then we'll do it. We'll be ready to go."

- A vote on the bill could be delayed until after August recess, House Majority Leader Steve Scalise told Politico, though he also didn't rule out unilateral action from Trump rendering the sanctions bill altogether moot.
- Graham and Blumenthal said in a joint statement after Trump's announcement, "we will join our colleagues in continuing to work with the White House on our bipartisan Russia sanctions legislation that would implement up to 500 percent tariffs on countries that buy Russian oil and gas, and do not help Ukraine. The congressional legislation authorizing tariffs and sanctions would truly be a sledgehammer for President Trump to end this war, and it will allow for maximum flexibility to achieve that end."

Figure 1: Will Trump increase sanctions on Russia before August?



Source: Polymarket

Chart of the Day

Morning Consult [reports](#) that Trump's approval ratings ticked back up "despite a relatively turbulent week for his administration that featured fresh threats of tariffs and infighting over the Justice Department's handling of disclosures regarding the Jeffrey Epstein case."

- The outlet's latest survey shows "47% of voters approve of his job performance, up 2 percentage points from last week, and 50% disapprove, a 2-point decrease over that time frame. Among Republicans, 89% approve of Trump's job performance, up from 85% last week."
- Morning Consult notes: "Trump garnered his best approval ratings on the economy and trade since early June ... Voters were 13 points more likely to hear something negative than positive about the economy, but that's the most favorable margin we've measured since mid-May."

Figure 2: President Donald Trump Approval Rating



Source: Silver Bulletin

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