

MNI POLITICAL RISK ANALYSIS - US Daily Brief 24-02-26

by Adam Burrowes

The White House *(times subject to change)*

09:00 ET 14:00 GMT	President Trump participates in Executive Time, Oval Office
12:30 ET 17:30 GMT	President Trump participates in the Annual State of the Union Luncheon, Blue Room
21:00 ET 02:00 GMT	President Trump delivers the State of the Union Address, US Capitol

Key Dates:

- ❖ *April 16: New Jersey Special Election*
- ❖ *March 3: Texas/North Carolina Senate Primaries*
- ❖ *March 10: Georgia Special Election*

Washington

President Donald Trump will participate in what the White House calls “Executive Time” at 09:00 ET 14:00 GMT. The president will then join a ‘State of the Union Luncheon’ ahead of his State of the Union address at 21:00 ET 02:00 GMT.

- According to the State Department, Secretary of State Marco Rubio will brief Congressional leaders at 15:00 ET 20:00 GMT. NewsNation [reports](#) that the ‘Gang of Eight’ briefing will be focused on Iran. (More on Iran below)

At 17:00 ET 22:00 GMT, the Senate will vote again on the House-passed FY26 appropriations bill for the Department of Homeland Security. The vote is expected to fail as there has been little progress reported in negotiations to end the DHS shutdown.

- House Republican leader will hold a Capitol Hill news conference for the GOP’s Big Beautiful Bill at 10:00 ET 15:00 GMT.

State of the Union

President Donald Trump will deliver his “State of the Union Address” to a joint session of Congress at 21:00 ET 02:00 GMT. Trump told reporters yesterday, “It is going to be a long speech, because we have so much to talk about.” At nearly 100 minutes, Trump’s (non-SOTU) address last year was the longest ever.

- The official theme of the speech is “America at 250: Strong, Prosperous and Respected,” a reference to the 250th anniversary of the country’s founding, per the Wall Street Journal.
- Trump’s recent quiet public schedule suggests Trump has been huddling with aides reviewing the speech text. If that is the case, the speech may be more focused, with fewer off-script moments.
- The importance of the SOTU should not be understated. As Politico notes, “Most people do not watch Trump’s daily press gaggles ... but over 30 million viewers are expected to tune in live tonight, close to one-in-three expected midterm voters. Plenty more will see the clips.”

- The speech comes amid faltering approval of Trump's handling of the economy, tariffs, foreign policy, and immigration. And will go ahead despite a DHS shutdown.
- Whit Ayres, a Republican pollster in Washington, told Politico, "He is currently at his lowest point in the second term. The single most important variable in midterm elections is the president's job approval."

The speech is likely to hit many of Trump's favoured talking points. He is likely to tout his prescription drug initiative, the strength of the economy, the trajectory of US stock markets, the importance of his trade agenda, the boon for Americans from *Big Beautiful Bill* tax cuts, and the success he has achieved in securing investment pledges. He is also certain to tout the success of his immigration and border security policies, despite bipartisan backlash to hardline federal enforcement tactics.

- Trump is also likely to use the speech to criticise political opponents, including Democrats and unreliable Republicans – many of whom will be in attendance. He may also criticise Supreme Court justices, also in attendance, for ruling against his tariff agenda.
- In recent speeches, Trump has described 'affordability' as a "Democrat hoax". Republicans will be hoping for a more nuanced message this evening.
- He may call on Congress to codify his reciprocal tariffs, but he noted on Truth Social yesterday that he does not need Congress, and there is unlikely to be sufficient Republican support for such a move.

Trump is likely to address tensions with Iran in a portion of the speech outlining his "peace through strength" strategy. Based on recent public statements, Trump is likely to impress on Tehran the importance of reaching a nuclear deal and warn of dire consequences absent an agreement.

- Today is the fourth anniversary of the Russian invasion of Ukraine. Bloomberg [reported](#) overnight that Trump is pushing for a ceasefire before he hosts the 250th anniversary celebrations of American independence on July 4.
- With Russia unwilling to budge on hardline demands to end the war. Kyiv will be concerned that Trump will intensify pressure on Ukraine to make the bulk of the compromises. Any comments from Trump will be closely scrutinised, with Russia hawks in the Senate reporting [increased momentum](#) for new sanctions on Moscow.

The policy trajectory for the next year of his presidency may be more difficult to discern. Frontline Republicans may be disappointed if they are expecting Trump to outline a detailed blueprint to address affordability ahead of November's midterm elections. The Economist writes, "Viewers may end up more, not less, confused about where he is taking America: a symptom of a president who thumbs his nose at Congress and at public opinion."

- Punchbowl News reports that, "Trump is sure to ... call on Congress to pass a new health care bill — which can only be done through reconciliation."
- The Wall Street Journal reports, "He is planning to call on Congress to pass a legislation codifying the healthcare framework he released earlier this year, which calls for redirecting federal subsidies from insurers to consumers. [Republicans] have so far shown little interest in taking it up during a midterm election year."

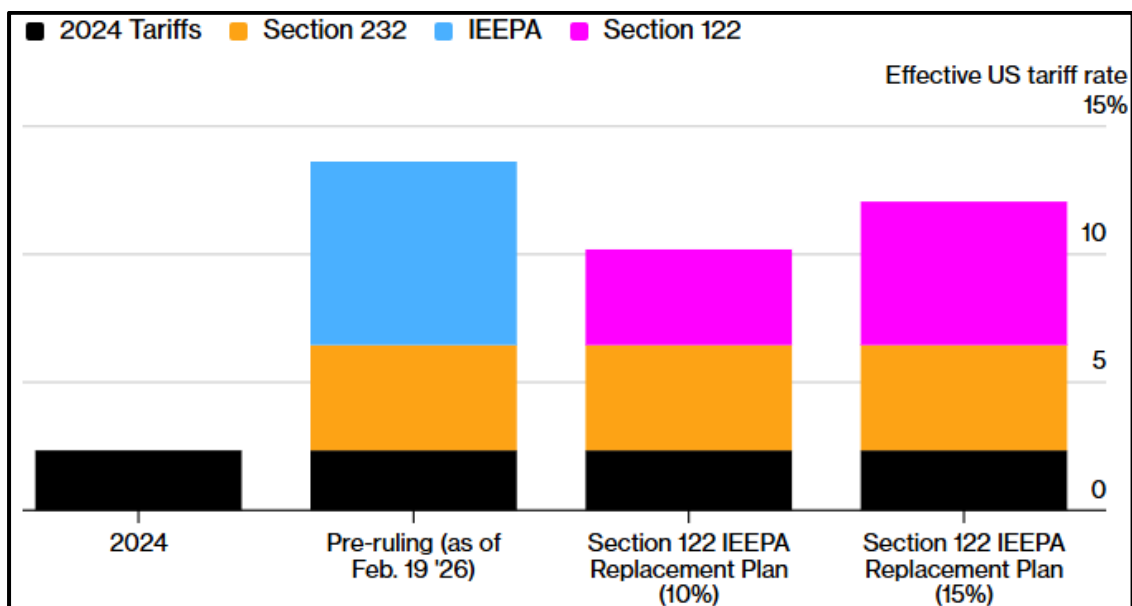
- According to the Journal, Trump will also announce plans to force tech firms to pay increased electricity costs in communities where AI data centers are being built.
- Semafor reports, “The Trump administration is exploring its options to create a retirement savings plan for workers who don’t have an employer-provided one without going through Congress... Trump is considering mentioning the concept in his State of the Union address... that mention would come as officials center their affordability pitch on the kids’ savings plan known as Trump Accounts.”

Tariffs

A new US global tariff rate of 10% took effect at 00:01 ET 05:01 GMT on Tuesday. The rate, which is short of the 15% threatened by Trump on Saturday, is imposed under Section 122 of the 1974 Trade Act, which allows the levy to remain in place for 150 days without congressional approval.

- The Financial Times [reports](#), “The White House signalled that Trump was still committed to setting a global tariff of 15 per cent. “It is being worked on and will come later,” an official said, without specifying a timeline.”
- Carsten Brzeski at ING wrote in a note, “I think it simply adds to the chaos and mess. In terms of uncertainty we’re back to where we were last year,” adding there was now a higher risk that the US’s trading partners would retaliate: “The risk of a real fully-fledged tariff war - trade war - escalation is clearly higher than last year.”
- FT writes, “The delayed application of the higher flat tariff could offer a window for governments and businesses to lobby for exemptions and secure preferential treatment from Trump under the new regime. The Trump administration offered carve-outs for a wide range of products from the 10 per cent levy when it was announced on Friday, as well as many imports from Canada and Mexico.”

Figure 1: “Section 122 Plan Falls Short of Replacing IEEPA”



Source: Bloomberg News

The Wall Street Journal [reports](#), “The Trump administration is considering new national security tariffs on a half-dozen industries,” including “industries such as large-scale batteries, cast iron and iron fittings, plastic piping, industrial chemicals and power grid and telecom equipment.”

- The levies would be imposed via Section 232 of the Trade Expansion Act of 1962, which, after a lengthy statutory review period, can be altered unilaterally by the president. Section 232 tariffs were not part of the Supreme Court ruling that nixed Trump’s ‘reciprocal’ tariffs, suggesting the administration has scope to expand the purview of Section 232 authority.
- The Journal notes, “In addition to the newly planned investigations, Trump’s team was already considering tariffs on nine other industries—including semiconductors, pharmaceuticals, drones, industrial robots and polysilicon used in solar panels—under existing Section 232 probes. Many of those investigations were opened nearly a year ago, and the administration could accelerate work on some in response to the Supreme Court ruling last week.”

US trading partners continue to seek clarity from the White House on their tariff outlook, particularly those, such as the United Kingdom and Japan, that may find themselves better off under the new tariff regime than under bilateral trade agreements negotiated last year.

- The UK said no reciprocal action was "off the table" if the US did not honour its tariff deal with the UK, but added that "no one wants a trade war". The European Union said it would suspend its ratification of a deal struck over the summer, per the [BBC](#).

Japanese Trade Minister Ryosei Akazawa called on the US to ensure that new tariff measures would not leave Tokyo worse off, during a call with Commerce Secretary Howard Lutnick, per [Bloomberg](#).

- Bloomberg notes, “Under last year’s deal Japan agreed to create the \$550 billion investment vehicle as part of the conditions for securing a lower reciprocal tariff rate and to lower duties on auto imports from Japan to 15% from 27.5%.”

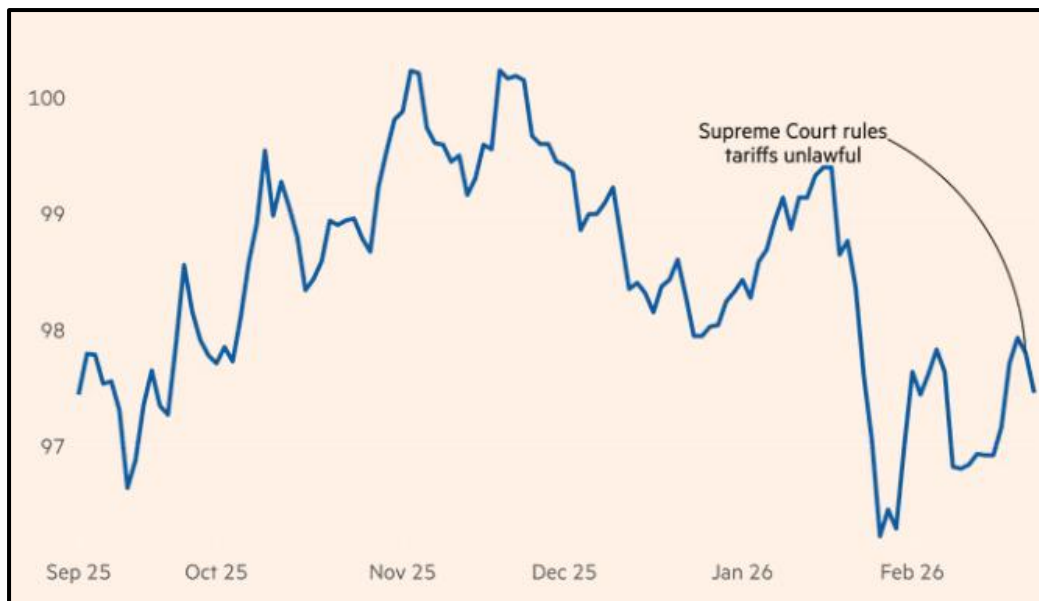
A spokesperson for the Chinese Ministry of Commerce said in a [statement](#), "China is closely monitoring and will comprehensively assess the relevant US measures, and will decide on adjusting its countermeasures against the original fentanyl tariffs and equivalent tariffs as appropriate. China reserves the right to take all necessary measures to resolutely defend its legitimate rights and interests."

- The statement adds, "China consistently opposes all forms of unilateral tariff measures and urges the US to cancel and cease imposing any further unilateral tariffs." The spox claims "China is willing to conduct candid consultations with the US in the upcoming sixth round of China-US economic and trade consultations."
- As noted in yesterday’s edition of this newsletter, the Supreme Court’s ruling may severely curb Trump’s leverage ahead of his trip to China next month. The New York Times [notes](#), “the legal setback for Mr. Trump may bolster [Chinese President Xi Jinping’s] confidence that he has gained more of the initiative in his country’s rivalry with the United States."

FedEx filed a lawsuit with the US Court of International Trade on Monday, demanding a full refund of tariff payments. The lawsuit is likely to be the first of many, as companies look to claw back payments on tariffs deemed illegal by the Supreme Court.

- NYT [reports](#), “FedEx did not state a dollar amount that it is seeking. Analysts say the emergency tariffs that the Supreme Court rejected, which President Trump began imposing a year ago, had raised as much as \$175 billion for the US government.”
- Scott Lincicome at the Cato Institute said, “It was totally expected that they would do this, because there’s probably millions and millions of dollars on the line here for them.”
- The Financial Times [notes](#), “US stocks fell... The US dollar weakened as much as 0.5 per cent against a basket of its peers before paring losses to trade 0.2 per cent lower... Wall Street’s S&P 500 index was down 0.6 per cent shortly after the market opened on Monday, and the tech-heavy Nasdaq Composite fell 0.7 per cent. Gold, typically a haven asset, rallied 1.7 per cent on Monday to \$5,191 a troy ounce.”

Figure 2: ICE Dollar Index



Source: *Financial Times*

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 09:30 ET 14:30 GMT: SENATE Armed Services: Hearings to examine rebuilding American critical minerals supply chains.

- [10:00 ET 15:00 GMT](#): HOUSE Foreign Affairs: Advancing National Security through Commercial Diplomacy
- [10:00 ET 15:00 GMT](#): HOUSE Science and Tech: Powering America's AI Future: Assessing Policy Options to Increase Data Center Infrastructure
- [10:15 ET 15:15 GMT](#): HOUSE Budget: The Congressional Budget Office's Budget and Economic Outlook
- [14:00 ET 19:00 GMT](#): HOUSE Foreign Affairs: Strengthening Export Control Enforcement

Iran

Trump issued a lengthy statement on [Truth Social](#) yesterday denying reports that Gen. Dan Caine, the chairman of the Joint Chiefs of Staff, warned against a strike on Iran. Trump reiterated that while he prefers a diplomatic resolution to tensions, “it will be a very bad day,” if Tehran refuses to make a deal on its nuclear programme.

- A third round of indirect nuclear talks between the US and Iran is expected to take place on Thursday. The US will be represented by Special Envoy Steve Witkoff and Trump’s son-in-law Jared Kushner at the meeting, viewed by many analysts as a final opportunity for diplomacy before Trump authorises strikes on Iran.

Trump wrote, “Numerous stories from the Fake News Media have been circulating stating that General Daniel Caine... is against us going to War with Iran. The story does not attribute this vast wealth of knowledge to anyone, and is 100% incorrect. General Caine, like all of us, would like not to see War but, if a decision is made on going against Iran at a Military level, it is his opinion that it will be something easily won.”

- Trump continued, “He knows Iran well in that he was in charge of Midnight Hammer, the attack on the Iranian Nuclear Development... He has not spoken of not doing Iran, or even the fake limited strikes that I have been reading about, he only knows one thing, how to WIN and, if he is told to do so, he will be leading the pack.”

Axios reported earlier that Caine warned Trump that the US could become embroiled in a prolonged conflict. One source said Caine is not advocating for a strike, but will support any decision Trump makes.

- According to Axios, “Another said the chairman is not skeptical about a military campaign — but “clear-eyed and realistic” about the chances for success and what happens after war starts.”
- The report notes that both Vice President JD Vance and Secretary of State Marco Rubio are sceptical that Thursday’s talks in Geneva will produce a diplomatic breakthrough, with Vance – a member of the isolationist MAGA faction – “raising questions about the risks and complexity of the operation”.
- The Wall Street Journal [notes](#), “Such discussions are always part of the contingency-planning process before military operations, some officials said, noting that military leaders—especially the Joint Chiefs chair—provide prudent estimates of possible casualties and other potential costs.”

The US State Department yesterday ordered nonessential diplomats and their family members at the US Embassy in Beirut to leave Lebanon. The move suggests that

Washington may be anticipating a counterattack on US forces from Iran or its Lebanon-based proxy Hezbollah in the event of a US strike on Iran.

- AP [reports](#), “changes in the staffing status of the embassy in Beirut have often been seen as a bellwether for potential US or Israeli military action in the region, particularly against Iran. A similar ordered departure was imposed for Beirut and other embassies in the region.” including in Iraq, shortly before President Donald Trump ordered military strikes against Iranian nuclear facilities last June.

Student protests in Iran entered a third day today, in another sign of mounting anger toward the regime amid the looming threat of US strikes against the government apparatus, per Politico.

- Politico notes, “Students at several universities in Tehran launched renewed anti-government demonstrations over the weekend, the first protests since the regime’s brutal crackdown killed thousands last month. January’s protests were also the initial impetus for Trump’s vow of military action against Tehran, though his reasoning has since shifted to center on nuclear talks.”

Figure 3: US strikes Iran by March 31, 1-Week Chart



Source: Polymarket

Housing

The Senate may begin floor consideration of the ROAD to Housing Act this week, a package of housing affordability bills that could be one of the last major pieces of legislation taken up by Congress during the Trump administration. However, it could be delayed by the ongoing DHS shutdown.

- Earlier this month, the House of Representatives passed its version of the package, the Housing for the 21st Century Act. The Bipartisan Policy Centre has a breakdown of both measures [here](#).

- Politico reports, “Lawmakers will have to resolve a number of differences between the two bills, including issues related to bank deregulation and housing grant programs.”
- Senate Majority Leader John Thune (R-SD) said in an interview last week that he’d like to put on the floor include a permitting revamp, cryptocurrency market structure legislation and an AI bill. Thune said, “AI is accelerating dramatically in this country and that perhaps is something that we can deal with. It has affordability implications there, too.”

The White House provided more details on President Donald Trump’s proposed ban in investors buying home, a measure the administration wants included in the final package, but has been excluded from both measures amid scepticism it would impact affordability.

- The White House proposed banning investors with more than 100 single-family homes from purchasing additional homes, according to a copy of the document viewed by The [Wall Street Journal](#).

The top Democrat on the Senate Banking Committee, Senator Elizabeth Warren (D-MA), is expected to unveil legislation this morning that would boost Trump's institutional investor proposal.

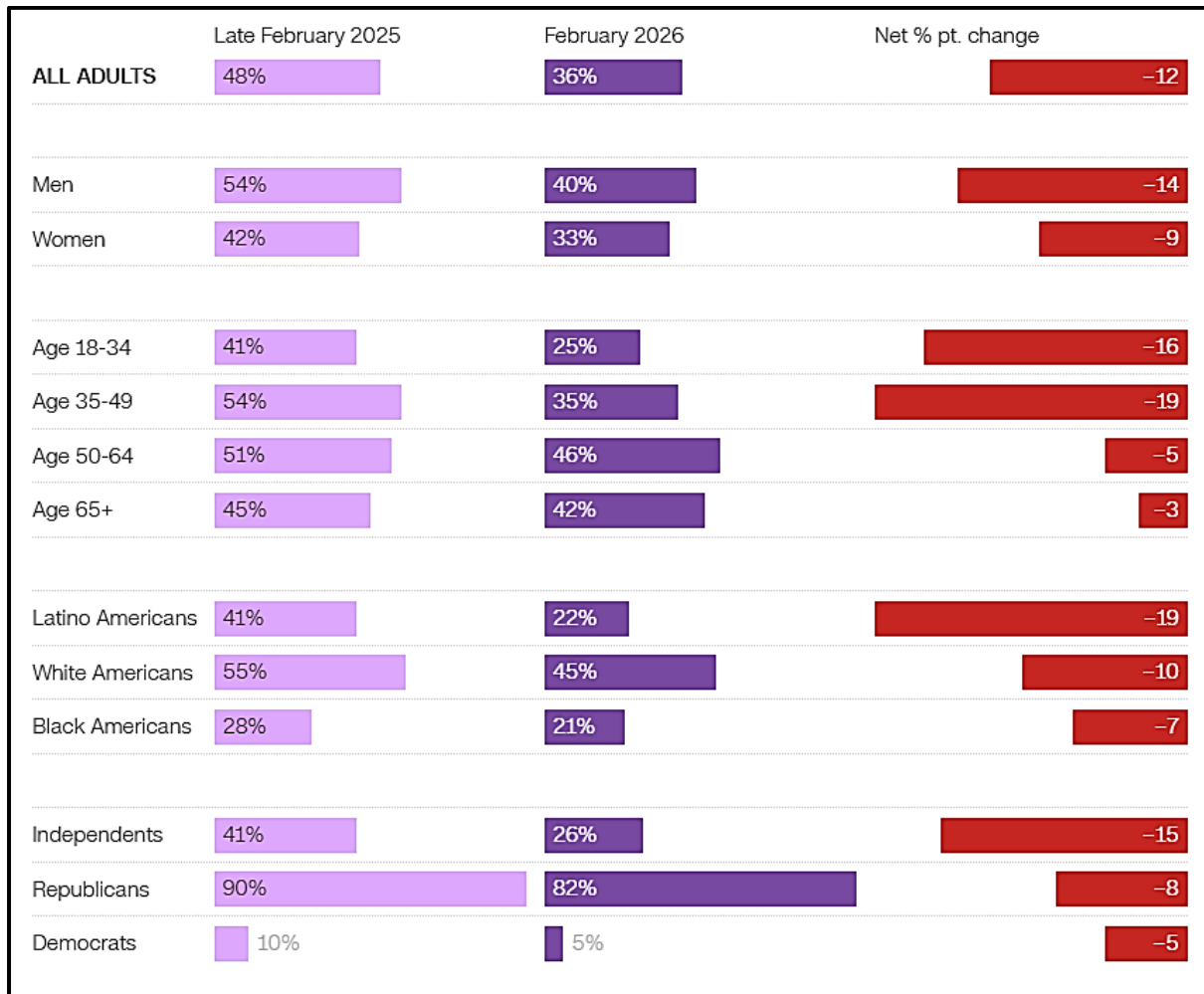
- Warren told Politico that a crackdown on private equity in the housing market has the potential to pass if the White House really wants it. “The person who could make the big difference is Donald Trump,” she said.
- Per Politico, “Warren’s bill, which she’s introducing with 16 other Democrats, would end federal tax deductions and other housing benefits for Wall Street landlords in a bid to increase the supply of affordable housing. [Read the bill text and fact sheet.](#)”

Chart of the Day

CNN [reports](#), “When Trump addressed Congress last year for the first time since returning to the White House, his approval rating stood at a career-high 48% in CNN’s pre-speech polling. Since then, he has lost ground across all major demographic groups, with Republicans, conservatives and White Americans without college degrees among the few groups to hold a net-positive view of Trump.”

- CNN continues, “Some of the steepest declines include a 19-point drop in approval among Latino Americans and an 18-point drop among Americans younger than 45. Among political independents, Trump’s approval rating has dropped 15 points over the past year to 26%, the lowest it’s been in either of his terms.”
- Politico reports, “A new poll from Marist University finds 57 percent who said the state of the union is “not very strong” or “not strong at all.” The new numbers follow WaPo/ABC/Ipsos polling released over the weekend, which put Trump at 39 percent approval and 60 percent disapproval.”

Figure 8: Trump's approval rating among each group



Source: CNN

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