

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 18-07-25

by Adam Burrowes

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

13:30 ET 18:30 BST	President Trump participates in a Swearing-In Ceremony for the IRS Commissioner
14:30 ET 19:30 BST	President Trump participates in a Signing Ceremony for the GENIUS Act
19:00 ET 00:00 BST	President Trump has dinner with Republican Senators

#### KEY DATES:

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

### Washington

At 13:30 ET 18:30 BST, President Donald Trump will hold a ceremony at the White House to swear in IRS Commissioner Billy Long, capping a [turbulent period](#) for the agency. Cuts pursued by DOGE agents have prompted widespread staffing changes, including the resignation of a string of senior officials.

- At 14:30 ET 19:30 BST, Trump will sign into law the GENIUS Act, a landmark crypto legislation to regulate stablecoins. (More on that below). In the evening, Trump will join Senate Republicans for dinner.

Russel Vought, the director of the White House Office of Management and Budget, is rapidly becoming the central player in Washington. Vought has long been a 'bogey man' for Democrats due to his role as the ['architect'](#) of the Heritage Foundation's Project 2025 policy blueprint – a document that Trump distanced himself from on the campaign trail but telegraphed Trump's push to expand the power of the executive.

- Vought's influence has been seen this week on the rescissions package, which passed Congress yesterday, the White House's investigation into firing Fed Chair Jerome Powell, and a controversial approach to appropriations and the presidential budget. (More below)

The White House confirmed yesterday that Trump was recently diagnosed with a chronic vein condition that has caused swelling in his legs and hands.

- White House physician Sean Barbabella said in a note that the condition is "benign and common," and additional testing showed "no signs of heart failure, renal impairment, or systemic illness." He added that overall, Trump is in "excellent health".
- "It can be associated with serious conditions, but in and of itself it is not a serious condition, and one that is very common," Dr Matthew Edwards, chair of the Department of Vascular Surgery at Wake Forest University, told the BBC.

Trump is struggling to contain the fallout from his response to the Jeffrey Epstein case. Some vocal elements of his MAGA base have accused Trump of failing to deliver on a campaign promise to disclose the information related to Epstein's death and dealings with so-called 'clients'.

- Trump revealed on Truth Social yesterday that he has asked Attorney General Pam Bondi "to produce any and all pertinent Grand Jury testimony subject to Court approval". He downplayed the prospect of appointing an independent Department of Justice Special Counsel to investigate the case.
- The New York Times notes that the move is "unlikely to satisfy critics within his own MAGA movement... They want the release of all Justice Department files on Epstein, not just grand jury testimony."

Trump pushed back on a widely shared [Wall Street Journal](#) article, claiming that new letters from Trump to Epstein suggest a closer personal relationship than previously disclosed.

- Trump said on Truth Social: "The Wall Street Journal printed a FAKE letter, supposedly to Epstein. These are not my words, not the way I talk. Also, I don't draw pictures. I told Rupert Murdoch it was a Scam, that he shouldn't print this Fake Story. But he did, and now I'm going to sue his ass off, and that of his third rate newspaper."

## Federal Reserve

OMB Director Russell Vought reiterated that Trump is unlikely to fire Fed Chair Jerome Powell, but like Trump on Wednesday, Vought kept the door ajar for Powell to be removed if it were determined that he misled Congress on cost overruns at a Fed renovation project.

- Vought told reporters that he is looking to get access to the Fed building in Washington, DC to determine if any fraud could have been committed during the planning or building process.
- White House Press Secretary Karoline Leavitt told reporters: "It's for a big, beautiful mansion for the federal chairman. It's completely unnecessary. It's overpriced, and I think it's a good thing the administration, led by the president, is looking into it."
- When asked if any discovered wrongdoing could trigger Trump to fire Powell, Leavitt said: "Look, it's a hypothetical question. We'll see where it goes."
- Rep. Anna Paulina Luna (R-FL), the hardline Republican lawmaker who claimed on Wednesday that Powell's firing was "imminent", [wrote on X](#): "I am criminally referring Jerome Powell to the DOJ to investigate perjury regarding his crazy \$2.5BN building."

Powell wrote in a letter to Vought yesterday: "As explained on the Board's public website, we take seriously the responsibility to be good stewards of public resources as we fulfill the duties given to us by Congress on behalf of the American people. We have taken great care to ensure the project is carefully overseen since it was first approved by the Board in 2017."

- Reuters notes: "Powell's letter was largely a reiteration of what he told members of the Senate Banking Committee earlier this week, countering Vought's assertions that changes to the project violated rules set by the National Capital Planning Commission and required the commission's review."

- The response was to a July 10 [letter](#) Vought sent to Powell accusing him of "grossly" mismanaging the Fed.
- Trump continued his attack on Powell this morning with a post on [Truth Social](#) claiming that Powell and the Fed are "choking out the housing market". Trump added that the Fed Board "has done nothing to stop this "numbskull"" [Powell] and arguing that "we deserve to be at 1%, saving One Trillion Dollars a year on Interest Costs..."

JPMorgan's chief US economist, Michael Feroli, wrote in a note to clients that "the immediate crisis may have passed, though we doubt we are entirely done with this saga".

- Goldman Sachs noted that the market reaction, which also included a brief decline in equities, was "characteristic of a risk-off in US assets, as opposed to purely just a dovish policy shock", per FT. Goldman added: "The back-and-forth serves as an important reminder of the volatile and uncertain US policy agenda that extends beyond just trade and tariff policy."

The Wall Street Journal notes: "The laws creating the Fed say policymakers can be removed only "for cause," which has been interpreted to mean malfeasance or dereliction of duty. Legal experts doubt the administration has grounds for a court-sanctioned removal, suggesting the real strategy might be to inflict enough political damage that Powell either resigns or becomes more accommodating on interest rates."

- It is unclear if Vought's claims for oversight over Fed operations are constitutional. As the Journal notes: "The Fed controls its own buildings, finances and security," and the Fed, "secured explicit approval from Congress in a 2000 law to expand its footprint or to enlarge or remodel any buildings."
- But, as the Journal notes, Vought has pursued a conservative legal idea known as the "unitary executive theory," arguing that the president has sole authority over the executive branch, including independent agencies like the Fed.
- The Journal continues: "The Supreme Court largely validated this theory in a lawsuit over Trump's removal of Gwynne Wilcox, a Democratic member of the National Labor Relations Board. But the conservative majority carved out an exception for Fed officials, making clear that its ruling doesn't "necessarily implicate the constitutionality of for-cause removal protections" for them."

## Trade and Tariffs

Treasury Secretary Scott Bessent told Japanese Prime Minister Shigeru Ishiba in Tokyo today that the two nations will be able to reach a good trade deal, per [Bloomberg](#).

- According to Bloomberg, "Ishiba urged Bessent to continue talks vigorously with Japan's chief negotiator Ryosei Akazawa to achieve a mutually beneficial agreement. The two sides didn't discuss specifics on trade as a Aug. 1 deadline for higher levies approaches, Ishiba told reporters after the meeting."
- Ishiba said: "There are many areas in which Japan and the United States should cooperate in the fields of economy and security. Secretary Bessent stated that a good agreement would definitely be reached."
- Japan's Mainichi notes that Akazawa confirmed that Ishiba asked Bessent to continue trade talks and said he is making arrangements to visit the US next week for further talks.



- Reporters have noted that trade talks have been put on the back burner recently due to domestic political considerations related to Japan's House of Councillors election on Sunday. MNI's preview of the election can be read [here](#).

A spokesperson for EU Trade Commission, Maros Sefcovic, told reporters this morning that Sefcovic has "held intensive negotiations" with US Commerce Secretary Lutnick and Trade Representative Greer in Washington, per Reuters.

- The spokesperson said Sefcovic will brief EU ambassadors on Friday afternoon, noting that the "last mile is always the most difficult".

## Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

## Rescissions

Early this morning, the House of Representatives passed President Trump's USD\$9 billion rescissions request 216-213 along party lines. The package, which cuts Congressionally authorised funding from the State Department's foreign aid budget and from public broadcasters, is the first White House rescissions approved by Congress in decades.

- Trump said on Truth Social: "HOUSE APPROVES NINE BILLION DOLLAR CUTS PACKAGE, INCLUDING ATROCIOUS NPR AND PUBLIC BROADCASTING, WHERE BILLIONS OF DOLLARS A YEAR WERE WASTED. REPUBLICANS HAVE TRIED DOING THIS FOR 40 YEARS, AND FAILED....BUT NO MORE. THIS IS BIG!!!"

House Speaker Mike Johnson (R-LA) cleared Republican opposition in the House by tentatively endorsing action a non-binding House resolution calling for the release of the so-called Epstein files. He did not confirm if he would put the resolution on the floor.

- Axios notes: "Democrats worry this victory — which codifies DOGE cuts — will embolden the White House to ask Congress to approve even larger rescission packages in the future, potentially undermining bipartisan deals to avoid a government shutdown."
- Politico notes that the rescissions process was an "excruciating exercise particularly for GOP institutionalists, who dreaded crossing President Donald Trump while simultaneously worrying about the administration's steady encroachment on Congress' power of the purse. Now, as White House budget director Russ Vought says a second rescissions request is likely coming soon, many Republicans are wincing..."
- Former Senate Republican leader Mitch McConnell (R-KY) said the "OMB is the problem. They won't tell us how they're going to apply the cut. I want to make it clear

I don't have any problem with reducing spending. ... They would like a blank check is what they would like, and I don't think that's appropriate."

## Crypto

Today, President Trump will sign into law the first major legislative overhaul of crypto regulation ever passed by Congress. The House voted in a bipartisan 308-122 ballot yesterday to adopt the GENUIS Act, a bill to create a regulatory framework for stablecoins.

- Surprisingly, 78 Democrats also joined Republicans to vote in favour of the CLARITY Act, a bill that designates the Commodity Futures Trading Commission (CFTC) as the primary overseer of digital assets, rather than the Securities and Exchange Commission (SEC).
- Coinbase Vice President of U.S. Policy Kara Calvert told CNBC on the CLARITY Act: "When consumers buy and sell and trade these digital assets, they want to know what they're getting and they want to know that they're using a reputable intermediary. And what this bill does is provide that construct to do that."
- Politico notes that the blowout votes are "the latest sign of the industry's ascendance as a major force in Washington."

## FY26 Appropriations

Senate Majority Leader John Thune (R-SD) told reporters that the Senate will begin taking up annual spending bills in the coming days, hoping to get a package of four FY26 bills - Veterans Affairs, Agriculture, Commerce and Justice, and legislative - wrapped up before Congress departs Washington for a month-long recess in August.

- Annual spending bills require 60 votes to clear the Senate, meaning Thune will require at least seven Democratic votes on every bill. Therefore, avoiding a government shutdown on October 1 will largely fall to Senate Majority Leader Chuck Schumer (D-NY), who has few points of leverage with Republicans outside the appropriations process.

Schumer has previously linked the traditionally bipartisan appropriations process to OMB Director Vought's strategy of cutting government funding via rescissions, an approach that lawmakers believe degrades Congress' authority over the federal government's purse strings.

- Schumer said yesterday, per Semafor, Trump should fire Vought and demanded stronger GOP pushback: "Where are our Republican colleagues? Are they going to let this guy run rampant in one of the most powerful positions in government?"

Vought raised tensions again with lawmakers on both sides of the aisle yesterday by telling reporters at a Christian Science Monitor breakfast that, "The appropriations process has to be less bipartisan."

- Vought said, per Politico, he's looking to "change the paradigm" of the way appropriations has worked, pointing to the continued use of stopgap spending bills: "It's not going to keep me up at night, and I think will lead to better results, by having the appropriations process be a little bit partisan, and I don't think it's necessarily leading to a shutdown," he added.

Vought also noted that, while power of the purse remains with Congress: “It’s a ceiling. It is not a floor. It is not the notion that you have to spend every last dollar of that.” A comment that is likely to increase concerns that Trump and Vought will undermine Congress by seeking to rescind funding via simple majority votes in the Senate, as demonstrated by the first rescissions package.

- Senior Democrat appropriator, Senator Chris Murphy (D-CT), said: “They’re putting bills on the floor with the promise that, if we vote for them, they will then put a rescissions bill on the floor to strip out all of our stuff? Why on earth would we agree to that? It’s insane... We’re not patsies. And we shouldn’t act like it.”

Moderate Republican Senator Lisa Murkowski (R-AK) said: “I think he disrespects [the annual funding process]. “I think he thinks that we are irrelevant...”

- Majority Leader John Thune, however, said Vought’s assertion “runs contrary” to the Senate’s mathematical reality that Republicans need Democratic support to avoid a shutdown when the current stopgap funding bill expires on Sept. 30, Politico reports.

## **Presidential Budget**

OMB Director Vought’s fingerprints are also on the unusual decision for the White House to defer from releasing a full Presidential Budget, in line with tradition.

- Vought said at the Christian Science Monitor breakfast yesterday that the administration opted not to release a full budget to avoid complicating Congress’ work on the GOP’s reconciliation package, the One Big Beautiful Bill.
- Vought said: “We’re certainly going to release a full budget eventually [but] it would confuse the entirety of the country [who] would say, ‘Well, is it reconciliation, or budget? Which proposal is going in?’ It would have been very chaotic and something that wasn’t in our interest to do.”

The Washington Post notes: “A White House budget plan traditionally includes projections of economic data that can prove unflattering to the administration or provoke controversy. It details, for example, the White House’s estimates of inflation, deficits, federal debt, gross domestic product and other similar statistics. The Trump administration has yet to release those numbers...”

- The Post continues: “Several budget experts have said they cannot remember a White House that refused to put out a full budget for this long. Trump is famously willing to frequently reverse course on policy, which could make precise estimates difficult. Estimating the deficit, for instance, would depend on the amount of revenue brought in from tariffs, which have fluctuated on a near daily basis. The tax law also included changes to federal mandatory spending, through the Medicaid program, which also would have been hard to estimate.”
- Charles Kieffer, who spent several decades across administrations in the OMB and worked for Democrats on the Senate Appropriations Committee, told the Post: “This is extraordinarily unusual. I don’t remember it happening in my 46 years of watching this or in the first four years of the Trump administration.”

## **Iran**



The Pentagon has pushed back on an NBC report claiming that, per a new US intelligence assessment, only one of the three Iranian nuclear sites targeted by US airstrikes - Fordow - had been 'mostly destroyed'.

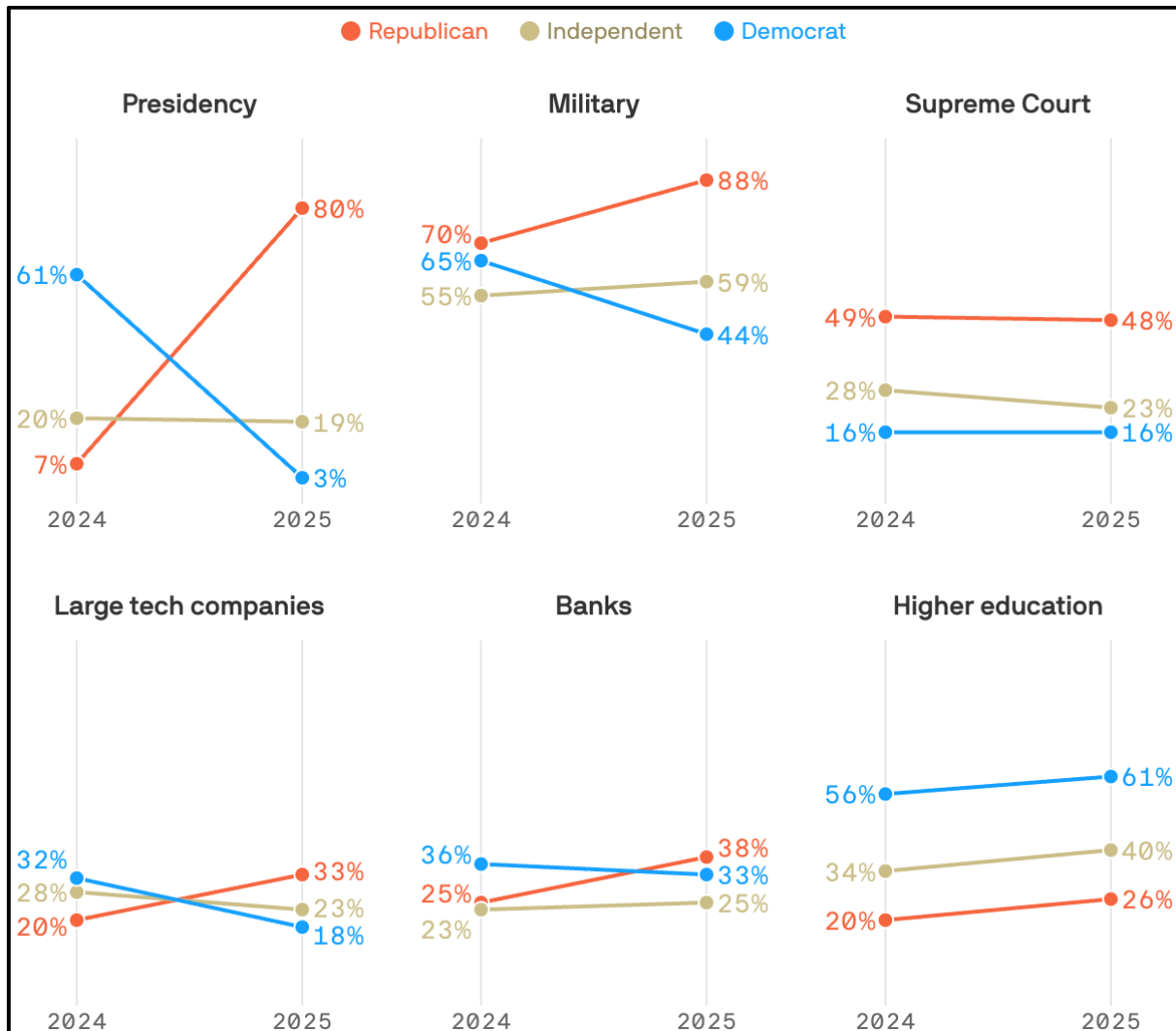
- According to the report, the other two sites at Isfahan and Nantaz may have been only set back by a few months, and could be reactivated if Tehran decided to pursue its nuclear programme.
- NBC reported that American and Israeli leaders have since discussed whether additional strikes on two less-damaged facilities could be necessary if Iran does not restart negotiations on a nuclear deal.
- Pentagon Spokesperson Sean Parnell told NewsNation: "The credibility of the Fake News Media is similar to that of the current state of the Iranian nuclear facilities: destroyed, in the dirt, and will take years to recover."
- Parnell continues: "President Trump was clear and the American people understand: Iran's nuclear facilities in Fordow, Isfahan, and Natanz were completely and totally obliterated. There's no doubt about that."

## Chart of the Day

Axios reports, per data from Gallup, that "Americans' confidence in major institutions is near an all-time low."

- Axios notes: "Overall confidence in political and business institutions has stayed level at an average of about 30%, but there's been a huge partisan reversal in the past year. Since President Trump took office, Republicans' trust has soared while Democrats' has plummeted to a record low."
- Axios adds: "Republicans' faith in the presidency shot up 73 percentage points just in the past year. Their confidence in the military, banks, churches, police, tech companies, the criminal justice system, organized labor and Congress all jumped by double digits."
- "Democrats' confidence in the presidency dropped by 58 percentage points over the past year, and they also reported double-digit declines for the military, police, tech companies, the criminal justice system and newspapers."

**Figure 1: Change in the Share who say they are Confident in Select US Institutions, 2024-2025**



Source: Axios, Gallup



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