

MNI POLITICAL RISK ANALYSIS - US Daily Brief 21-08-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST	President Trump receives his Intelligence Briefing
15:00 ET 20:00 BST	President Trump signs Executive Orders

KEY DATES:

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

Washington

President Donald Trump will receive an intelligence briefing in the morning before signing Executive Orders in the Oval Office at 15:00 ET 20:00 BST. According to the White House, the event will be closed to the press.

- Vice President JD Vance is in Georgia today to tout the GOP's 'One Big Beautiful Bill' and give an early boost to GOP efforts to flip a key Georgia Senate seat.
- CNN notes: "Vance is expected to highlight the law's major tax provisions during the event at [manufacturing facility] in Peachtree City, arguing that it will provide financial relief to middle-class voters as soon as the end of the year."

Secretary of State Marco Rubio will meet Canadian Foreign Minister Anita Anand at the Department of State at 09:45 ET 14:45 BST. The meeting is the first between senior US and Canadian officials in a number of weeks, with the Trump administration appearing to put a trade deal with Ottawa on the backburner.

- The Canadian Press notes that Anand's meeting with Rudio comes a day after the State Department slapped sanctions on a Canadian judge on the International Criminal Court."

Central bankers gather today for the three-day symposium at Jackson Hole, Wyoming. The event comes amid a pressure campaign from Trump and his allies - aimed at lowering interest rates - which threatens to undermine the Fed's independence. (More below)

- Bloomberg [reports](#) that central bankers, including European Central Bank President Christine Lagarde and Bank of England Governor Andrew Bailey, "are prepared to go beyond swapping research papers and savoring mountain views — they're coming to defend Jerome Powell."
- MNI's Markets Team believes that, in contrast to Jackson Hole 2024, Powell will avoid an overtly dovish nod at this meeting, given how split the Committee appears to be on the need to cut rates. Read our comprehensive preview of the event [here](#).

Vance, Trump's deputy chief of staff, Stephen Miller, and Defense Secretary Pete Hegseth visited National Guard members at Union Station in DC yesterday, pledging "thousands more resources" to its crackdown on crime in Washington.

- Miller said, in response to heckling from onlookers: "I'm glad they're here today, because me, Pete and the vice president are all going to leave here and, inspired by them, we're going to add thousands more resources to this city to get the criminals and the gang members out of here."
- Trump said on Truth Social: "Just like our Southern Border is now 100% Secure, Washington, D.C., is SAFE AGAIN, and we have just begun the process of revival!"

Federal Reserve

President Trump intensified his assault on the Federal Reserve ahead of today's Jackson Hole symposium, [calling for the resignation](#) of a second board member, Lisa Cook.

- Taking his cue from Federal Housing Finance Agency Director [Bill Pulte](#), one of Trump's most vocal supporters in his assault on the Fed, Trump accused Cook of 'mortgage fraud' in loan applications for properties in Michigan and Georgia.
- Bloomberg notes: "The dollar declined, yields pared losses and gold rose after Trump's call for Cook's ouster."
- Pulte wrote on X: "Lisa D. Cook, committed mortgage fraud by designating her out-of-state condo as her primary residence, just two weeks after taking a loan on her Michigan home where she also declared it as her primary residence," adding that his agency sent a criminal referral to the Department of Justice.

The Wall Street Journal [reports](#) that, "Behind the scenes, [Trump] is considering going further. If Cook doesn't resign, Trump is discussing how to fire her for cause, the White House official and person familiar with the matter said."

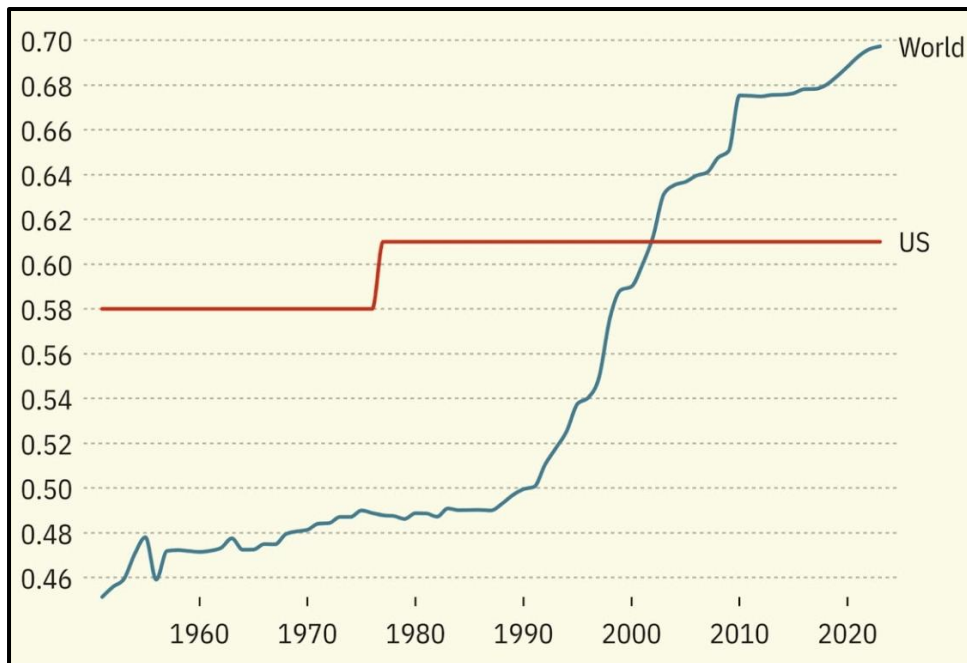
- Cook responded in a [statement](#): "I learned from the media that FHFA Director William Pulte posted on social media that he was making a criminal referral based on a mortgage application from four years ago, before I joined the Federal Reserve. I have no intention of being bullied to step down from my position because of some questions raised in a tweet..."

Axios writes: "The big picture: Trump and his allies are aiming to fire Fed governors for cause so they can install picks who will deliver looser monetary policy — and act with less independence... If Cook is ousted, Trump's appointees would move even closer to operational control of the Fed's powerful Board of Governors."

- The New York Times notes: "The president is limited in his ability to remove an official from the central bank, a protection recently reaffirmed by the Supreme Court. Policymakers on the Board of Governors can be removed only for "cause," which legal experts define as breaking the law or gross misconduct."
- Davide Romelli at Trinity College Dublin, an academic who measures central bank independence, told the [Financial Times](#) that Trump's criticism of Fed Chair Jerome Powell "clearly raises concerns about the de facto independence of the Fed."

- Meanwhile, as noted in yesterday's edition of this newsletter, the White House is looking to fast-track the nomination of Trump advisor, Stephen Miran, to the vacant seat on the Fed board in time for the Fed's September monetary policy meeting.

Figure 1: Central Bank Independence



Source: Semafor, Davide Romelli via FT

Trade

The US and European Union released a [joint statement](#) outlining a framework agreement on “Reciprocal, Fair, and Balanced Trade,” intended to be “a first step in a process that can be further expanded over time to cover additional areas and continue to improve market access and increase their trade and investment relationship.”

- Selected sections from the joint statement posted below: The US commits to levy a 15% tariff on most EU imports including autos, pharmaceuticals, semiconductor chips, and lumber.
- The EU intends to eliminate tariffs on all US industrial goods and provide preferential market access for US seafood and agricultural products.
- The US will lower tariffs on autos/auto parts when the EU introduces legislation to enact its own reductions of tariffs on US autos. A senior White House official said to Reuters this is going to come in “hopefully weeks.”
- The US will apply only most-favoured nation tariffs from 1 September on EU aircraft and parts, generic pharmaceuticals and their ingredients, and unavailable natural resources (e.g. cork).
- “European Union intends to procure U.S. liquified natural gas, oil, and nuclear energy products with an expected offtake valued at \$750 billion through 2028. In addition, the European Union intends to purchase at least \$40 billion worth of U.S. AI chips for its computing centers.”

- "European companies are expected to invest an additional \$600 billion across strategic sectors in the United States through 2028. "

European Commissioner for Trade, Maros Sefcovic, told reporters that the EU, "did not succeed in getting the wine and spirits sector in the current US framework trade agreement yet," but said the door is "not closed forever" on lower alcohol tariffs. Sefcovic also noted that the digital sector was excluded from the current round of talks.

- MNI's David Thomas [reported](#) earlier that EU officials said the document may lack important detail regarding key sectors. EU diplomats will meet today to discuss the latest version of the joint statement and whether to accept it or push for better terms.

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Ukraine War

Optimism has ebbed that the twin summits arranged by Trump; with Russian President Vladimir Putin in Alaska and Ukrainian President Volodymyr Zelenskyy and European leaders at the White House, will kickstart the peace process.

- At a meeting convened by Joint Chiefs chair Gen. Dan Caine, the Pentagon's number two official, Elbridge Colby, told European military leaders yesterday that the US will play a minimal role in any Ukraine security guarantees, one of the clearest signs yet that Europe will need to shoulder the burden of keeping lasting peace in Kyiv, per [Politico](#).
- Politico notes: "The gathering and another hastily arranged meeting of NATO leaders Wednesday left allies increasingly concerned that President Donald Trump will rely on Europe to ensure a long-term peace once Russia ends its invasion, according to six American and European officials, who, like others, were granted anonymity to discuss private conversations."
- A NATO diplomat who was briefed on the talks said: "There's the dawning reality that this will be Europe making this happen on the ground. The U.S. is not fully committed to anything."

In an interview with Fox News yesterday, Vice President JD Vance articulated the complexity of negotiations: "There really are two big questions lingering out there, and in some ways it's very simple, but in some ways it's very complicated."

- "Number one is, Ukraine wants to know that it's not going to get invaded again by Russia. It wants to know that it's got territorial integrity long into the future. The Russians want certain pieces of territory, most of which they've occupied, but some of which they haven't," he said.

Meanwhile, there is no indication from Moscow that Russia is prepared to back away from its maximalist demands to end the war. Those demands include severe limitations on Ukraine's military and multilateral organisation, and an [effective veto](#) over any security guarantees.

- Russian Foreign Minister Sergei Lavrov said yesterday: "We cannot agree with the idea that now it is proposed to resolve questions of security, collective security, without the Russian Federation. That will not work."

Lavrov said at a press conference this morning that Ukraine "clearly shows it is not interested in a sustainable and long-standing peace settlement", adding that "Ukraine's position indicates that Kyiv wants to undermine Trump's efforts to resolve the conflict."

- Lavrov added that Russia is, "always ready for an honest talk about security guarantees for Ukraine", but reiterated his comments from 20 August that the Istanbul [draft agreement](#) proposed by Moscow in the early days of the war in 2022 (dismissed by Kyiv and its allies as a capitulation) is a basis for such guarantees.
- Lavrov claimed that some ongoing discussions about security guarantees for Ukraine are "hopeless," and alleged that the "so-called coalition of the willing is trying to undermine the progress made at the Alaska summit".
- On the prospect of direct talks between Putin and Zelenskyy, Lavrov said, "I remind you of the Zelenskyy [decree](#) on no talks with Putin.... Putin has repeatedly said he is ready to meet [but] all issues will need to be worked out properly."
- Lavrov's comments are part of a sustained effort by Kremlin officials to turn the Trump administration against Kyiv in the ongoing battle for the US president's favour.

The New York Times [notes](#): "The Kremlin is keeping its options open, but analysts said the Russian leader would probably only meet with his Ukrainian counterpart to accept a capitulation."

- Grigorii Golosov, a political scientist in St. Petersburg, Russia, said: "I simply don't see any prospect of such a meeting being organized in the near future or even in the foreseeable future," adding that a meeting would likely only take place "if it becomes clear to Putin that this meeting is needed for Ukraine to capitulate, for Zelensky to admit his defeat."
- Zelenskyy also pushed back against Russia's idea to add China as a security guarantor in the event of a ceasefire: "We don't need guarantors who don't help Ukraine, and didn't help Ukraine at the moment when we really needed it. We need security guarantees only from those countries that are ready to help us."

Redistricting

The Texas House yesterday passed an aggressively partisan congressional map for the state that could yield the GOP five additional seats in the House of Representatives at next year's midterm election. The Texas Senate is expected to approve the map today, sending it to Governor Greg Abbott's (R-TX) desk.

- The move, which came at the request of President Trump, has snowballed into a nationwide effort from both parties to 'gerrymander' congressional maps to offset potential losses.

- Trump wrote on Truth Social: “Big WIN for the Great State of Texas!!! Everything Passed, on our way to FIVE more Congressional seats and saving your Rights, your Freedoms, and your Country, itself. Texas never lets us down. Florida, Indiana, and others are looking to do the same thing. More seats equals less Crime, a great Economy, and a STRONG SECOND AMENDMENT.”

The California legislature is expected to vote today on its own map, designed to provide Democrats with five seats to offset those likely to be lost in Texas. The California system requires a referendum in November to bypass California’s independent redistricting commission.

- If the fight broadens significantly, the outcome of the redistricting war could help determine control in the U.S. House of Representatives, where Republicans hold a slim majority, even before a single vote is cast in what were expected to be very close midterms elections in 2026, per the New York Times.
- Axios notes: “Republicans in Florida, Ohio, Indiana and Missouri are considering efforts to create more red seats. Democrats are working to reopen maps in California, Maryland and New York.”
- Trump said on Truth Social this morning: “The Great State of Missouri is now IN. I’m not surprised. It is a great State with fabulous people. I won it, all 3 times, in a landslide. We’re going to win the Midterms in Missouri again, bigger and better than ever before!”

Gaza

Semafor reports that Israel said it had opened its offensive aimed at taking control of Gaza City, even as efforts to secure a 60-day truce in the conflict intensified.

- Prior ceasefire negotiations have failed at latter stages, Semafor continues, but mediators Egypt and Qatar have pressed on with talks aimed at getting Israel to agree to a deal already accepted by Hamas: Israel has said it will respond by Friday, though prominent ministers have opposed the deal.
- The New York Times reports that Israel approved 3,400 new settlements in the occupied West Bank yesterday, and its troops reached the outskirts of Gaza City with plans to take it over. Both developments cast further doubt on the chances of either a cease-fire or the creation of a Palestinian state.

Chart of the Day

A slate of new surveys suggest that Trump may be losing support with Latino voters, a key demographic that aided his 2024 presidential election win.

- Politico notes: “Trump came in with a net 27-percent approval among Latinos in the Pew Research Center’s August survey. The Economist/YouGov poll put him at 28 percent. Reuters/Ipsos’ latest numbers published Monday gave Trump 32 percent, which matches his lowest approval in their survey.”

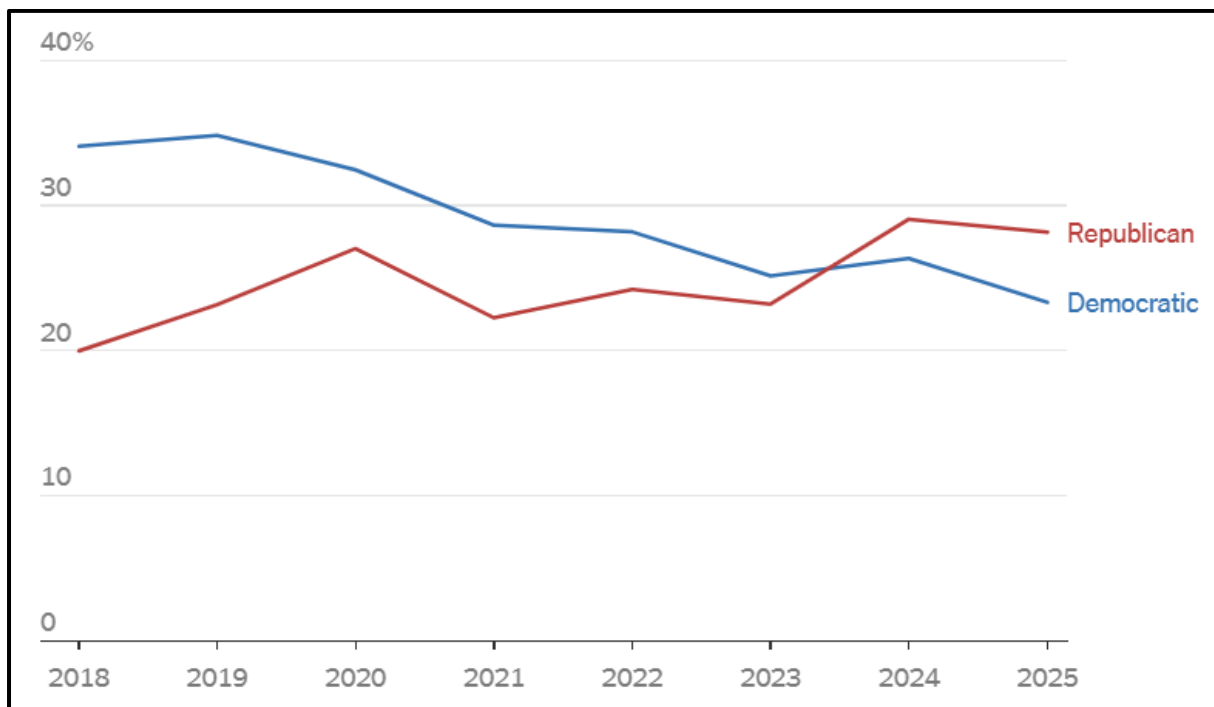
Politico continues: “But the resounding warning signs are in Latino-run Equis Research’s latest polling memo released this week, which went beyond just Trump’s favorability, and offer lessons for Republicans and Democrats.”

- Equis [writes](#): “A quarter of Latinos who supported Trump in November are either disappointed in his performance or outright regret voting for him and there are continued signs of potential defection from the Republican camp in 2026.”
- According to Equis, “the cost of living was by far Trump's weakest area,” however Democrats may not be well positioned to pick up wavering Republican voters.

The New York Times published [analysis](#) showing that Democrats are “hemorrhaging voters” in every one of the thirty states that track voter registration by political party.

- The Times writes: “All told, Democrats lost about 2.1 million registered voters between the 2020 and 2024 elections in the 30 states, along with Washington, D.C., that allow people to register with a political party. (In the remaining 20 states, voters do not register with a political party.) Republicans gained 2.4 million.”

Figure 2: Share of Voters Registering as Republican or Democrat



Source: New York Times

IMPORTANT: This email contains information protected by copyright which can only be used in accordance with the terms of your Market News subscription agreement. UNAUTHORIZED DISCLOSURE, PUBLICATION, REDISTRIBUTION OR FURTHER DISSEMINATION OF THIS INFORMATION MAY RESULT IN CRIMINAL PROSECUTION OR OTHER SEVERE PENALTIES. Any such authorization requires the prior written consent of Market News. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News. Market News takes any such violation seriously and will pursue available legal remedies.

This document may contain forward-looking statements. Forward-looking statements may be identified by the use of such words as; "may," "might," "will," "would," "should," "could," "expect," "plan," "planned," "intend," "anticipate," "believe," "estimate," "estimated," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and other similar terms. Forward-looking statements are not historical facts or guarantees of future performance but instead express only beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside the control of Market News. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Subscribers are cautioned not to place undue reliance on any forward-looking statements or examples. None of Market News or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright @ 2023 Market News Ltd & Hawking LLC d/b/a Market News. All rights reserved.