

MNI POLITICAL RISK ANALYSIS - US Daily Brief 17-07-25

by Adam Burrowes

The White House (times subject to change)

10:30 ET 15:30 BST	President Trump receives his Intelligence Briefing
13:00 ET 18:00 BST	Press Briefing by the White House Press Secretary Karoline Leavitt
16:00 ET 21:00 BST	President Trump signs Executive Orders

KEY DATES:

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

Washington

President Donald Trump will receive an intelligence briefing in the morning before signing Executive Orders in the Oval Office at 16:00 ET 21:00 BST.

- At 13:00 ET 18:00 BST, Press Secretary Karoline Leavitt will brief reporters for the first time since July 7. State Department Spokesperson Tammy Bruce will brief at 14:00 ET 19:00 BST.

Treasury Secretary Scott Bessent will meet Japanese Prime Minister Shigeru Ishiba in Tokyo on Friday before attending the World Exposition in Osaka on Saturday.

- The Japanese Government characterised the meeting between Ishiba and Bessent as a “courtesy visit” with trade talks unlikely to make substantive progress before the Japanese House of Councillors elections on Sunday.

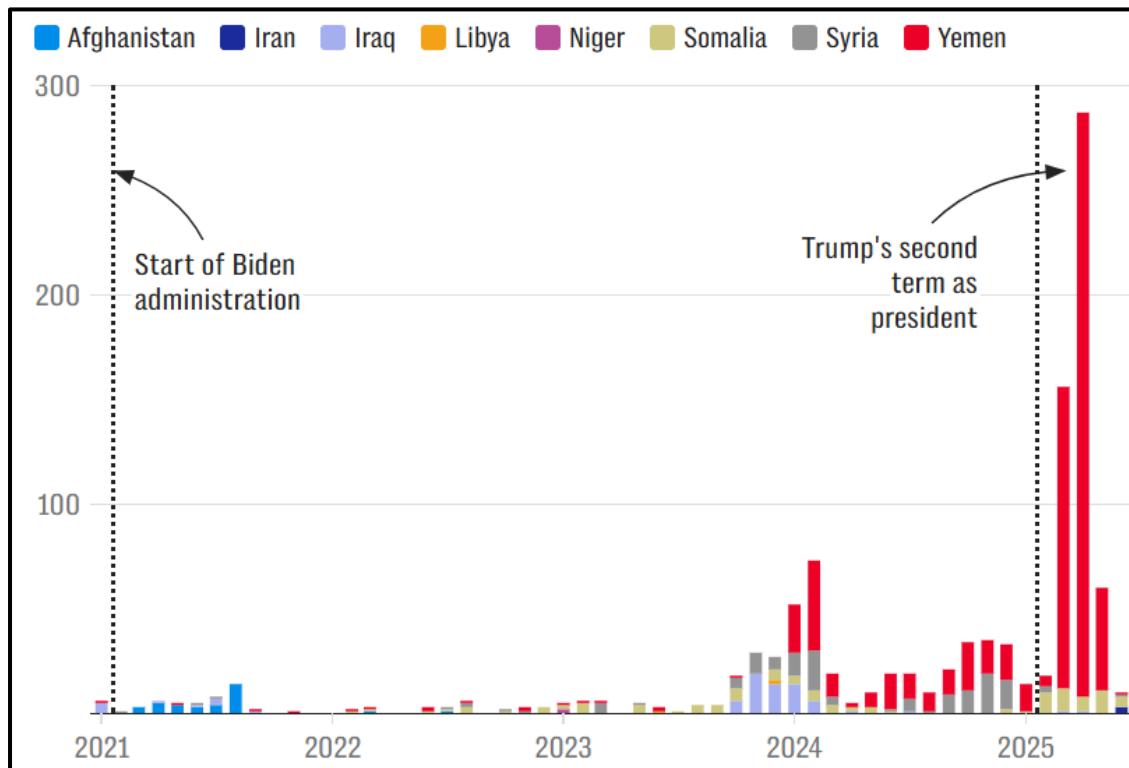
Trump's response to the Jeffrey Epstein case is widening the most pronounced rift with his base since he entered presidential politics in 2015. In a lengthy message on Truth Social yesterday, Trump scolded “past supporters” for buying into a Democrat “hoax”.

- Janan Ganesh at the Financial Times argues that the Epstein schism is part of a broader disconnect between Trump's policies and the priorities of his supporters. Ganesh notes a recent warming to Ukraine and a prioritisation of trade with China over competition as other splits.
- Some conservative factions of the MAGA base are also concerned that Trump's flagship legislation – the Big Beautiful Bill – will balloon the deficit without supporting the safety net programmes that Trump committed to defending on the campaign trail.

Moreover, The Telegraph reports that Trump has overseen “nearly as many air strikes in the first five months of his second term as Joe Biden launched in his entire presidency.”

- The Telegraph notes that, “after campaigning on a pledge to end American involvement in military conflicts... has overseen 529 air strikes since his inauguration, compared with 555 over the entire four years of the previous administration,” threatening to undermine Trump’s goal of ending American adventurism abroad.

Figure 1: US Air Strikes per Month, Biden Presidency v Trump Second Term



Source: *Telegraph, ACLED*

Federal Reserve

President Trump yesterday downplayed reports that he is planning to fire Federal Reserve Chair Jerome Powell, but kept the door open for Powell to be ousted on fraud charges. The reports sparked significant moves in US assets, which then pared back after Trump denied the reports in Oval Office remarks to reporters.

- CBS reported that Trump informally polled conservative House Republicans during an unrelated meeting at the White House on July 15, as noted in this newsletter yesterday. The New York Times followed with a report claiming that Trump had shown the group an already drafted letter to fire Powell.
- Bloomberg reported that a White House official said Trump is likely to fire Powell “soon” but Trump had not made a final decision and could change his mind.

When asked directly by reporters a few moments after the stories broke, Trump was vague. Trump reiterated that he believes Powell is a “terrible” chair, accused Powell of cutting rates to benefit Democrats ahead of the 2024 elections, and claimed Powell’s reluctance to cut rates is costing the US, “\$1 trillion a year on interest”.

- But he said, “no, I’m not talking about [firing Powell]. We get -- fortunately we get to make a change in the next, what, eight months or so and we’ll pick somebody that’s good and we’ll pick somebody -- I just want a fair job.”
- Trump later added, when asked if he will rule out firing Powell: “I don’t rule out anything, but I think it’s highly unlikely unless he has to leave for fraud.”

Trump’s ‘fraud’ comment appears to keep the door ajar for the White House to pursue a hypothetical ‘just case’ for firing Powell, involving cost overruns at the Fed office in Washington, D.C.

- Trump said: “I mean, it’s possible there’s fraud involved with the \$2.5, \$ 2.7 billion renovation. This is a renovation. How do you spend \$2.7 billion? And he didn’t have proper clearance, et cetera, et cetera, so you know that’s going on. So you know, there could be something to that.”
- Trump said similarly on Tuesday: “...the one thing I would have never guessed is that he [Powell] would be spending two and a half billion dollars to build a little extension onto the Fed.” Trump added, when a reporter asked if that was a fireable offense: “I think it sort of is,”

Figure 1: S&P 500 Index Value, July 16



Source: Semafor

The New York Times [reports](#) that although Trump and his allies have seized on the Fed renovation project as a potential avenue to fire Powell, “firing a Fed chair is a legally knotty endeavour and one that has not been tested in modern U.S. history.”

- Columbia University's Lev Menand [told MNI's Pedro Da Costa](#) that Powell could fight a potential firing by Trump in court by arguing that he is being pushed out unfairly, setting off a tough and public legal battle that would quickly make its way to the Supreme Court.
- Menand told MNI that a preliminary injunction to halt the firing could come as quickly as 24 hours, but the case would be an uphill battle for Powell in a Supreme Court that has taken sweeping interpretations of presidential powers.
- "The White House has clearly been trying to develop a case for removing Powell for cause. And it's a contrived case, but if they move forward in that direction with the first presidential for-cause removal in over a century, they're going to really test the Supreme Court and the lower courts' willingness to second-guess a presidential cause determination," Menand said.

Senator Mike Rounds (R-SD), a member of the Senate Banking Committee, [told MNI's Evan Ryser](#) that he does not expect Trump to fire Powell, highlighting the importance of an independent central bank for markets and suggesting he doesn't see a legal case for Trump to fire the Fed Chair.

- Rounds said "it's not the case" that Trump will fire Powell. Adding that Trump "gets frustrated simply because he would like to have interest rates come down. But I think he knows an independent Federal Reserve is very important to the markets and I think the President reads the markets very well."
- Rounds has an acrimonious history with Trump. He clashed with Trump in 2020 for arguing that the 2020 election was not stolen and endorsed Senator Tim Scott (R-SC) in the 2024 presidential election. Rounds has also acknowledged this week that Democrats have credible concerns with Trump's rescissions package. (More on that below)

Puck's Leigh Ann Caldwell reflected one common line of thinking yesterday: "Many Republicans I've been talking to over the past few days have predicted that Trump would do something dramatic to distract from Epstein." Suggesting that Trump could use an attempt to oust Powell as a strategy to overwhelm the news cycle.

- Barron's notes: "...investors' best strategy here is to keep faith in the TACO trade—the idea that "Trump Always Chickens Out" in key negotiations. Polymarket users think there's an 80% chance Powell remains in place at the end of this year."
- Note: A planned dinner yesterday between Powell and members of the House Financial Services Committee was cancelled at late notice, with Semafor noting "Members were told it's because of votes but there's some skepticism that's the real/only reason..."

Trade and Tariffs

Trump told reporters at the White House yesterday that he would send tariff letters to more than 150 countries, notifying them of a 10%-15% tariff rate.

- "We'll have well over 150 countries that we're just going to send a notice of payment out, and the notice of payment is going to say what the tariff", Trump said, adding that the recipients were "not big countries, and they don't do that much business."

- Commerce Secretary Howard Lutnick added that they were referring to African and Caribbean countries, among others, per The Hill.
In an interview with Real America's Voice broadcast later on Wednesday, Trump said the rate would "be probably 10 or 15%, we haven't decided yet," per Bloomberg.
- Alicia Garcia Herrero, chief Asia Pacific economist at Natixis, said: "For much of the world — and Asia in particular, which faces among the highest levies — the rate announcement could be read as a positive, providing some certainty for smaller countries with a lower rate than initially threatened".

South Korea's foreign minister nominee Cho Hyun told the Korean parliament during a confirmation hearing that it "seems possible" to strike a trade deal with the US before the August 1 deadline.

- Cho said: "It is difficult to predict, but we are making every effort on our end, and from the US perspective, too, we are not only a very important ally but also a key trade partner, so I think they will prioritize negotiating with us."

Europe

European officials told [MNI's David Thomas](#) that support for European Union retaliation against US tariffs is growing among member states and in the European Parliament, amid expectations that a likely trade deal by the Aug 1 deadline will disappoint the hopes of countries including France.

- The Financial Times [reports](#) that, according to two officials briefed on the talks, the EU is preparing a list of potential tariffs on US services, as well as export controls, as part of its possible retaliation if trade talks with Washington fail.
- FT notes: "While Brussels has previously warned that it could expand the transatlantic trade war to services if talks to avoid those tariffs kicking in fail, it has so far withheld from presenting concrete measures to European capitals. One of the officials stressed the list would not only zero in on US tech companies. The list would come on top of a proposal for retaliation against €72bn of annual US imports that EU countries are already discussing and which includes tariffs on Boeing aircraft, cars and bourbon."
- Trump told Real America's Voice: "We could make a deal possibly with Europe. You know, it's, I'm very indifferent to it," suggesting he saw the letter he sent the EU as a deal, per Bloomberg.

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 09:30 ET 14:30 BST: SENATE Appropriations: Business meeting to markup H.R.3944, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2026.

- 10:00 ET 15:00 BST HOUSE Appropriations: Fiscal Year 2026 Transportation, Housing and Urban Development, and Related Agencies Bill, Fiscal Year 2026 Energy and Water Development and Related Agencies Bill

Rescissions

The Senate voted 51-48 early this morning to pass Trump's USD\$9 billion request to cut Congressionally authorised funding from the State Department's foreign aid budget and public broadcasters. Two Republican Senators, Susan Collins (R-ME) and Lisa Murkowski (R-AK), voted against the measure.

- While the bill claws back a relatively small portion of federal government spending, Democrats view the request as part of a broader plan by the Trump administration to co-opt spending powers from Congress. Senate Minority Leader Chuck Schumer (D-NY) has linked the rescissions package to the FY26 appropriations process, which is likely to require a short-term funding measure in late September, needing Democratic votes to prevent the government from shutting down.
- Although conventional wisdom suggests that Democrats will never willingly shut down the government, Schumer has little other leverage to contest Trump's agenda.
- Top Democrat Appropriator Senator Patty Murray (D-WA) said: "We have never, never before seen bipartisan investments slashed through a partisan rescissions package... Do not start now. Not when we are working, at this very moment, in a bipartisan way to pass our spending bills."

Punchbowl reports that the rescissions fight "doesn't appear to be having an immediate impact on the Senate Appropriations Committee's churn," with Senate Majority Leader John Thune saying he intends to process as many funding bills as possible on the floor before the Sept. 30 deadline.

- The implied probability of a shutdown is currently around 40%, according to Polymarket. That number is likely to rise in the coming weeks if the FY26 appropriations process stalls, as expected.
- As the only major Senate revision to the rescissions package was to remove a USD\$400 million cut to PEPFAR, a George W. Bush-era HIV-AIDS relief programme, the House is likely to send the bill to Trump's desk today or tomorrow.
- Axios notes: "Votes on rescission packages originating from the White House are rare. It hasn't been done successfully since 1999." Trump failed to get Congress to rescind spending during his first term.

Crypto

The House is expected to hold votes at 16:10 ET 21:10 BST and 19:30 ET 00:30 BST on three crypto bills and the Defense appropriations package. The House is also likely to take up the Senate-passed rescissions package today, which has to be on Trump's desk by Friday, or the request will expire.

- Politico notes: "That's a lot to cram into less than two days, especially with the rescissions deadline looming Friday night. If they get too close to the deadline, it's possible Minority Leader Hakeem Jeffries — fresh off of an eight-hour "magic minute" speech two weeks ago — could try to blow past it."



House Speaker Mike Johnson (R-LA) set another record in the House, this time for the longest rule vote, which was open for nine hours before a deal was struck to begin debate on the crypto bills. Johnson told reporters: "I am tired of making history. I just want a normal Congress. But some people have forgotten what that looks like. But as long as we get it done, it doesn't matter to me how long a vote is held open."

- With House time limited, Johnson may choose to hold a vote on the Senate-passed Genius Act – the bill to introduce a regulatory framework for stablecoins – and punt the other two bills, including the CLARITY Act, into next week.

Rep. Max Miller (R-OH), a member of the House Ways and Means Committee, said during an Oversight Subcommittee hearing yesterday that he plans to lead Republicans on crafting a comprehensive tax framework for crypto, notes Politico.

- Politico reports that Miller said his draft legislation, which could be released in the coming weeks, could reduce IRS paperwork for crypto users and outline the best way to tax "mining" and "staking" activities that validate crypto transactions. Subcommittee Republicans also indicated they'd like to make digital assets more accessible in retirement accounts.

Iran

A new US assessment has found that only one of the three nuclear sites targeted by US airstrikes in June was mostly destroyed. The other two sites may have been degraded only to a point where nuclear enrichment could resume in the next several months if Iran wants it to, according to [NBC](#).

- NBC reports that US Central Command had developed a much more comprehensive plan to strike Iran ... that would have stretched for several weeks instead of a single night, ... President Donald Trump was briefed on that plan but [rejected it because] it was at odds with his foreign policy instincts to extract the United States from conflicts abroad..."
- NBC notes: "The reality as gleaned through intelligence so far appears to be more nuanced [than the assessment forwarded by Trump]. And if the early findings about the damage inflicted to Iran's nuclear program hold up as more intelligence comes in, the United States could find itself back in a conflict there."

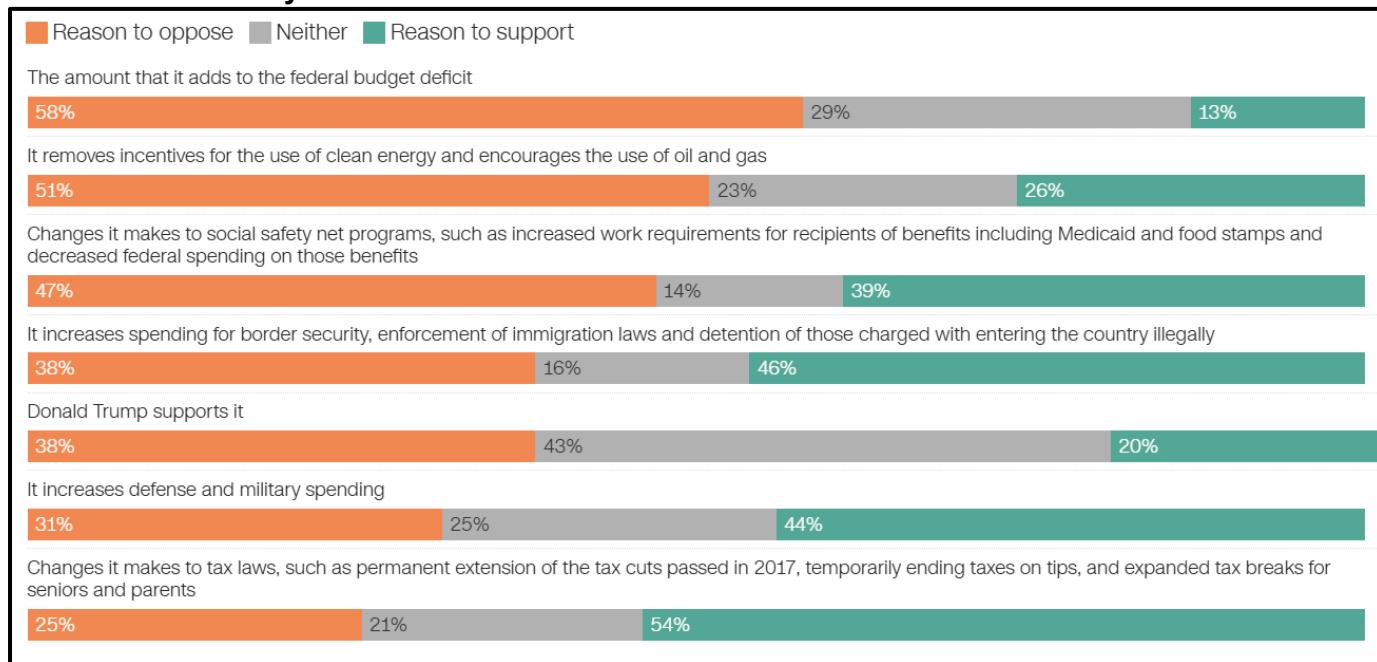
Chart of the Day

A new [CNN/SSRS survey](#) has found that "roughly 6 in 10 Americans" say they oppose the GOP domestic policy bill that Trump recently signed into law.

- CNN notes: "While there are signs that opinions have yet to fully settle, the initial strong opposition to the bill outpaces initial strong support.... Americans say, 61% to 39%, that they oppose the spending bill overall."
- "Most, 58%, now say Trump's gone too far in cutting federal government programs (up 7 points since February), and his rating for handling the federal budget now stands at just 37%. His rating for handling taxes, though still underwater, is modestly more positive: 44% approve of his handling of taxes, close to his first-term high on that issue."

- CNN adds: “More expect the bill to hurt the economy than to help it, 51% to 29%, with the rest expecting it to make little difference. And more expect it to leave their family worse off than better off, 37% to 16%, with nearly half unsure or predicting they’ll be largely unaffected.”

Figure 3: “For each of the following, please indicate whether you see it more as a reason to SUPPORT the bill, more a reason to OPPOSE it, or if it does not make a difference either way.”



Source: CNN

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