

MNI POLITICAL RISK ANALYSIS - US Daily Brief 19-01-26

by Adam Burrowes

The White House *(times subject to change)*

19:50 ET 00:50 GMT	President Trump attends the College Football National Championship Game
TBD	President Trump departs Miami, Florida en route to the White House

Key Dates:

- ❖ Jan. 30: Government funding expires
- ❖ Jan 31: Texas Special Election
- ❖ April 16: New Jersey Special Election
- ❖ March 10: Georgia Special Election

Washington

President Donald Trump will attend the College Football National Championship Game in Miami at 19:50 ET 00:50 GMT. He is expected to return to the White House at some point in the evening.

- Washington is quiet today, with Federal government agencies closed for Martin Luther King Day. That hasn't slowed the rapid 2026 news cycle, with US and international headlines dominated by Trump's latest broadside over Greenland.

Trump announced on Truth Social that he intends to sue JPMorgan Chase for allegedly 'debanking' him in the aftermath of the 'January 6' violence on Capitol Hill. Trump also refuted reports that he approached JPMorgan CEO Jamie Dimon as a potential Fed Chair.

- Trump wrote, *"A front page Article in The Fake News Wall Street Journal states, without any verification, that I offered Jamie Dimon, of JPMorgan Chase, the job of Fed Chairman. This statement is totally untrue, there was never such an offer and, in fact, I'll be suing JPMorgan Chase over the next two weeks for incorrectly and inappropriately DEBANKING me after the January 6th Protest... Also, one was led to believe that I offered Jamie Dimon the job of Secretary of the Treasury, but that would be one that he would be very interested in. The problem is, I have Scott Bessent doing a fantastic job, A SUPERSTAR — Why would I give it to Jamie? No such offer was made there, or even thought of, either..."*

Greenland

Trump injected more uncertainty into global markets by announcing in a statement on Truth Social that he intends to impose punitive tariffs on the United Kingdom, Norway, and six EU countries for deploying troops to Greenland. Trump asserted in his statement that US sovereignty over the island is required for his 'Golden Dome' missile defence programme and to prevent a hostile takeover from Russia or China.

- According to Trump's statement, a 10% tariff will be imposed on Denmark, Norway, Sweden, France, Germany, the UK, the Netherlands, and Finland on February 1. On

June 1, the rate will be increased to 25%. In the event they are imposed, the tariffs would likely stack on top of existing tariffs. Trump indicated that the tariffs would be removed “a Deal is reached for the Complete and Total purchase of Greenland.”

It is unclear by which authority Trump intends to impose the tariffs, but his statement's emphasis on national security suggests he would again use the International Emergency Economic Powers Act, or IEEPA – the tariff authority currently being scrutinised by the Supreme Court.

- Note: The Supreme Court's ruling could come as soon as this week. Treasury Secretary Scott Bessent told NBC yesterday, “I believe that it is very unlikely that the Supreme Court will overrule a president's signature economic policy,” despite [betting markets](#) leaning towards a decision against Trump.
- If SCOTUS does rule against Trump's tariffs, it is unclear if the court would order repayment of duties or punt that decision to a lower court. The prevailing view is that the Trump administration would migrate the tariffs to a different authority, should the court rule against it.
- If the court declines to release a ruling this week, it is likely the tariff case will be delayed until February 23, after the court's midwinter recess. Such a timeline would rule out SCOTUS defusing the Greenland issue on behalf of the White House.

Trump wrote on [Truth Social](#), “We have subsidized Denmark, and all of the Countries of the European Union, and others, for many years by not charging them Tariffs, or any other forms of remuneration. Now, after Centuries, it is time for Denmark to give back — World Peace is at stake! China and Russia want Greenland, and there is not a thing that Denmark can do about it.”

- Trump concluded: “The United States of America is immediately open to negotiation with Denmark and/or any of these Countries that have put so much at risk, despite all that we have done for them, including maximum protection, over so many decades.”
- In a later message, Trump wrote: “NATO has been telling Denmark, for 20 years, that “you have to get the Russian threat away from Greenland.” Unfortunately, Denmark has been unable to do anything about it. Now it is time, and it will be done!!!”
- Adding to tensions, Trump suggested in a letter to Norwegian President Jonas Gahr Støre that his move may have been motivated by Norway's decision to withhold the Nobel Peace Prize, “I no longer feel an obligation to think purely of Peace, although it will always be predominant, but can now think about what is good and proper for the United States of America,” he said.

EU Response

The extraordinary series of statements arguably represents the most serious challenge to the US-led Western security architecture since the end of the Second World War. In response, Europe is considering a range of options, including the deployment of its so-called Anti-Coercion Instrument ‘bazooka’ – a never-before-used tool devised in 2023 (with China in mind) that could choke US big tech and other business interests in the EU.

- French President Emmanuel Macron's office said in a statement that Macron, “will be in contact all day with his European counterparts and will ask, in the name of France, the activation of the Anti-Coercion Instrument.”

- Deployment of the ACI requires a qualified majority of 55% of EU member states with 65% of the EU population, meaning it is not subject to an effective veto from Trump-leaning EU members like Hungary and Slovakia.
- France24 notes, "Even if Brussels were to activate the weapon, it could take months before any measures were taken, according to the rules." But, France24 notes, "even just triggering an investigation under the instrument would send a powerful message that Brussels is willing to fight back against its important ally."

EU Diplomats told the FT, "While many other EU member states have voiced support for exploring how the ACI could be deployed against the US, a majority called for dialogue with Trump before issuing direct threats of retaliation."

- In a first step towards retaliation, the biggest parties in the European parliament said they would delay a vote that would have formalised lower EU tariffs on US goods in accordance with the US-EU trade agreement struck last year.
- The New York Times notes that EU ambassadors held an emergency meeting in Brussels on Sunday to take stock of the situation. The talks — while preliminary — made clear that officials would rather negotiate than retaliate. But the meeting also made clear that they are committed to protecting Greenland. EU leaders will meet later this week.

The first opportunity for dialogue will come at the World Economic Forum, which gets underway in Davos, Switzerland, today. Western National Security Advisors are scheduled to meet this afternoon, but US Secretary of State (and Trump's NSA) Marco Rubio is in Florida today, attending a football game with the President.

- Barring a change of plan, Trump is expected to fly to Davos tomorrow ahead of his keynote address on Wednesday. No bilaterals are confirmed yet, but what was assumed to be a summit on Ukraine has transformed into a crisis meeting on NATO.
- Trump may meet with NATO chief Mark Rutte, Canadian PM Mark Carney, European Commission President Ursula von der Leyen, UK PM Keir Starmer, French President Emmanuel Macron, and German Chancellor Friedrich Merz, among others. Bloomberg reports that Danish officials will skip the event.

UK Prime Minister Keir Starmer said in a circumspect statement this morning from Downing Street this morning that he is "determined to keep relations with the US strong." He added that "cooperation with the US on defence and intelligence remains close [and] my team is in daily contact with key figures in the Trump team".

- More critically, Starmer said, "any decision about the future of Greenland belongs to Denmark alone... The use of tariffs against allies is completely wrong. It's not the right way to resolve differences within an alliance. Nor is it helpful to frame efforts to strengthen Greenland's security as a justification for economic pressure."
- House Speaker Mike Johnson (R-LA) is scheduled to address the British Parliament tomorrow. He is likely to face a barrage of questions from his British counterparts on Congressional oversight of Trump's plan.

Impact of Tariffs

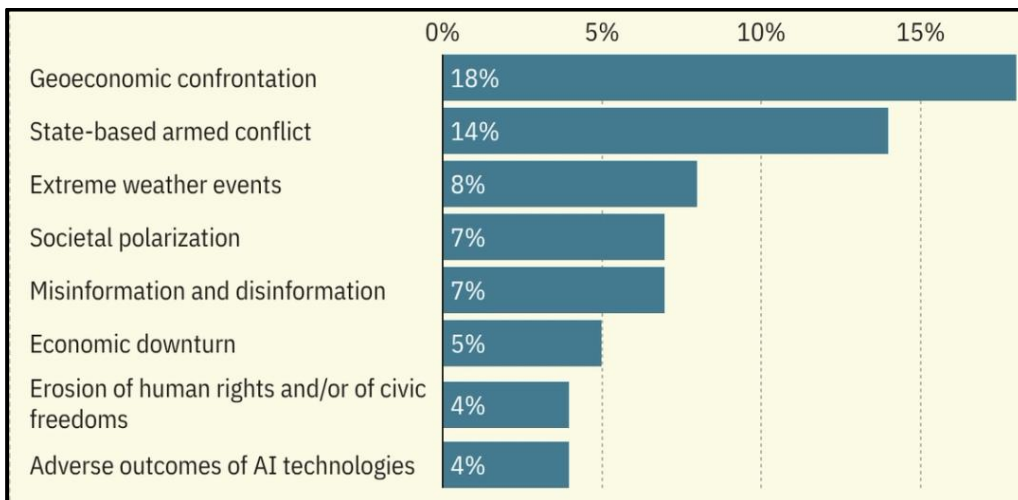
Goldman Sachs writes in a note on the market implications, “We estimate that a 10% tariff would lower real GDP in the affected European countries by 0.1-0.2% via lower exports. The inflation effects would likely be very small and a Taylor rule would point to modestly lower policy rates, all else equal. We see three potential levels of EU retaliation, including (1) stalling the implementation of last year’s EU-US trade deal, (2) imposing counter-tariffs on US goods, and (3) launching the Anti-Coercion Instrument, which would allow for a broader range of non-tariff retaliation options. We see a higher hurdle for UK retaliation, consistent with the UK’s approach in last year’s trade negotiations.”

- More broadly, Politico writes: “The irony, of course, is that Russian strategists are gleeful at this schism opening up in the Western alliance. Driving a wedge between the US and western Europe has been a Moscow pipedream for the past 80 years, but it never looked remotely likely until now.”

Considering the delayed timeline for imposition, especially with regard to the higher 25% tariff rate, markets may assume that sufficient space has been provided to allow for a negotiated settlement.

- However, Trump and European leaders are dug in, with Brussels appearing to recognise the Greenland rhetoric as a more existential threat to the continent’s security than Trump’s previous tariff moves.
- Treasury Secretary Scott Bessent, playing his regular role as ‘Trump translator’ told NBC that characterising a binary between NATO and annexing Greenland was a “false choice” Bessent said, “The European leaders will come around. And they will understand that they need to be under the US security umbrella.”

Figure 1: Top 2026 Risks



Source: Semafor, World Economic Forum

Federal Law Enforcement

The Wall Street Journal reports that the Pentagon has ordered the soldiers from the US Army’s 11th Airborne Division to prepare to deploy, meaning they are ready to quickly move to Minnesota if the order is given, according to three officials.

- The Journal notes, “The move is “precautionary,” one of the defense officials said. It comes as Trump has threatened to invoke the Insurrection Act—a 19th century law allowing the president to deploy the military in a civilian law-enforcement role inside the country to “suppress rebellion” against the U.S. government—in response to protests there.”

The Washington Post reports, “The Trump administration has extended the deployment of about 2,500 National Guard troops in D.C. through the end of this year, having touted their presence in the city over the objection of local officials and an ongoing legal challenge, two defense officials familiar with the plan said Friday.”

- According to the Post, “The mission is expected to continue including armed patrols in support of law enforcement plus a variety of sanitation and beautification projects, the officials said, speaking on the condition of anonymity because the move has not yet been announced.”

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Federal Reserve

Former Federal Reserve Board member Kevin Warsh is now the firm favourite to take Trump’s nomination to serve as Fed Chair, after Trump appeared to rule out White House National Economic Council Director Kevin Hassett in White House remarks on Friday.

- Trump said, “I see Kevin’s in the audience and I just want to thank you, you were fantastic on television today. I actually want to keep you where you are if you want to know the truth... Wait a minute, if I move him, these Fed guys, certainly the one we have now, they don’t talk much. I would lose you. It’s a serious concern to me.”

Supreme Court justices will hear oral arguments on Wednesday on whether Trump can fire Fed Governor Lisa Cook over mortgage fraud accusations. The court’s decision is likely to have a profound impact on the future independence of the Fed, with Trump looking to exert more executive control over independent federal agencies.

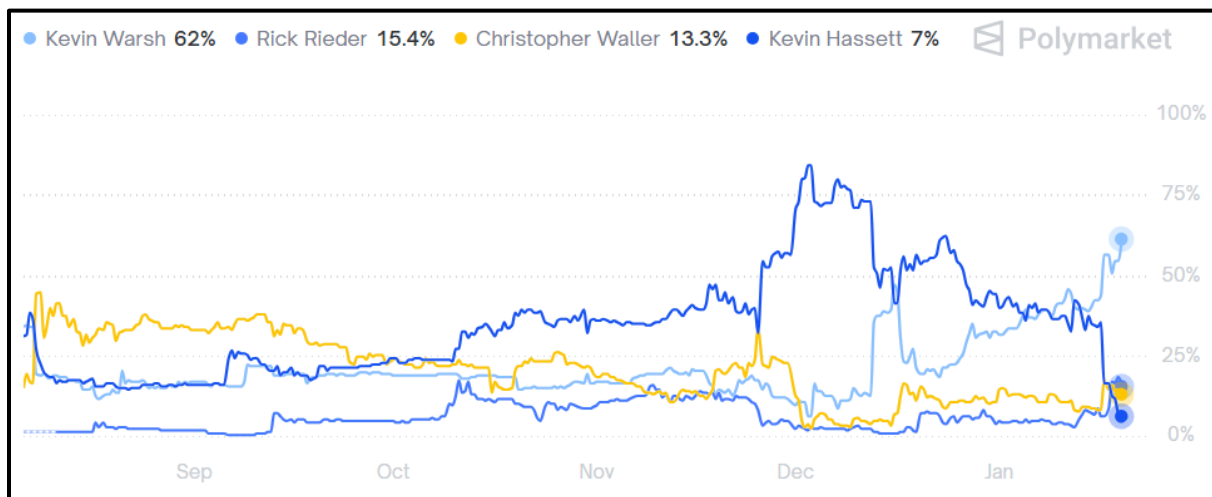
- The Hill notes, “Trump argues it infringes on his constitutional authority to oversee the executive branch, part of an expansive view of presidential power known as the unitary executive theory.”
- The Hill adds, “The Supreme Court’s conservative majority has appeared sympathetic to Trump’s efforts to eviscerate firing protections at other independent agencies, like the Federal Trade Commission and National Labor Relations Board. But the justices have suggested they view the Fed as possessing special status that could justify the protections.”

- The Court wrote in an unsigned May opinion: “The Federal Reserve is a uniquely structured, quasi-private entity that follows in the distinct historical tradition of the First and Second Banks of the United States.”

Treasury Secretary Scott Bessent told NBC on Sunday that the Justice Department’s criminal investigation into Fed Chair Jerome Powell is appropriate “oversight” of the independent agency.

- Bessent said of Trump, “Of course, he’s committed to the independence of the Federal Reserve. But independence does not mean no oversight.”
- When asked about his reported message to Trump that the federal investigation “made a mess and could be bad for financial markets,” Bessent said: “... If I said that, I was wrong. Financial markets, stock market went up, bond yields went down. So the markets are the ultimate arbiter of over whether the Fed’s independence is being impugned. And bond yields went down.”

Figure 2: Who will Trump Nominate as Fed Chair



Source: Polymarket

Board of Peace

The New York Times [reports](#) that Trump is inviting countries to join his “Board of Peace” beyond a three-year term, if they’re willing to cough up more than a billion dollars in cash within the board’s first year...”

- The Times notes, “And while the board was conceived as part of Mr. Trump’s plan to oversee Gaza, there is no mention of Gaza in the charter. That omission added to speculation that the group may have a broader mandate to cover other conflicts and could even be aimed at creating a U.S.-dominated alternative to the United Nations Security Council.”

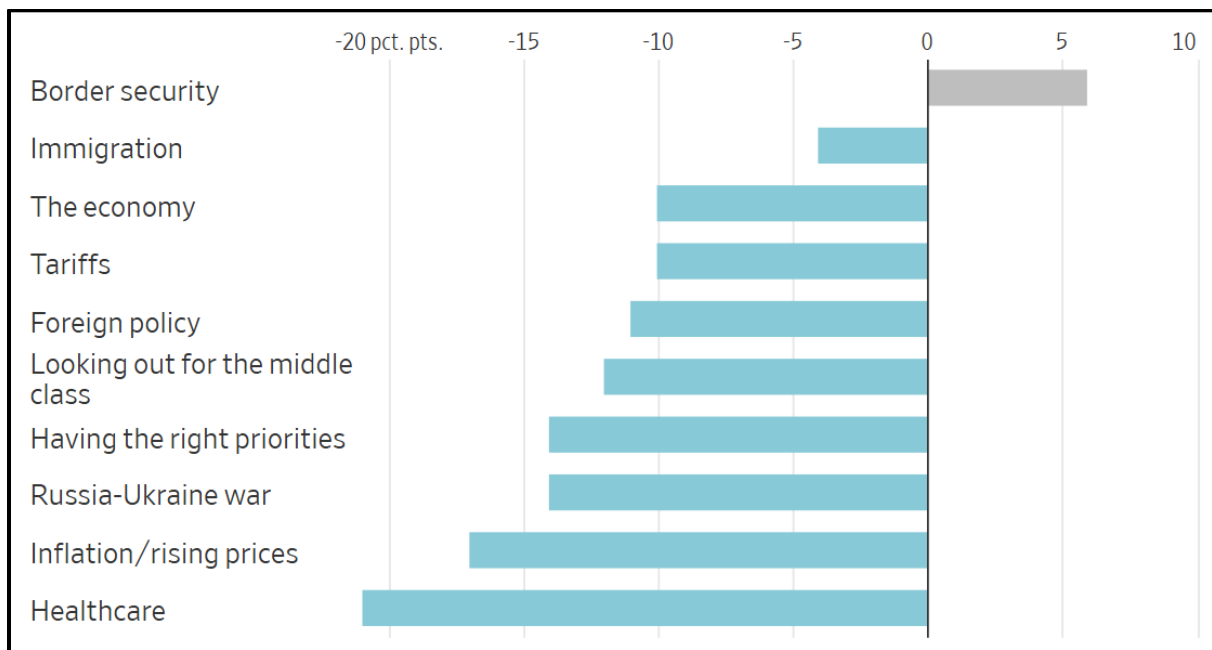
Chart of the Day

WSJ [reports](#) on a new survey: “It’s President Trump’s economy now, and voters are increasingly unhappy with how he’s handling it,” but “support for Trump among his most loyal

supporters remains remarkably resilient, limiting damage to his political standing from the sour views of his economic management.”

- The Journal notes: “By 15 percentage points, more voters rate the economy as weak rather than strong, a deterioration from July, when negative views predominated by 4 points. About half of voters say the economy has gotten worse in the past year, compared with 35% who see improvement. That finding continues a yearslong disconnect between traditional measures of inflation and economic growth, which are relatively positive, and a negative public outlook.”

Figure 3: Net View of President Trump's Handling of:



Source: Wall Street Journal

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