

MNI POLITICAL RISK ANALYSIS - US Daily Brief 16-06-25

by Adam Burrowes

The White House *(times subject to change)*

TBD	President Trump participates in a Bilateral Meeting with the President of Mexico
TBD	President Trump participates in a Bilateral Meeting with the President of Ukraine
<u>11:00 ET 16:00 BST</u>	President Trump participates in a Bilateral Meeting with the Prime Minister of Canada
<u>12:00 ET 17:00 BST</u>	President Trump attends the G7 'Official Welcome'
<u>12:30 ET 17:30 BST</u>	President Trump participates in G7 Session I
<u>14:30 ET 19:30 BST</u>	President Trump participates in G7 Session II
<u>16:45 ET 21:45 BST</u>	President Trump participates in G7 Session III
<u>19:45 ET 00:45 BST</u>	President Trump participates in a G7 Family Photo
<u>20:15 ET 01:15 BST</u>	President Trump participates in G7 Session IV
<u>11:00 ET 04:00 BST</u>	President Trump attends a G7 Cultural Event

KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

Washington

President Donald Trump arrived in Calgary, Canada, yesterday evening for the G7 leaders' summit, his first major multilateral event since returning to the White House. Trump's schedule shows four G7 working sessions, a 'family photo', and a cultural event.

- Ahead of today's official summit business, Trump will meet bilaterally with Canadian Prime Minister Mark Carney. It will be the pair's second meeting, following a White House confab last month. Trump's diary indicates that Trump also intends to meet bilaterally for the first time with Mexican President Claudia Scheinbaum and hold another meeting with Ukrainian President Volodymyr Zelenskyy.

Trump's 'Flag Day' military parade in Washington, D.C. on Saturday and the parallel 'No Kings' protests at cities and towns across the country went off without major civil unrest.

- Axios notes: "...there were reports of clashes between police and protesters during a Los Angeles 'No Kings' rally... Authorities said one person was critically injured in Salt Lake City after gunshots were fired, and a man in Culpeper, Va., was arrested

for allegedly intentionally driving an SUV through a crowd. There were no immediate reports of injuries.”

G7

This week’s Group of Seven summit is likely to be dominated by Trump’s trade war - with world leaders hoping to persuade the US president to scale back his tariffs - and the escalating crisis in the Middle East. It will also provide a forum for leaders to push Trump to increase pressure on Russia and bolster Washington’s support for Ukraine.

- Semafor notes that that meeting has been characterised as the “G6 versus Trump.”
- The Washington Post reports that G7 leaders will “aim to avoid the kind of confrontation that some world leaders have set off while meeting with Trump in his first and second terms.”

Janice Stein, a political science professor and international relations expert at the University of Toronto, said: “There is no interest in structuring a confrontation or provoking a confrontation with President Trump. That is the common denominator. No one wants that.”

- Janice Stein added: “This summit is all about relationship management. If [prime minister Mark Carney] can keep all the allies at the table, that alone will enable agreement on some issues — but paves the way for better management of the issues that are important to everyone.”

Iran

Israel and Iran have exchanged missile fire for a fourth day. Trump reiterated on [Truth Social](#) late on Saturday, that the US, “had nothing to do with the attack on Iran,” but stressed: “If we are attacked in any way, shape or form by Iran, the full strength and might of the U.S. Armed Forces will come down on you at levels never seen before.”

- Trump [told reporters](#) on Sunday he believes a deal can be reached, but the two sides may need to continue fighting before they’re ready to broker a peace deal.
- Trump said, echoing a recent comment on the Ukraine war, seen as distancing the Trump administration from the conflict: “Sometimes they have to fight it out, but we’re going to see what happens... I think there’s a good chance there’ll be a deal.”

IranWire, a Canada-based Persian news outlet, [reported](#) this morning that Iran’s military and political leadership, “are prepared to give up uranium enrichment to preserve the regime,” per a high-ranking Iranian diplomat speaking in a non-official capacity.

- The diplomat said: “The army and the IRGC will inevitably lose control of the situation, and no one knows what might happen next. We do not want to repeat Saddam Hussein’s mistake. We are ready to negotiate,”

Axios reports that Israel, “has asked the Trump administration over the past 48 hours to join the war with Iran in order to eliminate its nuclear program,” as Israel, “lacks the bunker-buster bombs and large bomber aircraft needed to destroy Iran’s Fordow uranium enrichment site, which is built into a mountain and deep underground.”

- Axios writes: “Behind the scenes: An Israeli official [said] that the U.S. might join the operation, and that President Trump even suggested he’d do so if necessary in a recent conversation with Prime Minister Benjamin Netanyahu.”

Semafor [reports](#) that top Pentagon officials, “are divided over the extent of US military support for Israel, a split whose resolution will shape Trump’s second-term foreign policy.”

- Semafor writes: “The internal dispute has arisen between military leaders, including US Central Command chief Gen. Michael Kurilla, who’s seeking to route more resources to Israel as it strikes Iran, and undersecretary of defense Elbridge Colby, who has offered resistance to that effort.”

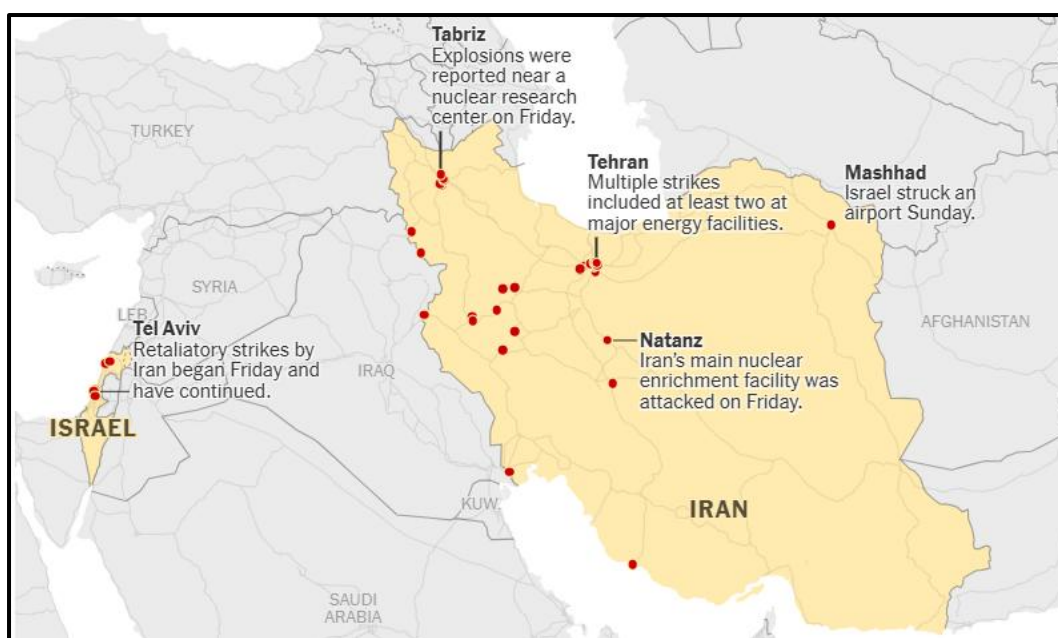
The New York Times reports: “In Israel, at least 16 people, identified as civilians, have been killed ... Israeli strikes have killed at least 224 people in Iran, according to the country’s health ministry. Six top Iranian security chiefs were among the dead, and more than 1,400 people have been injured. in Iran’s retaliatory barrages since Friday.”

- Bloomberg [writes](#): “For Iran, the showdown poses an existential dilemma. It can’t risk appearing weak, yet its options are shrinking. Its proxy forces ... have been debilitated by Israeli action over the past 20 months.”

Semafor notes: “Oil prices rose sharply over threats to crude supplies as a result of Israel’s attacks — which struck several Iranian oil and gas facilities over the weekend. They could surge further ... if [the Houthis] either target Gulf oil production or cargo passing through the Strait of Hormuz...”

- An analyst told the Financial Times: “Oil price pressures resulting from geopolitical shocks have tended to be short-lived,”
- The NYT has a useful summary on the conflict, with detailed maps, [here](#).

Figure 1: Strikes in Iran and Israel since Friday



Source: New York Times

Reuters [reports](#) that Trump vetoed an Israeli plan in recent days to kill Iran's Supreme Leader Ayatollah Ali Khamenei. A senior US administration official said, "Have the Iranians killed an American yet? No. Until they do we're not even talking about going after the political leadership."

- Israeli Prime Minister Benjamin Netanyahu [told](#) Fox News' Brett Baier: "There's so many false reports of conversations that never happened, and I'm not going to get into that. But I can tell you, I think that we do what we need to do, we'll do what we need to do. And I think the United States knows what is good for the United States."

Omani officials confirmed that Iran conveyed to Muscat that they will not participate in nuclear talks or discuss a ceasefire, while under attack from Israel.

- An official told [Reuters](#): "The Iranians informed Qatari and Omani mediators that they will only pursue serious negotiations once Iran has completed its response to the Israeli pre-emptive strikes,"

Semi-official Iranian outlet Tasnim [reported](#) that the Islamic Revolutionary Guards Corps (IRGC) Aerospace Force is using hypersonic missiles in its attacks on Israel. Previously, the Israeli military has denied that Iran possesses hypersonic missiles or manoeuvrable warheads.

- The Iranian press has claimed that the use of such missiles will limit Israel's ability or willingness to continue the escalating conflict. Security analyst Michael Horowitz writes on X that this may not be the case: "Notable development: Israel appears to have successfully used the 'David's sling' air defense system to intercept Iranian ballistic missile. The system was not initially designed to intercept these types of missiles. The David's Sling is part of the 'middle' tier out of a three tier system that goes from Iron Dome for low-altitude threats, to Arrow-2/3 for high-altitude/exo-atmospheric threats."
- It is also unclear what level of stockpiles Iran has of these advanced 'Fattah-1' missiles. While Iran's stockpile of conventional ballistic missiles is believed to be large (in the tens of thousands) capable of maintaining an aerial barrage for weeks, the high-tech nature and high cost of the hypersonic missiles are likely to limit their numbers.

Senator Tim Kaine (D-VA) is expected to unveil a "war powers resolution that will force the Senate to vote on whether the U.S. should be engaging in hostilities with Iran," per Punchbowl.

- Kaine said he's concerned the "escalation of hostilities between Israel and Iran could quickly pull the United States into another endless conflict."
- A bipartisan CODEL of House lawmakers is in the Middle East this week for a multi-country tour sponsored by the Atlantic Council. A scheduled stop in Israel may be postponed on security grounds.

Economy

The Financial Times reports that Trump's statement on Thursday that he would send letters to trading partners outlining new tariff rates in the next couple of weeks, "pushed the dollar to

its lowest level in three years on Thursday as rising worries over trade and geopolitics piled greater pressure on the currency.”

- Derek Halpenny, at MUFG, said Trump’s “comment certainly points to renewed escalation in trade tensions ahead of the official deadline date,”
- Analysts from Deutsche Bank suggested that some of Thursday’s dollar move could be attributed to news that the US Pentagon is conducting a review that could lead to scrapping participation in AUKUS.
- George Saravelos at Deutsche Bank said: “Reporting that the US is re-evaluating its participation in the Aukus defence pact is highly relevant for the dollar, in our view. A weaker geopolitical alignment between the US and its allies undermines US inflows...”

Politico [reports](#) that UK Prime Minister Keir Starmer, “is confident the £176 billion AUKUS submarine pact will still go ahead despite [the Trump review],” saying en route to the G7 summit in Canada, “it’s not unusual for an incoming government to do a review”. Starmer added: “I think so. It’s a really important project. So I don’t have any doubt that this will progress.”

- Politico notes: “While Secretary of State Marco Rubio publicly supports AUKUS, some in Trump’s administration believe America does not have the industrial capacity to do the deal in its current form.”

Immigration

Trump yesterday issued a [statement](#) on Truth Social promising to expand his operation to deport illegal migrants in Democrat-run cities, describing his policy as “the single largest Mass Deportation Program in History”. The move, which appears to provide cover for a decision to exempt certain sectors from ICE enforcement, is likely to elevate the risk of more civil unrest in Democrat-run cities.

- Trump: “...we must expand efforts to detain and deport Illegal Aliens in America’s largest Cities, such as Los Angeles, Chicago, and New York, where Millions upon Millions of Illegal Aliens reside. These, and other such Cities, are the core of the Democrat Power Center, where they use Illegal Aliens to expand their Voter Base, cheat in Elections, and grow the Welfare State, robbing good paying Jobs and Benefits from Hardworking American Citizens.”

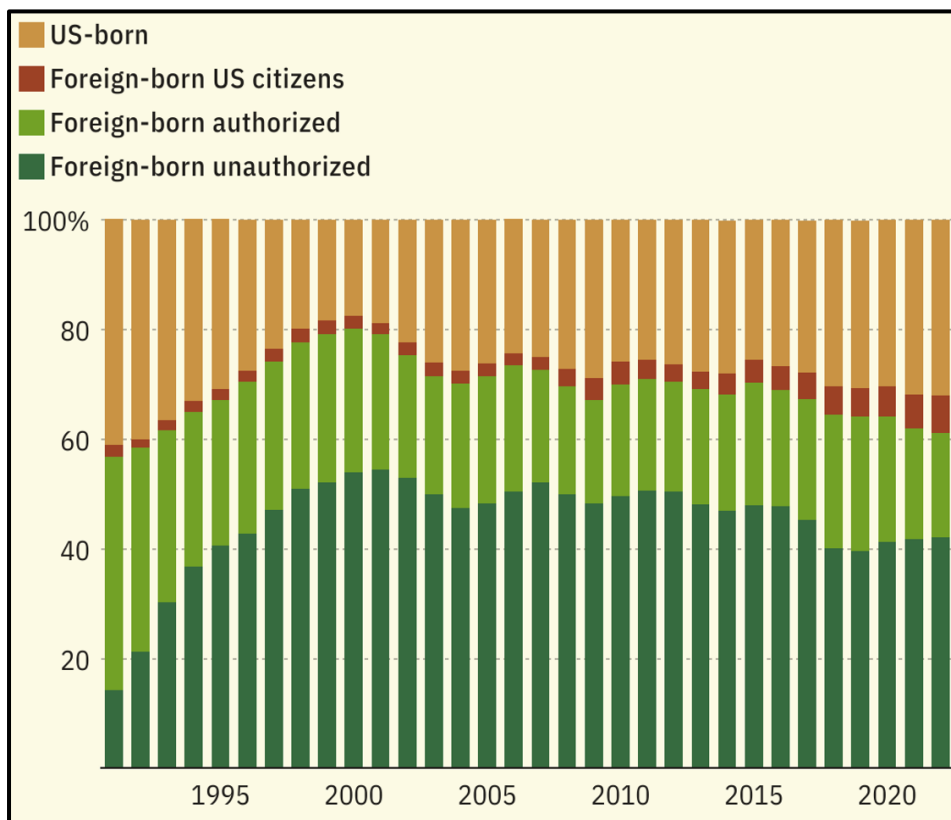
Trump’s hardline statement came after he [directed](#) federal authorities to make an exception for migrant workers in the agricultural sectors, meatpacking plants, and hospitality.

- Axios writes that the exception indicates Trump is, “bowing to pressure from businesses that have been warning of economic devastation — and is opening the door for potentially millions of workers who are here illegally to stay after all.”
- Politico notes: “Trump is attempting a tricky balancing act here — delivering on his pledge of the “biggest mass deportation in history” without damaging key economic sectors or undermining his own support base.”

The Washington Post [reports](#) the Trump administration is considering adding 36 countries to the travel ban announced early this month. Including significant US partners like Egypt and Djibouti, plus countries in the Caribbean, Central Asia and several Pacific Island nations.

- The Post notes a State Department memo, “which was signed by Secretary of State Marco Rubio and sent Saturday to U.S. diplomats who work with the countries, said the governments of listed nations were being given 60 days to meet new benchmarks and requirements established by the State Department.”

Figure 1: Legal Status of US Crop Farmworkers



Source: Semafor, USDA

European Union

Handelsblatt reported this morning that the European Commission will offer a 10% tariff across all the European Union's exports into the US.

- “Handelsblatt also said the EU was, in return, ready to cut its tariffs on U.S.-made vehicles, and to possibly change technical or legal hurdles to make it easier for U.S. manufacturers to sell their cars in Europe.
- “The EU has also offered to completely ban purchases of Russian natural gas, potentially creating more demand for U.S. producers.
- “Citing high-ranking EU negotiators, the paper said the offer to U.S. counterparts would come only under certain conditions and would not be billed as permanent”, per Reuters.

Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

Big Beautiful Bill

The Senate Finance Committee is expected to release some, or all, of the legislative text of its portion of the ‘One Big Beautiful’ reconciliation bill today. The Finance Committee’s text, the last to be released, covers the stickiest issues in the package, including taxation, IRA credits, and Medicaid.

- Finance Committee Chair Mike Crapo (R-ID) will give Senate Republicans a presentation on the text at around 17:30 ET 22:30 BST.
- Observers are watching how the Senate handles the cap on State and Local Tax deduction, phasing out the IRA tax credits, and the wording on work requirements and provider taxes for Medicaid. Any major changes to the House-passed package will set GOP leadership up for another confrontation with conservatives and moderates in the House.
- Senate Majority Leader John Thune (R-SD) indicated to Fox News that the Senate would lower the SALT cap, but appeared to suggest the upper chamber wouldn’t eliminate entirely.
- Politico notes that Thune insisted Trump’s tax priorities, “no taxes on tips and overtime — will be “incorporated” in the Senate’s version of the megabill, despite Senate Republicans’ desire to trim them in favor of making business tax incentives permanent.”

Once the final text is released, the Senate Parliamentarian will begin the so-called ‘Byrd Bath’, the process by which each provision is vetted to ensure it is related to budget and spending, rather than policy, and hence conforms with the strict rules of Budget Reconciliation.

- Punchbowl News writes: “...a lot more needs to happen before the GOP reconciliation bill is ready for the Senate floor. Several provisions are expected to have placeholders while negotiations continue. In other words, it’s not just SALT that will be unfinished when the bill is released. So the whip job can’t start quite yet.
- “And even if it can pass the Senate, House passage would be far from certain. Trump will need to play a huge role here if he wants to avoid a ping-pong situation between the two chambers, which would only cause further delays.”

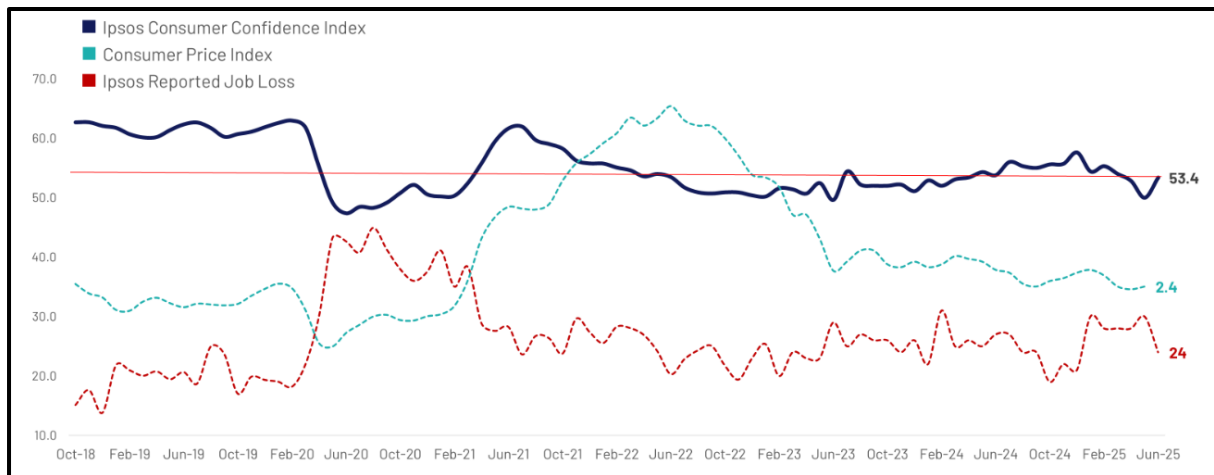
Chart of the Day

New analysis from [Ipsos](#) has shown that, “consumer confidence appears to be on the rebound... But when it comes to expectations for the future, consumers are less optimistic.

- Ipsos notes: “Out of the four sub-indices that make up Ipsos’ consumer confidence, expectations for the future saw the lowest increase this month and remains the most muted compared to six months ago.

- “Uncertainty declines, but still historically high. Economic uncertainty decreased from April to May. But make no mistake – economic uncertainty right now is as high as it gets.
- “Inflation remains top of mind. Americans across the board remain worried about inflation and their cost of living. Some of this may be lingering effects of the 2022 inflationary episode, but it also reflects concern for inflation in the future. Indeed, some economists say that tariff-induced inflation may still be on the horizon, even if it hasn’t materialized in the numbers just yet. Watch this space.”

Figure 3: US Consumer Data 2018-2015



Source: Ipsos

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