

MNI POLITICAL RISK ANALYSIS - US Daily Brief 18-09-25

by Adam Burrowes

The White House (times subject to change)

05:00 ET 10:00 BST	President Trump and the First Lady participate in Farewells to the King and Queen
05:30 ET 10:30 BST	President Trump departs Windsor Castle en route to the Chequers Estate
06:15 ET 11:15 BST	President Trump participates in a Bilateral Meeting with Prime Minister Keir Starmer
07:45 ET 12:45 BST	President Trump participates in a Business Leaders Reception with Starmer
09:20 ET 14:20 BST	President Trump participates in a Press Conference with Starmer
12:15 ET 17:15 BST	President Trump departs London, United Kingdom, en route to the White House
20:10 ET 01:10 BST	President Trump arrives at the White House

KEY DATES:

- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

President Donald Trump departed Windsor Castle this morning after his historic second State Visit to the United Kingdom. Trump arrived at Chequers, the country residence of the British Prime Minister, at roughly 06:00 ET 11:00 BST this morning for a bilateral meeting with Sir Keir Starmer.

- At the conclusion of the bilat, Trump and Starmer will be joined by a raft of business leaders for a reception. At 09:20 ET 14:20 BST, Trump and Starmer will deliver a joint press conference.
- A pre-recorded interview Trump gave to Fox News' Martha MacCullum will air at 15:00 ET 20:00 BST.
- At 08:30 ET 13:30 BST, the Department of Labor will release data on initial jobless claims, and the Federal Reserve of Philadelphia will release its latest manufacturing index.

Trump announced on Truth Social yesterday that he is designating Antifa as a 'major terrorist organisation', in his first retributive action against 'radical left' groups in the wake of Charlie Kirk's assassination.

- Trump wrote, "I am pleased to inform our many U.S.A. Patriots that I am designating ANTIFA, A SICK, DANGEROUS, RADICAL LEFT DISASTER, AS A MAJOR TERRORIST ORGANIZATION. I will also be strongly recommending that those funding ANTIFA be thoroughly investigated in accordance with the highest legal standards and practices."
- Politico reports, "we will see action from Trump within "weeks" targeting groups which fund left-wing protests."

Semafor reports, "Republicans are actually working on that "comprehensive" crime bill the president has teased... Both Senate Judiciary Chair Chuck Grassley and a White House official confirmed discussions about legislation are underway, and House members said Judiciary Chair Jim Jordan is interested as well."

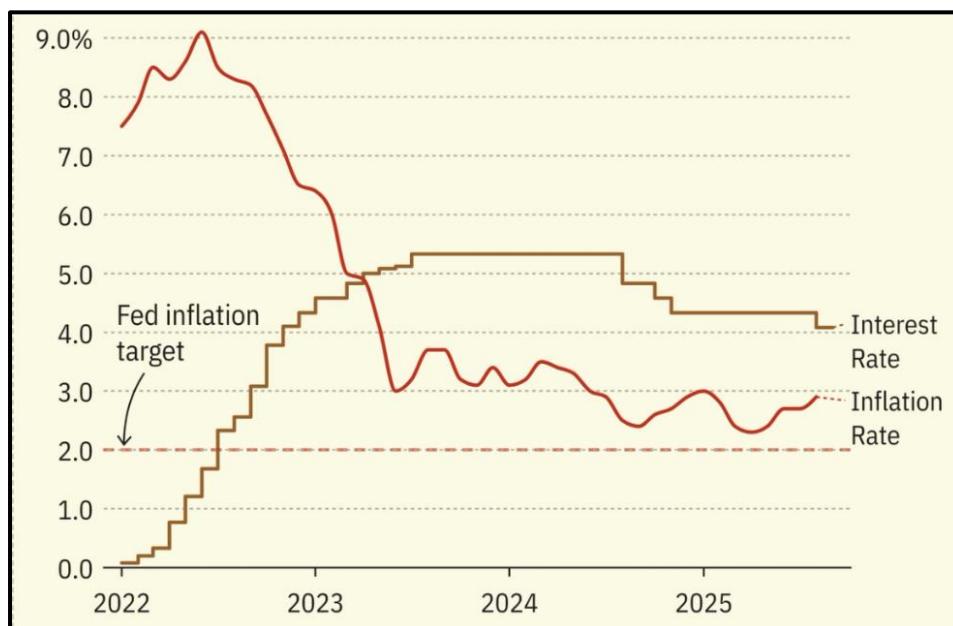
- Semafor continues, "It's starting to sound like a serious, but tough, effort. Passing a bill will take a few months and a ton of work, likely to start after the shutdown fight."

Federal Reserve

The Federal Reserve lowered official borrowing costs by a quarter point Wednesday, the first interest rate cut since December, and indicated two more cuts are expected this year, with newly-appointed governor Stephen Miran dissenting in favour of a larger 50 basis point reduction, per MNI's Pedro da Costa.

- Miran not only voted in favour of a larger cut, but the Fed's dot plot suggests he wanted as much as 150 basis points of cuts this year, compared with a median 50bps for the rest of the FOMC.
- The Fed said in its post-meeting policy statement, "Downside risks to employment have risen... Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated."
- The Wall Street Journal notes, "A narrow majority of officials penciled in at least two additional cuts this year, implying consecutive moves at the Fed's two remaining meetings in October and December. The projections hint at a broader shift toward concern about cracks forming in the job market in an environment complicated by major policy shifts that have made the economy harder to read."
- MNI's review of the meeting can be read [here](#).

Figure 1: US Inflation and Interest Rates



Source: Semafor, St. Louis Federal reserve

United Kingdom

Earlier today, Trump arrived at the country residence of British Prime Ministers, Chequers, where he was greeted by Prime Minister Sir Keir Starmer and Lady Victoria Starmer. Trump and Starmer will face questions from the British and US media at a high-profile press conference at around 09:30 ET 14:30 BST.

- While the president and prime minister will take part in diplomatic niceties in the form of a tour of the Churchill Archives and the exchange of gifts, they are also set to hold 'tete-a-tete' talks on issues including foreign policy and trade. The broad consensus is that the lavish State Visit was primarily designed to make Trump more pliable in today's thorny discussions over trade, national security, and government policy.
- The New York Times notes that Trump said a second state visit to the UK was one of the "highest honors" of his life, writing that "The president seemed supremely pleased by the whole thing."

Starmer is facing a multitude of political difficulties domestically following the resignation of his Deputy PM Angela Rayner, the sacking of Ambassador to the US Peter Mandleson, and a scandal involving a close Downing Street aide, all coming amid record low personal approval ratings, simmering social tensions, and stubbornly high inflation raising public concerns and anger about the cost of living and government economic policies.

- As such, the Trump talks and subsequent presser could prove a useful 'release valve' for pressure should Starmer achieve progress on finessing the trade deal with the US or further US commitments to support Ukraine. Alternatively, should little or no progress be made, and Trump directly or indirectly criticise UK government policy it could make for a difficult political situation for the PM after the UK laid on significant pageantry as part of the US president's second state visit.

Bloomberg notes, "Apple Inc. CEO Tim Cook, Citigroup CEO Jane Fraser, Nvidia Corp. CEO Jensen Huang, Blackstone Inc. CEO Steve Schwarzman, Arm Ltd CEO Rene Haas, and media tycoon Rupert Murdoch were among 160 guests listed to attend the [Windsor Castle] banquet, and the nations are set to solidify joint tech, energy and digital asset agreements."

- Bloomberg continues, "The UK government is touting a £150 billion (\$205 billion) investment package led by the promise of £90 billion from Blackstone Inc. Microsoft Corp., OpenAI and other American companies also announced plans to spend tens of billions of dollars on technology infrastructure in the UK."
- Politico notes, "The two leaders have already been busy unveiling billions of dollars' worth of investment deals, including a \$1 billion U.K. defense deal with Palantir announced today."

Despite optimism for enhanced tech and business cooperation, British farmers are concerned that Agriculture Secretary Book Rollins' presence in Trump's delegation could signal that the US intends to play hardball on agricultural trade, a long-intractable issue that has torpedoed previous attempts at a US-UK trade agreement.

- As noted in yesterday's edition of this newsletter, the Starmer government appears to have abandoned an effort to zero out tariffs on UK steel. Starmer may also be strong-

armed into scaling back its Digital Services Tax, which Trump sees as a tariff on the US.

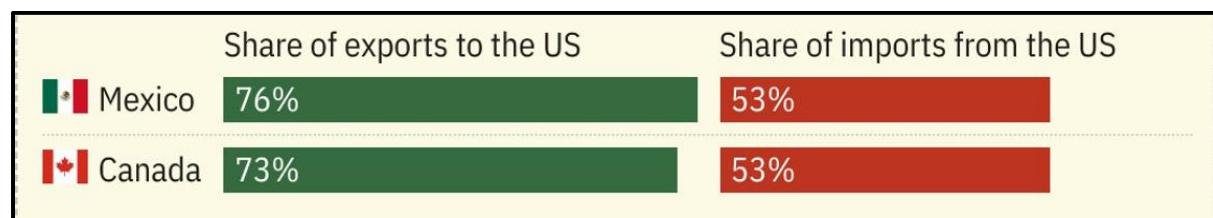
- While Starmer is likely to press Trump on bolstering support for Ukraine, analysts expect few major breakthroughs today. A White House official told Politico that Trump's position on new Russia sanctions is as follows, "I'll do economic warfare, [but] you've got to do it with me." A difficult lift for the EU as the bloc's biggest buyers of Russian energy are Trump-aligned Hungary and Slovakia.

Trade

Canadian Prime Minister Mark Carney will meet with Mexican President Claudia Sheinbaum in Mexico City today as they formulate a response to Trump's tariff threats. Carney and Sheinbaum are expected to deliver a joint press conference at 19:00 ET 00:00 BST.

- Politico notes, "No one wants to provoke Washington. While Mexico is in regular touch with Canada, the Sheinbaum team wants to avoid the appearance that the two are teaming up against the United States. Canadian officials head into the meeting without the same concern."
- Semafor writes, "Canada and Mexico rely on the US for the majority of their imports and exports, most of which fall within a trilateral trade agreement signed during US President Donald Trump's first term. But Trump has threatened to renegotiate the deal — up for review next year — and impose heavy tariffs if Mexico City and Ottawa fail to crack down on drug trafficking and curb Chinese investment."

Figure 1: Canada and Mexico's Trade Reliance on the US



Source: Semafor, OEC

China

The Financial Times [reports](#), "China is dropping an antitrust probe into Google, as Beijing and Washington step up negotiations over TikTok, Nvidia and trade at a time of heightened tensions between the superpowers."

- FT writes, "The decision signals a tactical recalibration by Beijing, which is now concentrating its regulatory firepower on Nvidia, the world's most valuable chipmaker, as a point of leverage in US-China trade talks, according to the two people. At the same time, dropping the Google investigation sends a positive signal to Washington that Beijing can be flexible in the negotiations, said one of the people."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Science: "The Promise and Progress of Fusion Power"
- 10:00 ET 15:00 BST: HOUSE Judiciary: "AI at a Crossroads: A Nationwide Strategy or Californication?"
- 14:00 ET 19:00 BST: HOUSE Financial Services: "Unlocking the Next Generation of AI in the U.S. Financial System for Consumers, Businesses, and Competitiveness"

Government Funding

Senate Minority Leader Chuck Schumer (D-NY) yesterday released his own version of a short-term funding bill to avert a government shutdown on October 1. The Democrat bill would permanently extend expiring Obamacare subsidies, undo Medicaid cuts enacted by the Republicans' 'One Big Beautiful Bill,' and bar any future White House rescissions.

- It goes without saying that none of the measures will be entertained by the GOP. The price tag for the health measures alone would run into the hundreds of billions of dollars and unwind swathes of the GOP's signature legislation.

Meanwhile, House Republicans are pressing ahead with their 'clean' stopgap measure that extends funding through November 21. The Republican proposal doesn't include any Democrats' demands and was created without bipartisan consultation. House Speaker Mike Johnson (R-LA) intends to hold a final vote on Friday, after which the bill will be handed to the Senate, where Majority Leader John Thune (R-SD) will need at least seven Democratic votes to clear the Senate filibuster.

- Republicans argue that a 'clean' CR is now accepted practice in Congress, often utilised by Democrats when in government. According to Republican leaders, the short-term measure will allow four additional months to complete the regular appropriations process, during which Democrats can negotiate spending priorities.
- Democrats argue that all funding measures require bipartisan negotiations. They are also cognizant that they have few good options for challenging the Trump administration's hardline cuts to health care, and increasing control over the federal government's purse strings.

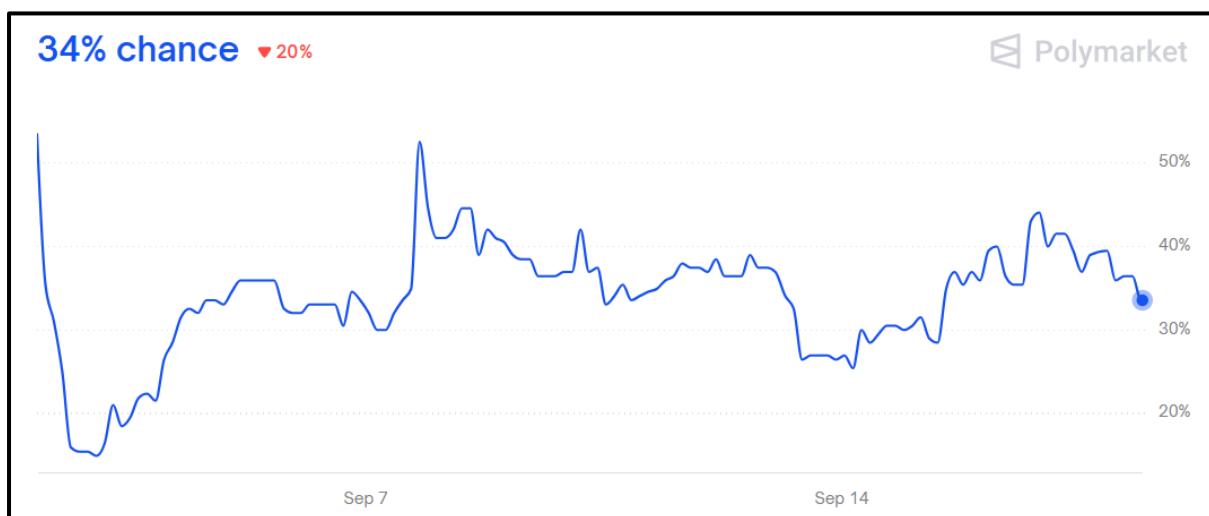
This calculus has led some Democrats to conclude that the best path forward is to force a government shutdown for the first time. It is a risky strategy that doesn't have a clear end goal but could serve as a useful messaging exercise ahead of the 2026 midterm elections. One of the primary concerns from Democratic voters is that their Congressional representatives haven't done enough to counter Trump's rapid takeover of the federal government.

- Senate GOP Whip John Barrasso (R-TX) will say as much in a floor speech today, "The Schumer Shutdown Plan reads like a draft of the platform for the 2028 Democrat National Convention."

While House Democrats are likely to line up unanimously against the CR, it is less clear if Schumer can prevent seven Democrats from joining with Republicans to pass the CR. Politico notes that Senator John Fetterman (D-PA) has already vowed to support the GOP's funding patch, and several other Democratic senators have yet to commit to opposing it.

- Schumer will convene a meeting of his caucus today for a strategy meeting. Schumer said in an interview yesterday that a recent poll of key battleground states (see Poll of the Day below) showed voters would overwhelmingly blame Republicans if the government shuts down.
- The other consideration for Schumer, per Axios, "Some Democrats are privately concerned, as they were in March, that the Trump administration doesn't mind a government shutdown. Once funding stops, Russ Vought, the director of the Office of Management and Budget, has some discretion in deciding which parts of the government are essential and, therefore, will remain open."

Figure 2: Government Shutdown by October 1



Source: Polymarket

International Monetary Fund

Treasury Secretary Scott Bessent's chief of staff, Dan Katz, is expected to leave the administration to take up the post of first deputy managing director of the International Monetary Fund (IMF).

- Speaking on the sidelines of the IMF and World Bank spring meetings in Washington, D.C., earlier this year, Bessent criticised both organisations, [claiming](#) that "mission creep has knocked these institutions off course."
- Bessent argued the IMF has the mission of "promoting global monetary cooperation and financial stability", but instead is focused on progressive social issues. Bessent: "The IMF and World Bank serve critical roles in the international system. And the Trump Administration is eager to work with them - so long as they can stay true to their missions."

If appointed, Katz would become the seniormost US official at the IMF, second only to Managing Director Kristalina Georgieva. Historically, the IMF has always been led by a European, while an American has served as president of the World Bank, although this is not a formalised split. The appointment of a senior Trump administration figure to such an influential role at the IMF would draw attention towards the global lender of last resort.

- Politico [notes](#), “Katz has been an active participant in the department’s international policy agenda, serving as a top lieutenant to the secretary on negotiations with China on trade matters and with Ukraine on critical minerals. His nomination could be announced as soon as Friday.”

Semiconductors

Politico [reports](#) that, “White House AI and crypto czar David Sacks has been privately pushing Senate Republicans to scrap language in their must-pass annual defense policy bill that would limit U.S. microchip exports.”

- According to the report, “The legislative text of the GAIN AI Act, which is spearheaded by Sen. Jim Banks and is set for inclusion in the National Defense Authorization Act, has alarmed both the tech sector and the Trump administration. The White House is worried the measure could conflict with recent deals the president brokered with U.S. chipmakers Nvidia and Advanced Micro Devices to allow certain sales to China. Sacks’ office met with Banks’ team as recently as last week to try to weaken or remove the measure.”

Venezuela

President Trump’s special envoy to Venezuela, Richard Grenell, suggested in [remarks](#) at CPAC in Paraguay that the US and Venezuela could strike a deal to avert a military confrontation, despite escalating hostilities in the South Caribbean.

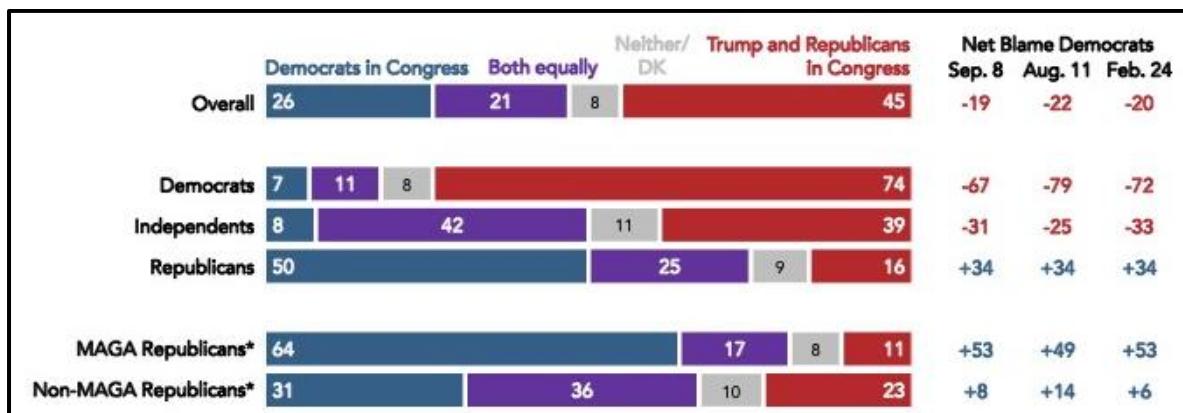
- Grenell said, “I’ve been to see Nicolás Maduro. I’ve sat across from him, I’ve articulated the America First position. I understand what he wants. I believe that we can still have a deal, I believe in diplomacy, I believe in avoiding war.”
- Semafor notes, “The White House didn’t respond to repeated clarification requests about whether Grenell’s comments reflect the administration’s stance. This isn’t the first time that Grenell, who played a pivotal role in bringing back Americans imprisoned in Venezuela earlier this year, has offered up a perspective that cuts against the administration’s stances. That may be why Secretary of State Marco Rubio ultimately edged him out on the portfolio.”

Chart of the Day

Progressive polling outfit [Navigator Research](#) is out with new survey data suggesting that Republicans would be held accountable for a government shutdown.

- Navigator writes, “If the government were to shut down in October, Americans say they would be more likely to blame President Trump and Republicans in Congress than Democrats. 45 percent say they would blame Trump and Republicans, while 26 percent say they would blame Democrats in Congress. Another 21 percent would blame both sides equally.”
- Navigator adds, “Notably, in a break from what we usually see on highly partisan questions that name Trump and Republicans, 25 percent of Republicans say they would blame both sides equally, including 36 percent of non-MAGA Republicans. Independents are split: 42 percent say they would blame both parties equally, while 35 percent would blame Trump and Republicans in Congress.”

Figure 3: If the Government were to Shut down in the Coming Months, Who Would You Blame?



Source: *Navigator Research*

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POLITICAL RISK

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