

MNI POLITICAL RISK ANALYSIS - US Daily Brief 20-08-25

by Adam Burrowes

The White House *(times subject to change)*

16:00 ET 21:00 BST

President Trump participates in a Swearing-In Ceremony for the United States Ambassador to the European Union

KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

At 16:00 ET 21:00 BST, Trump will hold an Oval Office swearing-in ceremony for the US ambassador to the European Union. As with all Oval Office events, Trump is likely to deliver remarks to the press on a range of topics.

- White House Press Secretary Karoline Leavitt told reporters yesterday that Trump has cancelled a planned August vacation to his Bedminster resort to continue Ukraine peace talks at the White House.

Ukraine War

The dust has settled on Monday's White House summit without substantive details on the contours of a peace deal. The two most intractable obstacles – territorial concessions and security guarantees for Ukraine - remain without an obvious solution.

- Ukrainian President Volodymyr Zelenskyy and European leaders emerged from the summit with two vague commitments from the White House: (1) that work is underway on a bilateral summit between Zelenskyy and Russian President Vladimir Putin, and (2) the US is prepared to offer some form of a security guarantee to Ukraine to backstop a peace deal.

Security Guarantees

Axios [reported yesterday](#) that Secretary of State Marco Rubio will lead negotiations with European and Ukrainian counterparts on hammering out a detailed proposal on security guarantees in the coming weeks.

- President Trump told Fox News that the US military could provide air support to European troops in Ukraine, but ruled out US 'boots on the ground'.
- But, according to Politico, "there's not a firm red line on military involvement... A senior admin official even said the U.S. "could participate in a peacekeeping force if it is the last piece required for a deal."

Joint Chiefs of Staff Chair General Dan Caine met European defence officials yesterday to kickstart a series of engagements the administration has planned over the coming days.

- Today, Caine will host his military counterparts from Germany, the UK, France, Finland, and Italy in Washington late Wednesday to begin discussions on security guarantees and how to implement them, per Politico.
- The 32 NATO defence chiefs will also meet virtually today, with NATO's top general, Italian Adm. Giuseppe Dragone hosting the call.

Zelenskyy told reporters after the White House summit: "Security guarantees will probably be 'unpacked' by our partners, and more and more details will emerge. All of this will somehow be formalized on paper within the next week to 10 days."

- A Ukrainian official told Axios: "In the coming days, everyone is going to be working from sunrise till dark on the security guarantees. Maybe by the end of the week we will have some clear architecture."

The Trump administration believes that Putin will ultimately accept a non-NATO European peacekeeping force in Ukraine, but the Kremlin has been unequivocal in opposing any NATO-equivalent military presence in Ukraine.

- Russian Foreign Ministry spokeswoman, Maria Zakharova, said ahead of Monday's summit that Russia "categorically rejects any scenario that envisages the appearance in Ukraine of a military contingent with the participation of NATO countries."
- The New York Times [notes](#): "The idea that Russia would agree to let NATO country troops station themselves in Ukraine after fighting a long war to prevent them from being there in the first place is complicated at best."

Trilateral Summit

The White House is reportedly considering Budapest as a potential location for a trilateral summit between Trump, Putin, and Zelenskyy. Hungary, a NATO and European Union member, sits uneasily between Moscow and Brussels, and its Prime Minister, Viktor Orban, is sceptical of sanctions on Russia and European support for Ukraine.

- Switzerland's Foreign Minister, Ignazio Cassis, told reporters yesterday that Bern would waive an international arrest warrant for Putin, to facilitate a Zelenskyy-Putin meeting in the country, Europe's preferred option for the summit.
- Switzerland may be a more palatable choice for Zelenskyy as Hungary echoes the 1994 Budapest Memorandum – an international security guarantee that Kyiv signed in return for surrendering to Russia their legacy nuclear arsenal.
- Politically, it would be in Zelenskyy's best interests to accept any Russian offer of a bilateral with Putin – even in Moscow as Putin suggested in Alaska – to spotlight any obfuscation from the Kremlin.
- However, as noted in yesterday's edition of this newsletter, the Kremlin is likely to slow-walk a meeting. Russian Foreign Minister Sergey Lavrov said a summit would have to happen "step by step, gradually, starting from the expert level and then going through all the necessary stages."

Lavrov demonstrated the Kremlin's strategy in a meeting with his Jordanian counterpart this morning. Lavrov said Russia, "is ready to work on Ukraine in any format, with the

understanding that the work will be honest." He added: Russia is "ready to discuss the political aspects of the settlement with Ukraine".

- He later added: "Questions of security cannot be resolved without Russia...We hope Washington understands that discussing security issues without Russia is a path to nowhere."
- Lavrov went on to claim that the Istanbul Agreement of 2022, proposed by Moscow, is a good example of a security agreement Moscow would endorse.
- The Institute for the Study of War [noted](#) at the time that proposal, "surrenders Ukraine's sovereignty and prohibits any efforts by Ukraine or any other state to maintain Ukrainian armed forces adequate to deter or defend against, a future Russian attack."
- As Politico's Elena Giordano puts it, "Russia's calibrated language follows a familiar pattern: agree in principle, stall in practice."

Sanctions

As noted in yesterday's edition of this newsletter, fresh sanctions on Russia are now firmly on the back burner.

- Senator Tommy Tuberville (R-AL), a close ally of Trump, said Trump can handle Russia without Congress: "We don't need to be over telling him what to do. I think it would just tie him to what we would pass instead of give him an opportunity to do what he needs to do, because he knows a lot more about it than us. I think we need to, just need to stay out of it."
- Rep. Virginia Foxx (R-NC) said, "There's a lot that the president knows and understands that the rest of us don't know. We need to move this as quickly as possible and I think he's doing that. It didn't turn out as quick as he thought it would," per Politico.
- In recent posts on X, Senator Lindsay Graham (R-SC), the author of the stalled Russia sanctions bill, commended Trump for showing "strength" with his tariffs on India for buying Russian oil. But has been mute on revisiting his sanctions bill in Congress.

On Sunday, Secretary of State Marco Rubio confirmed to NBC that the US would not pursue new sanctions while negotiations are ongoing: "If we're not going to be able to reach an agreement here at any point, then there are going to be consequences... But what we're trying to do right now is end the war,"

- Rubio continued: "Those options [for sanctions] remain to the president. The minute he takes those steps, all talks stop... So that moment may come. I hope not, because I hope we get a peace deal."

Battlefield

Meanwhile, the twin summits in Alaska and Washington have done little to dial down the intensity of war.

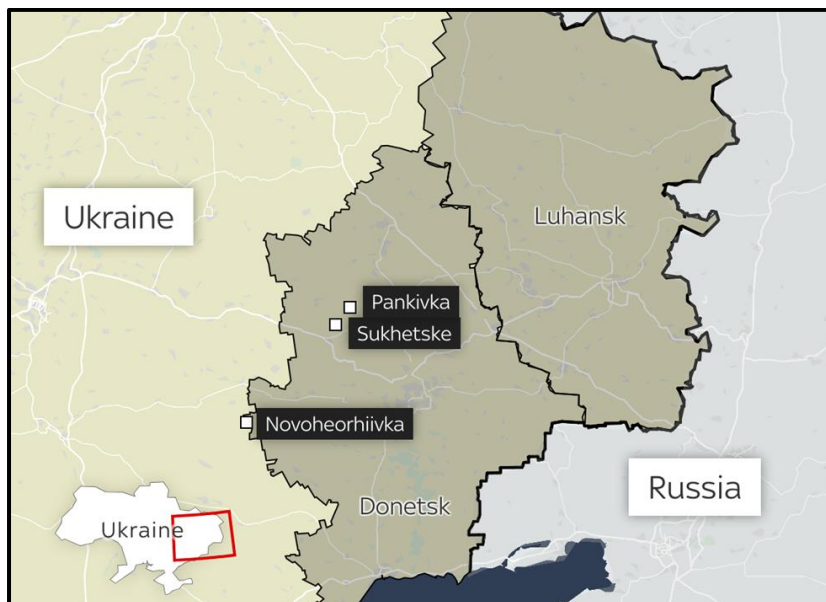
- Zelenskyy [reported on X](#) this morning that Russia struck a gas distribution station in Ukraine's Odesa region and shelled Chernihiv, Kharkiv, and Poltava regions with more than 60 drones and a ballistic missile.

- Ukraine's Ministry of Energy said in a statement: "The enemy continues systematic terrorist attacks against Ukraine's energy infrastructure, which is a direct violation of international humanitarian law. Since March 2025, more than 2900 attacks have been carried out on energy infrastructure."

Russia's state news agency RIA reported this morning that Russian forces have captured three new areas in eastern Ukraine - Novoheorhiivka, Pankivka and Sukhetske.

- Sky News notes: "Russia has slowly been taking more land in Ukraine's east as part of a renewed summer offensive. Analysts believe Moscow's forces are seeking to gain as much territory as possible ahead of peace talks, which could see land swaps take place."
- Polish outlet [TVP World](#) notes that, "Russia's military efforts since November 2022 have resulted in the capture of less than 1% of Ukraine's territory, according to battlefield monitoring group DeepStateUA."
- The organisation, which is regularly cited as a credible source, said yesterday, "that in the 1,010 days of conflict since that date, Russian forces have taken control of 5,842 square kilometers, or around 0.97% of Ukraine's total territory."

Figure 1: Russian Battlefield Gains



Source: Sky News

Analyst Views

Ben Hall at the Financial Times [writes](#): "Territorial concessions and security guarantees are two sides of the same coin. Russia has somehow persuaded Trump that its maximalist territorial demands, impossible for Ukraine to accept, are the only basis for a deal. Ukraine and the Europeans need to do the same with security guarantees. Judging by Monday's outcome, they have a lot more work to do."

- Zhang Luwei, a research associate at the China Institutes of Contemporary International Relations, said per the [South China Morning Post](#) that Trump's

mediation tactics revealed a power politics approach and constituted ill-advised interference in the long term.

- Zhang said Trump was known for taking a high profile and being heavy-handed, with a mediation style that used America's dominant position to forcibly intervene in regional disputes and pressure conflicting parties into so-called ceasefire agreements.

Ivo Daalder, former U.S. ambassador to NATO, is a senior fellow at Harvard University's Belfer Center, has written a [critical analysis](#) of Trump's claim of ending six wars in six months, noting: "The fact is, even if he had been completely successful in ending these wars, his record would still be overshadowed by his failure to end the two wars he actually vowed to solve—the wars in Ukraine and Gaza."

- Stephen M. Walt writes in [Foreign Policy](#) that Trump, "doesn't prepare, doesn't have subordinates lay the groundwork beforehand, and arrives at each meeting not knowing what he wants or where his red lines are. He has no strategy and isn't interested in the details, so he just wings it."
- The Wall Street Journal [writes](#): "It would be no small feat to get Russian President Vladimir Putin and Ukrainian President Volodymyr Zelensky in a room together. But brokering a cease-fire—let alone a lasting peace that deters Russia from invading Ukraine again—will be an even greater diplomatic challenge than Trump has faced so far."

Economy

The New York Times' Lydia DePillis [writes](#): "Economists have been waiting for that multifaceted storm system to start showing up in the economic data. The signs are now unmistakable, but the severity of the impact remains unclear."

- "Plenty of indicators suggest inflation and the labor market are headed in the wrong direction. After slowly sinking back to close-to-normal levels, price growth has sped up again, particularly in categories of goods that are heavily imported and now steeply tariffed. A measure of wholesale prices jumped to the highest level since November 2022," DePillis continues.

James Egelhof, chief US economist with BNP Paribas, said: "What we are looking for in a cyclical downturn is a change in corporate behavior, that they have lost confidence in the expansion and are getting more risk-averse. pull back on employment, and they reduce hiring. Thus far we haven't seen this shift."

- Semafor notes: "We're two days away from the Fed symposium at Jackson Hole in Wyoming, which kicks off Thursday, and Fed Chair Jerome Powell's speech on Friday will provide more insight on what's to come on interest rates... The market has priced in an 85% chance of an interest rate cut next month, and will react badly to any hawkish undertones."

Axios writes: "The corporate price dam is cracking — companies are raising them, or signaling that increases are coming, to absorb some of the costs of the Trump administration's tariffs."

- CNN [reports](#): “Home Depot said Tuesday that some of its prices could be going up because of the cost of tariffs... after reporting quarterly results Tuesday, CFO Richard McPhail said Home Depot would have to implement some price increases as a result of the Trump administration’s taxes on imports.”
- McPhail told the Wall Street Journal: “For some imported goods, tariff rates are significantly higher today than they were at this time last quarter. So as you would expect, there will be modest price movement in some categories, but it won’t be broad based.”

Tariffs

Treasury Secretary Scott Bessent indicated the US is satisfied with the current tariff set up with China, a signal the Trump administration is looking to maintain calm with its economic rival before a trade truce expires in November, per [Bloomberg](#).

- When asked in a Fox News interview when progress in negotiations would be seen and if the US needed a trade agreement because of how tariffs were going, Bessent said that “we’re very happy” with the situation with China. “I think right now the status quo is working pretty well,” he said.
- “China is the biggest revenue line in the tariff income — so if it’s not broke, don’t fix it,” he said in the interview on Tuesday. “We have had very good talks with China. I imagine we’ll be seeing them again before November.”

The New York Times reports that alcohol is unlikely to be provided a zero-tariff carveout in the US-EU trade agreement: “Irish whiskey, Italian Prosecco, French Cognac and all other alcohol imports from the European Union will still face tariffs for now, according to a White House official...”

- The Times adds: “The written draft of the trade agreement is still under negotiation and isn’t final. But this deep into the process, the reality that no exemption has been agreed to does not bode well for the alcohol industry.”

Federal Reserve

The White House intends to fast-track the confirmation of Stephen Miran, the chair of the White House Council of Economic Advisors, to temporarily fill the vacant seat on the Fed’s board of governors.

- Politico reports that Miran “met with key members of the Senate Banking Committee, including Chair Tim Scott and Sen. Jim Banks, over the past week. The administration hopes a flurry of Hill meetings will allow Miran to be confirmed soon after lawmakers return in September, in time to attend the Fed’s planned meeting mid-month in his new role.”
- Miran will need approval from the Senate Banking Committee before a full Senate vote on his confirmation. The White House is pressing for a September floor vote, a tight timeline.

Meanwhile, Trump has renewed his criticism of Fed Chair Jerome Powell ahead of the Jackson Hole symposium, writing on Truth Social: “Could somebody please inform Jerome ‘Too Late’ Powell that he is hurting the Housing Industry, very badly? People can’t get a

Mortgage because of him. There is no Inflation, and every sign is pointing to a major Rate Cut. "Too Late" is a disaster!"

- Housing and mortgage costs have been one of Trump's preferred recent lines of attack on Powell, after Bill Pulte, the director of the Federal Housing Finance Agency, "made the removal of the Fed chair his personal mission," per the New York Times.

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Energy

Politico [reports](#) that Energy Secretary Chris Wright said he knows Republicans could suffer political pain for electricity prices, which averaged 5.5 percent higher than a year earlier amid surging power demand. "But he hopes voters will know to blame the Democrats instead."

- Wright told Politico: "The momentum of the Obama-Biden policies, for sure that destruction is going to continue in the coming years. That momentum is pushing prices up right now. And who's going to get blamed for it? We're going to get blamed because we're in office."

Crypto

Treasury Secretary Scott Bessent is betting the crypto industry will become a crucial buyer of Treasuries in coming years as Washington seeks to shore up demand for a deluge of new US government debt, per [The Financial Times](#).

- According to the report, Bessent has signalled to Wall Street that he expects stablecoins, digital tokens that are backed by high-quality securities such as Treasuries, to become an important source of demand for US government bonds.
- The Treasury Department's hopes that stablecoins will become a key source of demand for US government debt is also the latest sign of the White House's drive to bring crypto to the heart of US finance, FT adds.
- Jay Barry, head of global rates strategy at JPMorgan Chase, one of the biggest dealers in the US bond market, said: "[Secretary Bessent and the Treasury department] absolutely think that stablecoins will be a real source of new demand for Treasuries. And that is absolutely why [Bessent] is comfortable weighting issuance towards [short-term debt]."

Senate Banking Committee Chair Tim Scott (R-SC) said he believes about a dozen Democrats could join Senate Republicans in backing legislation that sets up market rules for digital assets, per [Politico](#).

- Scott said at the Wyoming Blockchain Summit: "I believe that we'll have between 12 and 18 Democrats at least open to voting for a market structure."

- Politico notes: “Scott conceded, however, that the market structure bill is a “far more complicated piece of legislation” than the landmark cryptocurrency legislation that passed earlier this year. Banking ranking member Elizabeth Warren has been leading the opposition to this new measure, arguing it lacks the necessary guardrails.”

Gaza

The Israeli government is [reported](#) to be reviewing the prospective ceasefire deal put forward by Qatar and Egypt and agreed to by Hamas on 18 August. Initially, Prime Minister Benjamin Netanyahu was reported to have been 'dismissive' towards the prospect of a truce being reached.

- The Times of Israel, though, claims that "Two Israeli officials said Tuesday that Jerusalem is studying the hostage-ceasefire proposal accepted by Hamas, and that Netanyahu is expected to convene discussions about it soon. A response is expected in the coming two days, said a Palestinian source close to the talks."

The 'Witkoff proposal' on which the current deal is based envisages a 60-day ceasefire in exchange for the release of half of the remaining living hostages. During the period, talks on a permanent truce would get underway. Government figures have forcefully claimed that a ceasefire is only possible with the release of all hostages.

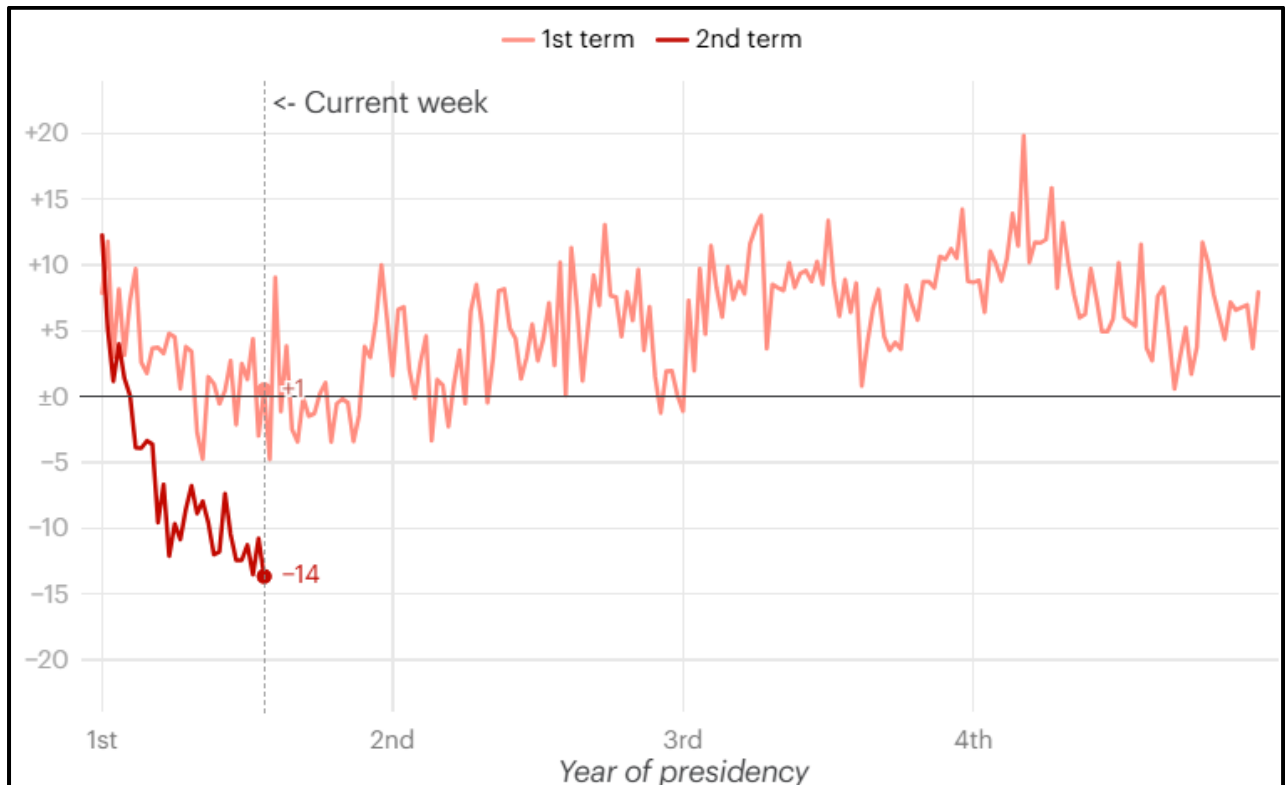
- The government has also overnight [approved plans](#) to call up tens of thousands of military reservists for the full military encirclement and occupation of Gaza City and central Gaza. Letters will be sent out soon to 60,000 reservists to be called up on 2 September, with another 20,000 having their service extended. An estimated 100k reservists are expected to be drafted during the operation.
- A full military takeover of the Gaza Strip would likely be a months-long operation. It is unclear whether, once started, the gov't will be willing to halt, even if a favourable ceasefire deal is presented, given Netanyahu's stated intention to eliminate Hamas.

Chart of the Day

A new YouGov [survey](#) has found: “Far more Americans disapprove than approve of how Trump is handling jobs and the economy (53% vs. 39%).

- “This is a net approval on the issue of -14, the lowest net approval on the economy in Trump's second term.
- “The -14 net approval on Trump's handling of jobs and the economy is also far worse than Trump received at any time during his first term.”

Figure 2: “Net approval of Donald Trump's handling of the economy in his first term and second term”



Source: YouGov

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