

MNI POLITICAL RISK ANALYSIS - US Daily Brief 22-05-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST	President Trump receives his Intelligence Briefing
12:30 ET 17:30 BST	President Trump has lunch with Vice President JD Vance
13:00 ET 18:00 BST	Press Briefing by the White House Press Secretary Karoline Leavitt
15:45 ET 20:45 BST	President Trump participates in a 'MAHA' Commission Event
19:00 ET 00:00 BST	President Trump attends a Private Dinner at Trump National Golf Club, Bedminster, NJ
20:40 ET 01:40 BST	President Trump returns to the White House

KEY DATES:

- ❖ **House GOP target for concluding budget reconciliation: May 26** ✓
- ❖ White House target for concluding budget reconciliation: July 4
- ❖ Government funding expires: September 30

Editor's note: The next edition of the US Daily Brief will be published on May 27.

One Big Beautiful Bill

The House of Representatives has passed the GOP tax and spending bill in a 215-214-1 vote. The bill's passage is a major win for House Speaker Mike Johnson (R-LA) and President Donald Trump, who have consistently outperformed expectations despite a razor thin majority and vocal conservative flank.

- Reps Thomas Massie (R-KY) and Warren Davidson (R-OH) voted 'no'. House Freedom Caucus Chair Andy Harris (R-MD) voted present, saying he "voted to move the bill forward along the process," despite wanting the bill to do more "to eliminate all the waste, fraud and abuse in Medicaid."

The [revised](#) 'Big Beautiful Bill' includes a raft of sweeteners for conservative fiscal hawks. It accelerates work requirements for Medicaid, kicking them in at the end of 2026, rather than the start of 2029.

- Politico notes: "There would be financial incentives for states not to expand coverage to people who are still near the poverty line but have higher incomes than traditional enrollees."
- The revised bill sharpens language on Biden-era Inflation Reduction Act clean energy credits. While it doesn't rescind the credits entirely, it cuts them off sooner and makes them more difficult to attain. It also softens the rollback of credits for advanced nuclear reactors – a win for the nuclear sector.

- For blue-state moderates, the bill hikes the cap on the State and Local Tax (SALT) deduction from \$10,000 to \$40,000 - up from \$30,000 initially drafted in the Ways and Means tax bill.
- The bill “also lowers the remittance tax rate from 5% to 3.5%, and renames new savings accounts for kids from “MAGA accounts””, per Punchbowl News.
- The New York Times’ DealBook notes: “What’s not quite in there: Trump’s campaign promise for a straightforward slashing of the corporate tax rate to 15 percent, from 21 percent today, for domestic manufacturers. Companies can trim their tax bill, especially by bringing more production back to the United States and spending R.&D. money domestically, but it’s unclear how much they would save, and who would qualify.”
- The NYT has a summary of the final bill changes [here](#):

The bill will now be handed to the Senate, where Republicans are expected to substantially rewrite the tax portion, soften language on safety net programmes like Medicaid, and potentially seek to salvage some of the IRA credits.

- If Congress is to send the completed package to Trump’s desk by the stated July 4 deadline, House Republican leadership will again have to muscle the bill through the House. In July, the package will be accompanied by additional pressure from a looming default, as the package includes a \$4 trillion hike to the debt ceiling.
- Speaker Johnson said after the vote: “We’re going to get it [to Trump’s desk] by Independence Day, July 4th.”

Washington

President Donald Trump will receive an intelligence briefing in the morning before joining Vice President JD Vance for lunch at the White House.

- In the afternoon, Trump will join HHS Secretary Robert F. Kennedy Jr. for a ‘Make America Healthy Again’ event at the White House, ahead of the release of a report that will formalise RFK’s mission at HHS.
- The Wall Street Journal reports that the ‘MAHA’ report is “expected to criticize food additives, lobbyists and vaccines,” but “go easier than expected on pesticides in farming,” according to sources briefed on a draft.
- Later, Trump will depart the White House for his Trump National Golf Club in Bedminster, New Jersey, where he will attend a private dinner. Trump will return to the White House in the evening.

White House Press Secretary Karoline Leavitt will brief reporters at the White House at 13:00 ET 18:00 BST. State Department Spokesperson Tammy Bruce will brief reporters at 14:00 ET 19:00 BST.

- Fed Chair Jerome Powell will deliver remarks at the Princeton University Baccalaureate Ceremony, in Princeton, New Jersey, on Sunday at 14:30 ET 19:30 BST.

Economy

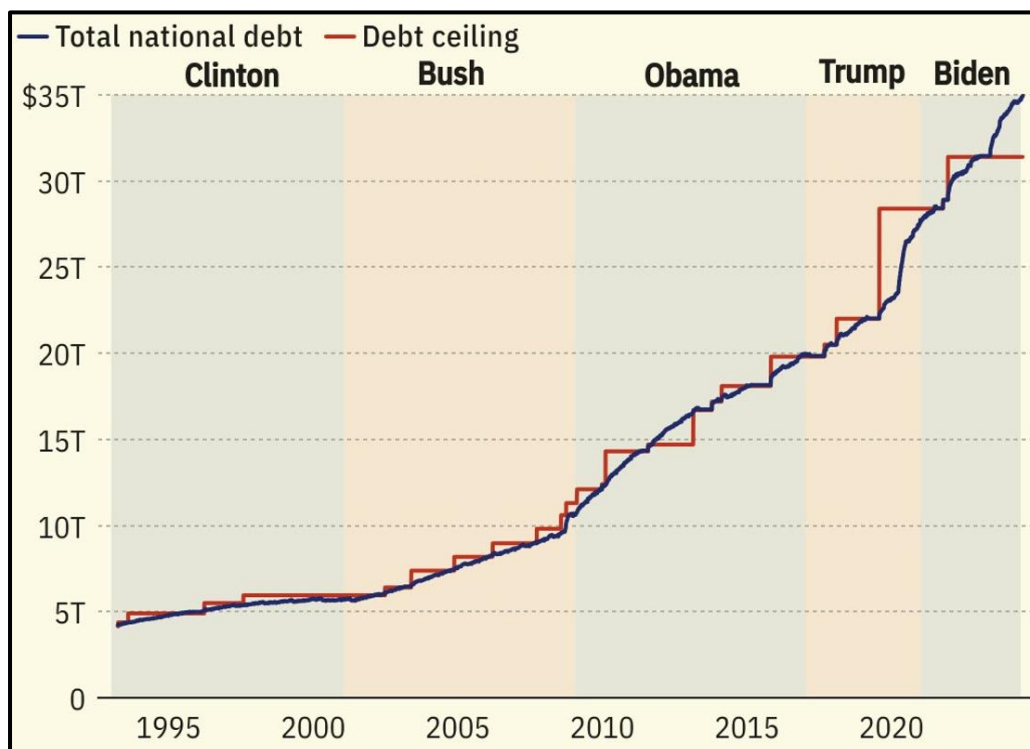
The Wall Street Journal notes that “investor anxiety” over the GOP reconciliation bill, “combined with Moody’s stripping the U.S. of its triple-A credit rating on Friday,” contributed to “a disappointing Treasury bond auction accelerated a selloff in the debt market.”

- The Journal adds: “Yields extended after a \$16 billion auction of 20-year Treasury bonds attracted relatively soft demand from investors, selling at a higher yield than traders had anticipated.”
- Semafor notes: “Independent analysts forecast that the planned spending curbs would not offset tax cuts, and that the bill would add about \$3 trillion to overall US debt. Bond traders appeared unconvinced by the plans...”

Bloomberg [reports](#) that JPMorgan Chase & Co. chief Jamie Dimon said in a Bloomberg Television interview from the lender’s Global China Summit in Shanghai “that he can’t rule out the US economy will fall into stagflation as the country faces huge risks from geopolitics, deficits and price pressures.”

- Dimon said: “I don’t agree that we’re in a sweet spot,” He added that the US Federal Reserve is “doing the right thing to wait and see before they decide on monetary policy”, per Bloomberg.
- Dimon said on US-China relations: “I don’t think the American government wants to leave China. I hope they have a second round, third round or fourth round and hopefully it will end up in a good place.”

Figure 1: US National Debt and Debt Ceiling



Source: Semafor

Japan

Treasury Secretary Scott Bessent met his Japanese counterpart, Katsunobu Kato, on the margins of the G7 Finance Ministers and Central Bank Governors meetings in Banff, Canada, yesterday.

- Treasury said in a statement that the pair, “discussed important issues pertaining to the U.S.-Japan economic relationship, including global security and the ongoing bilateral trade discussions between the United States and Japan.”
- According to Treasury, “Secretary Bessent and Minister Kato also continued the longstanding dialogue between the U.S. Treasury and the Ministry of Finance on currency issues. They reaffirmed their shared belief that exchange rates should be market determined and that, at present, the dollar-yen exchange rate reflects fundamentals. As in their previous meeting, they did not discuss foreign exchange levels.”

Japan’s exports to the US fell in April for the first time this year as Washington’s tariffs began to bite and trade talk momentum slowed, according to Semafor.

- Semafor writes: “Tokyo has demanded Washington eliminate tariffs — a stance its top negotiator reiterated this week — as leaders fear making concessions would hurt them electorally. Japan does hold a trump card as the largest foreign holder of US debt, Foreign Policy noted, and the countries will likely strike an agreement eventually “since it is too important for either side to have it end in failure.””

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: SENATE Appropriations: Proposed FY26 budget for the Department of Labor.
- 10:00 ET 15:00 BST: SENATE Banking: securing America, focusing on key authorities under the Defense Production Act.

Banking

Trump said in a message on Truth Social yesterday that he is, “giving very serious consideration to bringing Fannie Mae and Freddie Mac public.” Trump’s attempt to end the government conservatorship - intended to be temporary- over the two companies in his first term was unsuccessful.

- Trump said: “I will be speaking with Treasury Secretary Scott Bessent, Secretary of Commerce Howard Lutnick, and the Director of the Federal Housing Finance Agency, William Pulte, among others, and will be making a decision in the near future. Fannie Mae and Freddie Mac are doing very well, throwing off a lot of CASH, and the time would seem to be right. Stay tuned!”
- CNN notes: “...at a time when mortgage rates remain stubbornly high and home prices keep climbing, some economists have warned that attempts at privatizing

Fannie and Freddie could upset the balance in the mortgage market, making it even more expensive for Americans to borrow money to purchase a home."

Defence

Chinese Foreign Ministry Spokesperson Mao Ning criticised President Trump's 'Golden Dome' missile defence shield, saying it would "expand the US arsenal of means for combat operations in outer space," including orbital interceptors, and "violates the principle of peaceful use" in the Outer Space Treaty, which both China and the U.S. are party to, per The Hill.

- Mao added: "The project will heighten the risk of turning the space into a war zone and creating a space arms race, and shake the international security and arms control system. It violates the principle of 'undiminished security for all' and will hurt global strategic balance and stability."

The BBC reports that Canadian Prime Minister Mark Carney said there are "active discussions" between the US and Canada on existing and new security programs including Golden Dome.

- Trump said at the White House: "Canada has called us, and they want to be a part of it. So we'll be talking to them; they want to have protection also,"
- The Congressional Budget Office estimated the system would cost the US more than \$500 billion over 20 years to develop.

Middle East

The Iranian Foreign Ministry has published a letter from Foreign Minister Abbas Araghchi addressed to UN Secretary General Antonio Guterres and International Atomic Energy Agency Director General Rafael Grossi regarding the protection of Iran's nuclear facilities.

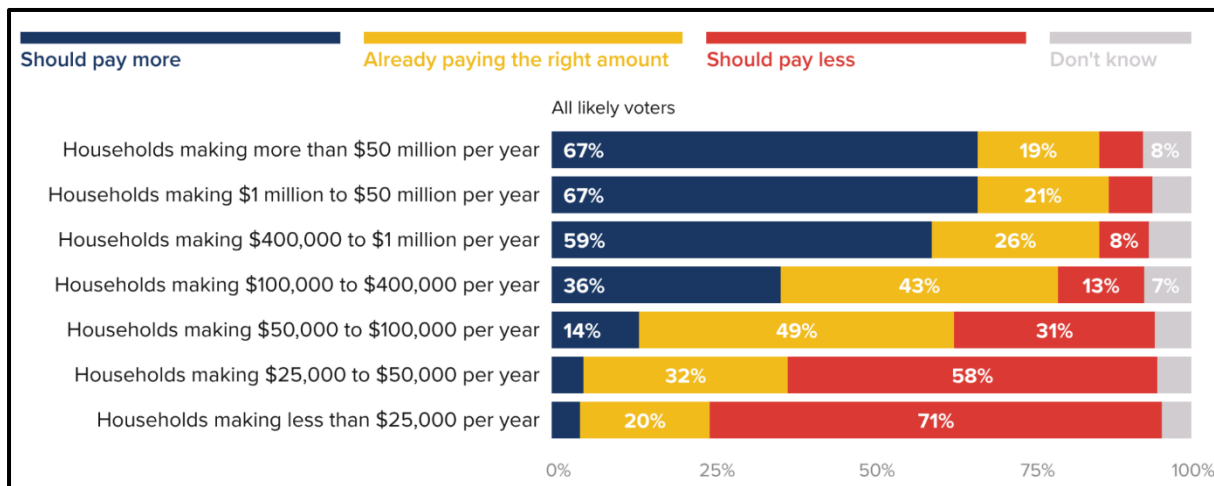
- In the letter, Araghchi warned Israel against attacking Iran's nuclear sites, saying that Tehran "will take all necessary measures" to protect its interests. It also says that "the US government shares the legal responsibility for it", hinting that the US will be viewed as culpable for any Israeli strike.
- Earlier, spokesman of the Islamic Revolutionary Guards Corps (IRGC), General Ali Mohammad Naeini, said that Israel "will receive a devastating and decisive response inside its small geography" to any strike on Iran.
- Earlier, Araghchi said that no deal would be possible until the issue of nuclear enrichment had been resolved. Speaking to Al Sharq, Araghchi said "On many issues, we have achieved a better understanding of each other ... However, disagreements remain in some areas, particularly over uranium enrichment. Until that is resolved, I don't think we can reach an agreement,"
- Earlier this week in a Senate hearing, US Secretary of State Marco Rubio said that "It is our view that they want enrichment as a deterrent, they believe that it makes them a threshold nuclear power, and as a result, becomes untouchable," He added that there is the prospect of a civil nuclear energy programme for Iran, but with no enrichment.

Chart of the Day

Liberal pollster Data for Progress has published a [new survey](#) claiming that “a majority of voters believe households making more than \$400,000 should pay more in taxes, contrary to what has been proposed in the GOP tax plan.”

- Data for Progress adds: “A majority of voters also believe that households making less than \$50,000 per year should pay less in taxes, while a plurality believe that households making between \$50,000 and \$400,000 are already paying the right amount.”

Figure 3: The following groups should pay more, the same, or less taxes



Source: Data for Progress

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