

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 23-07-25

by Adam Burrowes

### The White House *(times subject to change)*

13:00 ET 18:00 BST	Press Briefing by the White House Press Secretary Karoline Leavitt
16:35 ET 21:35 BST	President Trump departs The White House en route Andrew W. Mellon Auditorium
17:00 ET 17:00 BST	President Trump delivers remarks and signs Executive Orders at AI Summit
17:55 ET 22:55 BST	President Trump arrives The White House

### KEY DATES:

- ❖ Tariff letter deadline: August 1
- ❖ Government funding expires: September 30

### Washington

At 17:00 ET 22:00 BST, President Donald Trump will deliver the keynote address to the 'Winning the AI Race' summit, where he is expected to unveil his administration's 'AI Action Plan' strategy and sign an executive order to accelerate the construction of AI data centres on federal sites. (More below)

- At 13:00 ET 18:00 BST, White House Press Secretary Karoline Leavitt will brief at the White House.
- At 16:30 ET 21:30 BST, Secretary of State Marco Rubio will meet with Jordanian Deputy Prime Minister and Foreign Minister Ayman Safadi at the Department of State, with efforts to reach a Gaza ceasefire likely to be top of the agenda.

House Speaker Mike Johnson (R-LA) will recess the House of Representatives a day earlier than expected to derail an effort by Democrats and hardline GOP conservatives to force a vote on a non-binding resolution calling on the Department of Justice to release the so-called 'Epstein files'. The resolution resulted in gridlock in the House Rules Committee, effectively shutting down the House floor to other legislative action.

- Deputy Attorney General Todd Blanche said in a [statement](#): "...in the recent thorough review of the files maintained by the FBI in the Epstein case, no evidence was uncovered that could predicate an investigation against uncharged third parties."
- In an attempt to head off a story that has driven a wedge between Trump and elements of his MAGA base, Blanche noted that he 'anticipates' meeting with Epstein's associate, Ghislane Maxwell, "in the coming days".
- Blanche said: "President Trump has told us to release all credible evidence. If Ghislane Maxwell has information about anyone who has committed crimes against victims, the FBI and the DOJ will hear what she has to say."

The New York Times [reports](#) that the Environmental Protection Agency is drafting a plan to “eliminate the bedrock scientific finding that greenhouse-gas emissions threaten human life by dangerously warming the planet.”

- The Times notes that the EPA proposal, “which is expected to be made public within days, also calls for rescinding limits on tailpipe emissions that were designed to encourage automakers to build and sell more electric vehicles.”

## Trade and Tariffs

### Japan

Trump announced on [Truth Social](#) that he had reached a “massive deal” with Japan that will provide enhanced market access for US goods and an investment pledge from Tokyo in return for a tariff rate of 15%, lower than the 25% tariff rate Trump threatened to impose on August 1, but higher than the 10% universal rate in effect during negotiations.

- Trump said on Truth Social: “We just completed a massive Deal with Japan, perhaps the largest Deal ever made. Japan will invest, at my direction, \$550 Billion Dollars into the United States, which will receive 90% of the Profits. This Deal will create Hundreds of Thousands of Jobs — There has never been anything like it. Perhaps most importantly, Japan will open their Country to Trade including Cars and Trucks, Rice and certain other Agricultural Products, and other things. Japan will pay Reciprocal Tariffs to the United States of 15%.”

Bloomberg notes that the final terms of the \$550 billion investment pledge, “still need to be enshrined in a formal proclamation. Legal particulars and other details surrounding the pledge are still being hammered out, according to [an] official.

- “The investment timeline is not certain, and it’s not clear whether Trump would be able to allocate the full sum during his term.”
- In remarks at the White House, Trump added that the US and Japan would enter into a liquefied natural gas joint venture in Alaska: “I said to the Japanese trade representatives... ‘now we’re going to conclude another [deal]’. They’re forming a joint venture with us in Alaska . . . for the LNG.”

The Financial Times [reports](#) that Trump, “did not indicate whether Japan would get any relief from car imports or the US’s 50 per cent tariff on imports of steel and aluminium... A US official confirmed that the US would lower the tariff on Japan’s autos and auto parts to 15 per cent.”

- Japanese Prime Minister Shigeru Ishiba said: “We have been able to achieve a reduction in tariffs on automobiles and auto parts without quantitative restrictions, ahead of the rest of the world,” he said.
- Matt Blunt, president of the American Automotive Policy Council, which represents Ford, GM and Stellantis, said: “American Automakers still need to review the details of the US Japan agreement but any deal that charges a lower tariff for Japanese imports with virtually no US content than the tariff imposed on North American-built vehicles with high US content is a bad deal for US industry and US auto workers”.

Barron's notes on the announcement: "Traders breathed a sigh of relief and stocks pushed higher from records. The hope is that a flurry of deals is imminent... But the wheels could come off as company earnings take a trade hit."

- Bloomberg writes that Ishiba, "blinked in trade talks with the US. He spent months seeking a complete removal of the levies that President Donald Trump held over the country, including those already imposed on cars."

## China

Trump told reporters in the Oval Office that he will probably meet Chinese President Xi Jinping in the "not too distant future" but declined to expand.

- Asked a potential meeting with Xi and Russian President Vladimir Putin in Beijing in September, Trump said: "We have a lot of meetings possible. President Xi has invited me to China and we'll probably be doing that in the not too distant future. A little bit out, but not too distant. We'll make those decisions pretty soon."
- Semafor notes: "Trump has adopted a more conciliatory tone toward Beijing to secure a trade deal and an in-person summit with Xi, which analysts predict could take place during the APEC summit in South Korea this fall. Trump's toned-down approach, though, has rankled some China hawks in Washington."

Treasury Secretary Scott Bessent said he'll be talking with his Chinese counterparts in Sweden on Monday and Tuesday next week, with the third round of trade talks likely to focus on extending the trade truce past August 12.

- Bessent: "I'm going to be in Stockholm on Monday and Tuesday with my Chinese counterparts and we'll be working out what is likely an extension then."
- Speaking this morning, Bessent repeated comments from yesterday, saying talks are in a good place, and that they can move on to bigger talks. He noted that discussions are likely to include Beijing's continued purchases of "sanctioned" oil from Russia and Iran and said that there is no specific date set for Trump's visit to China.
- Bloomberg notes: "With Bessent as lead negotiator, the Trump administration has softened its approach with China in recent weeks compared with other countries facing a month-end deadline to sign a deal..."

## European Union

Treasury Secretary Bessent hinted that the European Union may have to offer a similar investment pledge to Tokyo, in order to get a lower tariff rate. He noted, when asked whether the EU could get a similar deal, that Japan "got 15% due to an innovative financing mechanism," an apparent reference to the \$500 investment pledge outlined above.

- European Trade Commissioner Maros Sefcovic will hold talks with Commerce Secretary Howard Lutnick later today. Commission spokesperson Olof Gill said earlier that, "The EU's primary focus is on achieving a negotiated outcome with the US. Intensive technical and political level contact is ongoing."
- Bloomberg notes: "While talks continue with major economies including the European Union and India, Trump said some 150 smaller countries will be hit with a blanket rate of between 10 and 15%."

## Philippines

President Trump announced, following a meeting with President Ferdinand Marcos Jr. at the White House, that he had reached a trade deal that will allow free access to Philippine markets in return for a 19% tariff rate on the Philippines.

- Trump said on Truth Social: “It was a beautiful visit, and we concluded our Trade Deal, whereby The Philippines is going OPEN MARKET with the United States, and ZERO Tariffs. The Philippines will pay a 19% Tariff. In addition, we will work together Militarily.”
- Semafor notes: “That figure is in line with rates other Southeast Asian nations are set to face. Such deals mark short-term wins for US negotiators, but risk undermining the region’s competitiveness and sovereignty, turning its relationship with Washington into “a rent-seeking system rather than a strategic partnership,” a Stimson Center expert argued. That dynamic could accelerate what many in the West fear: a Southeast Asian pivot toward China.”

## Indonesia

In a separate [Truth Social](#) announcement, Trump announced the terms of a deal agreed with Indonesia struck last week: “It is agreed that Indonesia will be Open Market to American Industrial and Tech Products, and Agricultural Goods, by eliminating 99% of their Tariff Barriers. The United States of America will now sell American Made products to Indonesia at a Tariff Rate of ZERO, while Indonesia will pay 19% on all of their products coming into the U.S.A.”

- Trump continued: “In addition, Indonesia will supply the United States with their precious Critical Minerals, as well as sign BIG Deals, worth Tens of Billions of Dollars, to purchase Boeing Aircraft, American Farm products, and American Energy.”

## Figure 1: Country-Specific Tariffs



Target	Status	Rate
Country-specific		
China	<b>Effective</b> <i>for 90 days from May 14</i>	30%; tariffs start at 54% (or flat \$100 fee) on packages worth \$800 or less
Canada	<b>Effective</b> <i>with exemptions</i>	25% non-energy; 10% energy and potash <i>A 35% rate threatened to take effect on August 1</i>
Mexico	<b>Effective</b> <i>with exemptions</i>	25%
Brazil	<b>Threatened</b> <i>to take effect from August 1</i>	50%
BRICS†	<b>Threatened</b>	10% <i>additional to the country-specific rate</i>
Universal tariff	<b>Effective</b> <i>on all imports, except for those from Canada, Mexico and China</i>	10%
Reciprocal tariffs*	<b>On pause</b> <i>until August 1, extended from July 9</i>	Up to 50% <i>rates vary by country or trading bloc</i>

Source: CNN

**Figure 2: Sector-Specific Tariffs**

Sector-specific		
Copper	<b>Threatened</b> <i>to take effect from August 1</i>	50%
Automobiles	<b>Effective</b> <i>for finished cars and car parts, with some exceptions for parts coming from Mexico and Canada. Automakers assembling cars in the US can claim a temporary partial refund on the parts tariffs.</i>	25%
Steel and aluminum	<b>Effective</b>	50%
Semiconductors	<b>Investigation initiated</b>	Unknown
Pharmaceuticals	<b>Investigation initiated</b>	Unknown
Timber, lumber, derivatives	<b>Investigation initiated</b>	Unknown
Critical minerals	<b>Investigation initiated</b>	Unknown
Foreign-produced films	<b>Threatened</b>	100%

Source: CNN

## Congressional Business

The House is OUT until September 2

The Senate is IN

### Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Select Committee on China: United We Stand: Strategies to Counter PRC Economic Coercion Against Democracies
- 10:00 ET 15:00 BST: SENATE Energy and Natural Resources: Hearings to examine challenges to meeting increased electricity demand.
- 10:00 ET 15:00 BST: HOUSE Appropriations: Fiscal Year 2026 National Security, Department of State, and Related Programs Bill

## FY26 Appropriations

Democrats are struggling to alight on a strategy for FY26 Appropriations that will avoid being jammed by partisan Republican spending bills and avert a government shutdown on Oct 1.

- Politico notes: “Democratic leaders emerged from a closed-door meeting on Tuesday without any specific ultimatums for Republicans, after discussing their government shutdown strategy ahead of the government funding deadline in 10 weeks.”
- Punchbowl News writes: “Broken record alert: Government funding will be a mess... Congress is charging headlong into a government-funding showdown. In fact, the last time Congress did anything resembling the normal appropriations process was two-and-a-half years ago.”
- Senate Minority Leader Chuck Schumer’s (D-NY) strategy, for now, appears to be to continue writing bipartisan spending bills and hoping for assurances from his Republican counterparts that the GOP won’t endorse more White House rescissions packages.

Yesterday, the majority of Democrat Senators overwhelmingly backed a procedural vote on the MilCon-VA spending bill, which passed 90-8. But as Politico notes, those numbers “don’t capture the Democrats’ frustration over rescissions — and fear and misgivings about the appropriations process to come.”

- House Majority Leader Steve Scalise (R-LA) indicated to reporters yesterday that additional rescissions packages are likely: “We haven’t made a final decision on what will be in the second rescissions package, but we’re of course talking about it. The administration is very interested in it.”
- The Daily Signal reported yesterday that a second rescissions request is likely to include cuts to education funding.

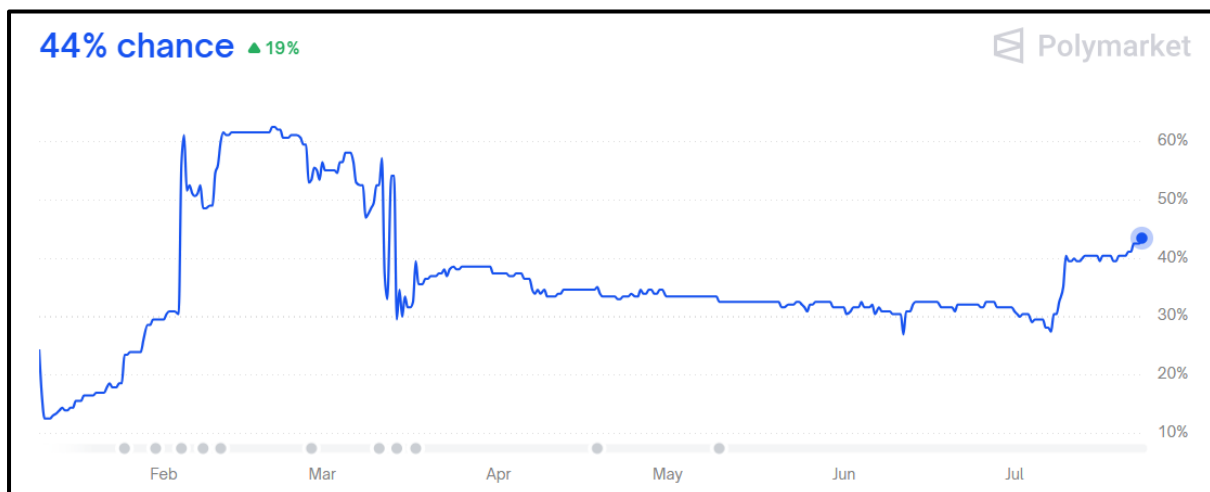
Politico notes: “Scalise also said the Trump administration is “having talks with appropriators” and will ultimately decide when to send it over and what’s in it. It’s not clear how much the package would cut, but Johnson told Republicans in recent days this group of federal funding cuts won’t be as big as the first, according to two people granted anonymity to share details of private discussions.”

- Schumer downplayed the MilCon-VA vote as a sign that Democrats will back spending bills in final passage on the floor: "It's just a motion to proceed, and we look forward to the amendment process," suggesting that he expects to have Democrat priorities addressed.
- Axios notes that the vote gave Democrat leaders "the space to make the distinction between supporting normal appropriations bills and a continuing resolution they will almost certainly confront in September."

Congress appears headed for yet another Continuing Resolution that will keep agencies funded at Biden-era levels. The House will depart this evening until September, having only passed two of their twelve bills. Those two bills are partisan and will not pass muster with Senate Democrats, who must provide Senate Majority Leader John Thune (R-SD) with at least seven votes to clear the Senate filibuster.

- Bettors at Polymarket saw nothing in yesterday's Senate vote to change the equation on a government shutdown. The implied probability of a shutdown remains just over 40%.

**Figure 3: Government Shutdown in 2025**



Source: Polymarket

## Artificial Intelligence

**17:00 ET 22:00 BST:** President Donald Trump will deliver a keynote address to the 'Winning the AI Race' summit in Washington D.C, where he is expected to unveil his administration's 'AI Action Plan' strategy and sign an executive order that will "direct the Energy Department to kick-start data center construction on federal sites," per Politico.

- The plan is expected to relax industry regulation, moving away from a Biden-era harm mitigation strategy, and accelerate the export of American AI technology abroad.
- The plan is also expected to relax environmental and permitting policies to make it easier to build data centers and power infrastructure, which Politico notes, "reflects both the tech industry's reality that the greatest barrier to AI deployment is access to reliable power — and Trump's enthusiasm for boosting fossil fuel production."

- According to Reuters, the plan will bar federal AI funding from "states with tough AI rules and ask the [FCC] to assess whether state laws conflict with its mandate."
- Janet Egan, at The Center for a New American Security, said the plan represents a market shift in strategy from "a primarily restrictive approach to AI" under Biden to a focus on answering the question "how do you start spreading the infrastructure and the technology that will underpin the globe?"
- The Washington Examiner notes: "Soon after taking office, [Trump] scrapped Biden-era attempts to regulate AI and called for a new framework to be developed within 180 days. That time has now passed..."

## Federal Reserve

President Trump, speaking alongside Philippine President Ferdinand Marcos Jr. at the White House yesterday, again downplayed the prospect of removing Fed Chair Jerome Powell before the end of his term in 2026.

- Trump said, when asked if he believes Powell should resign: "I think he's doing a bad job, but he's going to be out pretty soon anyway. In eight months, he'll be out. I call him 'too late', he's too late all the time. He should have lowered interest rates many times."

Treasury Secretary Scott Bessent, also present at the Oval Office meeting, said that the Fed needs to "stay in their lane", adding: "The way they cut rates last Fall, they should be cutting rates now."

- Bessent told Fox Business earlier in the day: "There's nothing that tells me that [Powell] should step down right now. His term ends in May. If he wants to see that through, I think he should. If he wants to leave early, I think he should."
- However, Trump also repeated allegations that Powell may be responsible for cost overruns at the Fed's headquarters in Washington D.C., keeping the pressure on the Fed Chair: "What does he need the building for?" He said.

Semafor reports that Rep. Dan Meuser (R-PA), the chair of the House Financial Services Committee's oversight subpanel, said on Monday night that he's weighing his own probe of the Fed: "I'm going to talk to [Chair] French Hill and see."

- Trump's Deputy Chief of Staff, James Blair, revealed on X yesterday that a White House team will tour the Fed's DC office on Thursday to inspect the renovation works. OMB Director Russel Vought is also expected to attend the visit.

## Housing

Trump said in the Oval Office that he is "thinking about" eliminating capital gains tax on houses in order to 'unleash' the housing market: "It would also unleash it just by lowering the interest rates," Trump said, adding, "If the fed would lower the rates we wouldn't even have to do that. But we are thinking about no tax on capital gains on houses."

- Rep Marjorie Taylor Greene [introduced a bill](#) on July 10 to eliminate the federal capital gains tax on the sale of primary residences.
- Greene said: "Families who work hard, build equity, and sell their homes should not be punished with massive tax bills. The capital gains tax on home sales is an



outdated, unfair burden—especially in today’s housing market, where values have skyrocketed. My bill fixes that.”

House Ways and Means Chair Jason Smith (R-MO) appeared receptive to Trump’s idea to eliminate capital gains on sales of homes. Smith told reporters on Wednesday, “I’m always looking for tax cuts on Americans.”

- Committee Rep. Ron Estes (R-KA), said in an interview Tuesday that he’s not sure the legislation would increase housing supply, while another member of the panel, Rep. Lloyd Smucker, said he’d have to look at the proposal’s total cost, per Politico.

CBS [notes](#): “Currently, single-tax filers can exclude up to \$250,000 in capital gains from sales of their primary homes from their taxable incomes under what’s called the Section 121 exclusion. That amount rises to \$500,000 for joint filers. Both amounts have remained fixed since 1997.”

- Joel Berner, senior economist at Realtor.com, told CBS that eliminating the capital gains tax altogether would primarily benefit wealthier Americans: “It wouldn’t really move the needle for a regular family, unless you have a home that’s appreciated a lot. If your home has appreciated by more than \$1 million, there would be a benefit to removing the capital gains tax.”

## Russia-Ukraine

Russia’s state-run [TASS](#) confirmed this morning that the third round of direct talks between Russian and Ukrainian delegations will get underway in Istanbul, Turkey, this evening. The talks had been widely trailed, with Ukrainian President Volodymyr Zelenskyy [approving](#) his country’s delegation to be led by National Security and Defence Council Secretary (and defence minister until earlier this week) Rustem Umerov.

- Expectations for the talks are effectively non-existent. Kremlin spokesperson Dmitry Peskov said on 22 July that observers should not expect any ‘miraculous breakthroughs’ from the discussions. The previous two rounds have only managed to reach agreements on low-level issues such as the exchanges of PoW and combatants’ remains.
- For Russia, its forces have been making slow but steady progress in the Donbas, reducing Moscow’s impetus to agree to a ceasefire. Kyiv may prove emboldened in talks following US President Donald Trump’s permitting of NATO purchases of American Patriot missiles and other weaponry to send to Ukraine.
- In order for any notable progress to be made in future talks, the participation of both national leaders is likely to be required. So far, Russia has categorically refused this, claiming Zelenskyy is an illegitimate president. The prospect of Trump attending could change this calculation, but there is no sign of such movement yet.

The Economist notes that Russian President Vladimir Putin has shown no interest in meeting Zelenskyy, “unless it is to accept Ukraine’s surrender. In earlier meetings Russia sent insultingly low-level delegations. However, [Zelenskyy] clearly thinks that his call for more talks will earn favour with Donald Trump, by showing that only Ukraine has a serious interest in ending the war.”

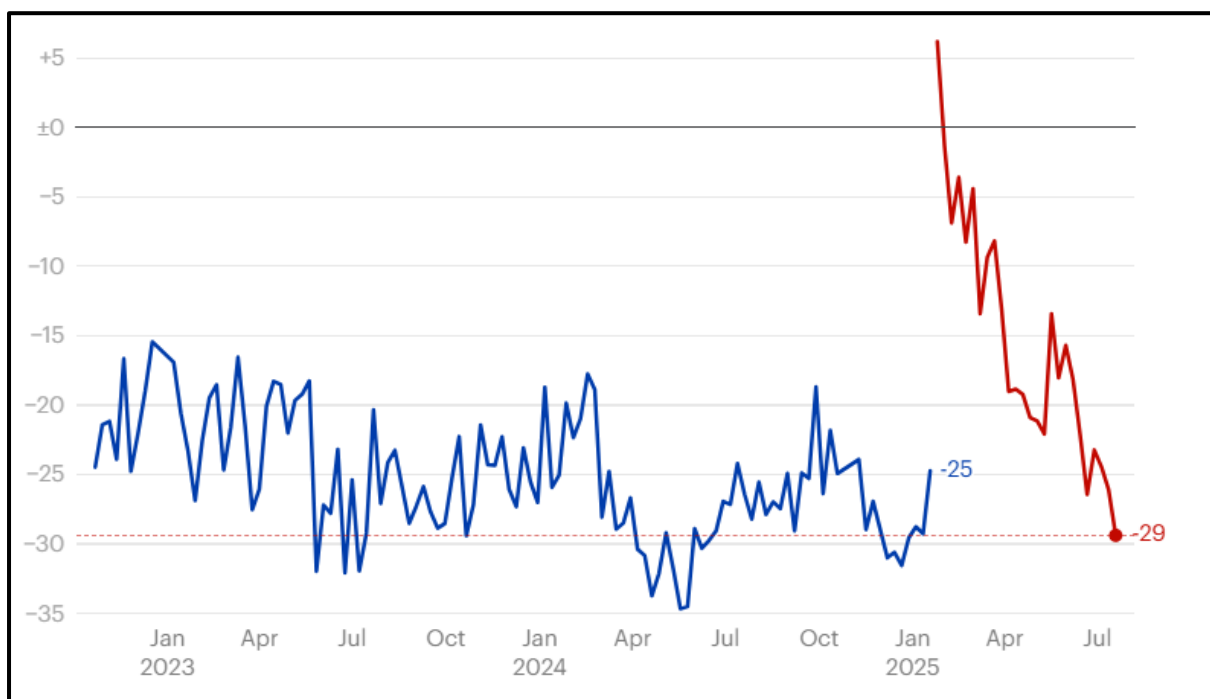
- Zelenskyy is facing the first major protest movement against his government, after the Ukrainian Parliament yesterday passed a measure that stripped away the independence of two agencies responsible for investigating and prosecuting corruption.
- Zelenskyy argued that the move was required to rid the institution of Russian influence and claimed that the anti-corruption processes would still operate.
- The move triggered backlash from Ukraine's foreign partners as well, including the European Commission. Taking steps to eradicate corruption has been one of the conditions for the country's integration with the bloc. Enlargement Commissioner Marta Kos said she had had a 'frank discussion' with the Ukrainian PM.

## Chart of the Day

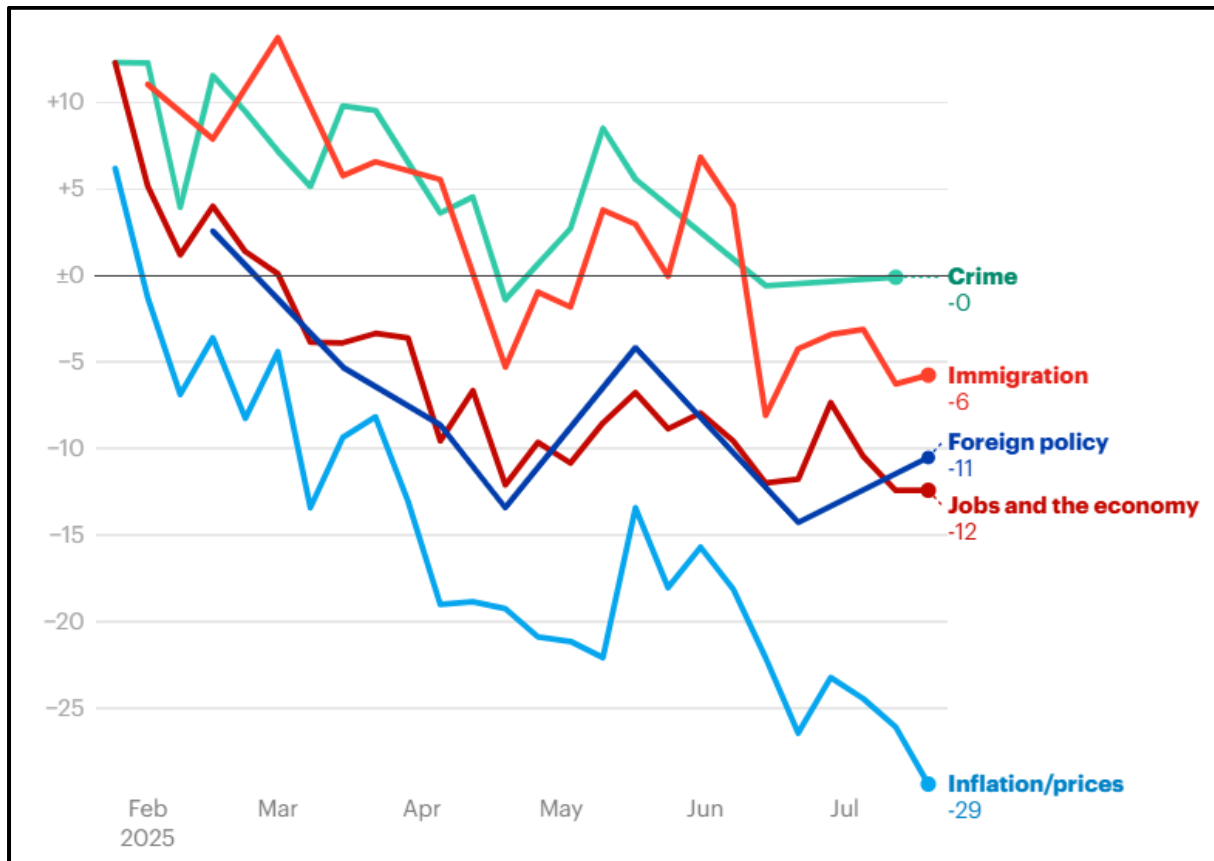
A new survey from [YouGov](#) has found: "More Americans disapprove than approve of Trump's handling of all six issues asked about in this week's poll: national security (-2 net approval), immigration (-6), foreign policy (-11), jobs and the economy (-12), foreign trade (-15), and inflation/prices (-29)"

- YouGov notes: "Trump's approval on inflation and prices is nearly as low as the lowest score Joe Biden received during his presidency."
- The report notes: "Inflation and prices is the issue Americans are most likely to name as their most important issue, with 21% picking it. That's more than choose jobs and the economy (14%), health care (10%), and immigration (9%)"

**Figure 4: "Donald Trump's net approval on inflation is approaching the low mark of Joe Biden's presidency" (Biden blue line/ Trump red line)**



**Figure 5: Approval of Donald Trump's Handling of Major Issues**



Source: YouGov

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.