

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 24-06-25

by Adam Burrowes

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

<u>06:00 ET 11:00 BST</u>	President Trump departs the White House for the NATO Summit, Hague, Netherlands
<u>13:00 ET 18:00 BST</u>	President Trump arrives in Amsterdam, Netherlands
<u>13:45 ET 18:45 BST</u>	President Trump greets the King and Queen of the Netherlands
<u>14:20 ET 19:20 BST</u>	President Trump participates in a Family Photo with NATO leaders
<u>14:30 ET 19:30 BST</u>	President Trump attends a Social Dinner

#### KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

### Washington

President Donald Trump departed Washington early this morning for the NATO Leaders' Summit in The Hague, Netherlands.

- Upon arrival, Trump will meet with the King and Queen of the Netherlands, participate in a 'family photo' with NATO leaders, and attend a social dinner.

On Wednesday, Trump will attend additional events with the Dutch royals before holding a 'pull-aside' meeting with NATO Secretary General Mark Rutte at 09:55 ET 14:55 BST.

- At 10:35 ET 15:35 BST on Wednesday, Trump will participate in a NATO plenary session and then meet bilaterally with leaders. At 15:00 ET 20:00 BST, Trump is scheduled to deliver a press conference to close out the summit.

14:00 ET 19:00 BST today, State Department Spokesperson Tammy Bruce will deliver a press conference from the Department of State.

### Israel-Iran Conflict

President Donald Trump announced a ceasefire, effective today, between Iran and Israel after a largely symbolic Iranian strike on a US military base in Qatar provided an offramp to the conflict.

- In a series of [posts](#) on Truth Social, Trump declared that Iran and Israel agreed to a "Complete and Total CEASEFIRE" which he claimed would end what he characterised as "THE 12 DAY WAR."

- In separate messages, Trump claimed that Iran and Israel approached him independently, petitioning for peace, and he thanked the Emir of Qatar for “all that he has done in seeking Peace for the Region.”

A senior White House official told the New York Times that Trump’s ‘abrupt’ announcement announcement, “caught even some of Mr. Trump’s own top administration officials by surprise.”

- Noted as a likely offramp in yesterday’s edition of this newsletter, the Iranian strike on Al-Udeid airbase in Qatar followed a playbook established after the 2020 assassination of IRGC Quds Force Commander Qassam Soleimani, allowing the Iranian regime to notch up a domestic win with a strike calibrated below the threshold for deeper US involvement.
- The strike appeared to mirror the number of missiles used in Saturday’s US bombing campaign against Iran’s nuclear sites, far fewer than required to overwhelm Qatari air defences.
- Trump went as far as to [thank](#) Tehran for “giving us early notice, which made it possible for no lives to be lost, and nobody to be injured.”
- Additional performative strikes on US bases in Iraq were also undertaken. The bases, which had been largely depopulated of US personnel, reported no casualties.

Dan Caldwell, a former advisor to the Defense Secretary Pete Hegseth now at the Defense Priorities think tank, wrote on X that the Iranian counterattack offered the “ideal endgame” to the current conflict.

- Caldwell added: “Israel ramps down their air strikes over the next few days (as Netanyahu has implied they plan to do), Iran stops their missile attacks against Israel and launches no further attacks on US bases, and the U.S. does not conduct follow on strikes on Iran. In this scenario, all sides can claim some form of victory.”

Politico writes: “The president believes — with some justification — that he has proved his critics wrong. America has asserted its military dominance in the region. Iran’s nuclear program has taken a severe blow. The pushback has been almost nonexistent.”

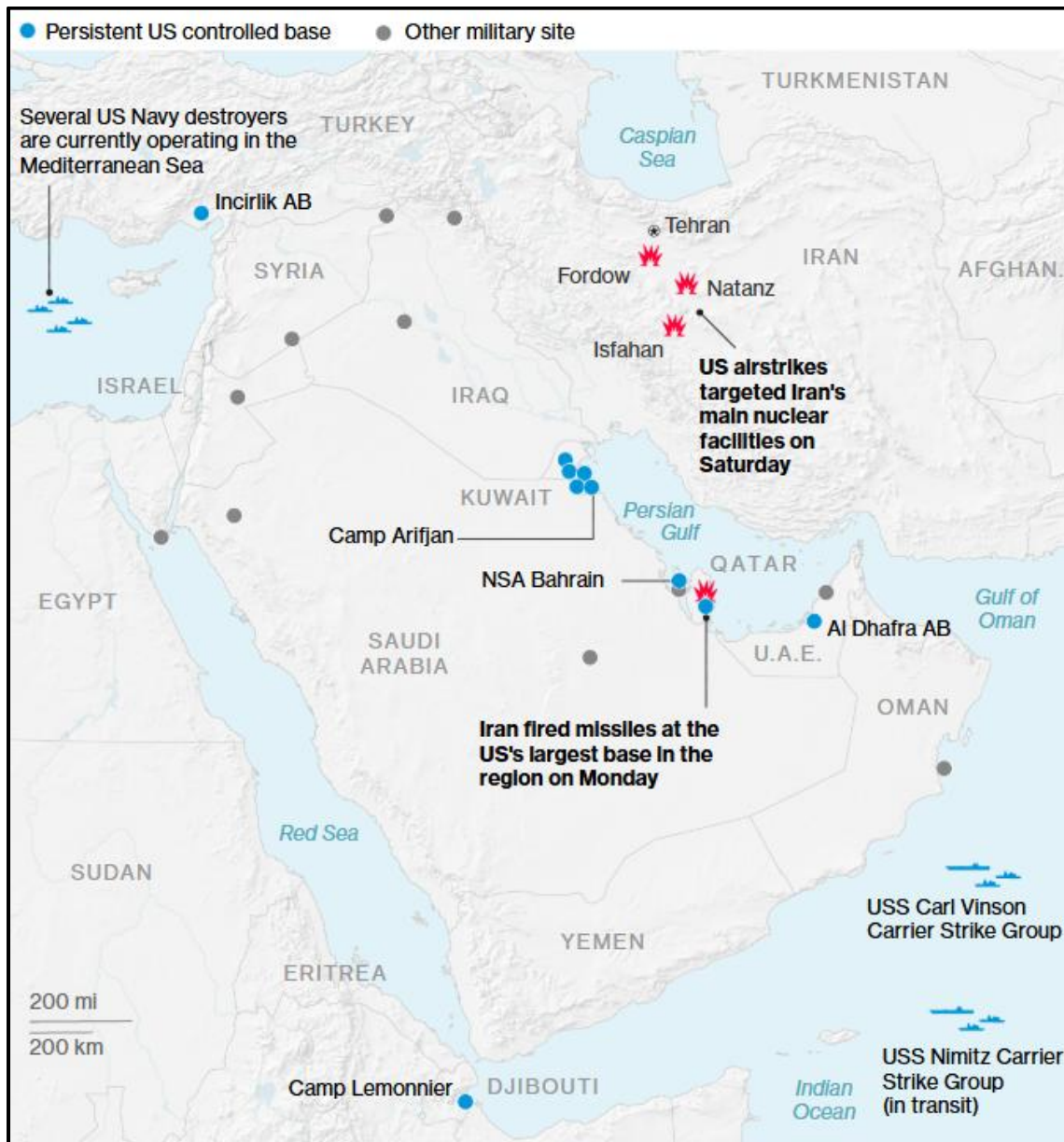
- Axios writes: “Trump’s military intervention ... brought the U.S. to the precipice of a major conflict that four of his predecessors had sought to avoid. But it set the stage for a ceasefire that — if it holds — could usher in a fundamentally new era for the Middle East, its security and its dominant powers.”

Brett McGurk, former President Joe Biden’s Middle East envoy, said: “This is about the best place we can be. I give extremely high marks to this national security team and President Trump for managing this crisis.”

- Barron’s notes: “The episode may leave investors scratching their heads about how to interpret Trump. After the display of force with bombs, the takeaway surely isn’t to count on TACO trades—that Trump Always Chickens Out of delivering on his threats.”
- The Economist [warns](#) that in Iran, “military hardliners are grabbing power from clerics. That could mean they try to extricate themselves from the war now in order to fight another day. But in the medium term it could signal that the regime becomes

more extreme, not more pragmatic, under the pressure of a devastating military campaign.”

**Figure 1: US Military Base Targeted by Iran in Qatar**



Source: New York Times

## Prognosis for a Durable Ceasefire

The ceasefire appears to be in the best interest of both Iran and Israel. At least for now. Iran's ballistic missile capabilities have been significantly impaired by Israeli strikes, while Israel's stockpile of interceptors for its three-layered air defence shield have likely been depleted to a level that entails risk, should the conflict continue.



- According to Israeli estimates, its interceptions of incoming missiles during an intensive bombardment costs as much as \$285 million per night, per Adam Tooze.

In the hours following the ceasefire's formal start, Israel and Iran have exchanged accusations of violations. Ceasefire violations are not unusual in the early days of a truce, but comments from senior Israeli officials suggested that the ceasefire might be on shaky ground.

- The durability of the ceasefire is likely to come down to Israel's determination that they have achieved its military objectives. As of this week, those objectives included a neutralisation of both Iran's nuclear and ballistic missile programmes. Israel has also hinted at a secondary goal of regime change in Tehran but stressed that it would need to come from a domestic movement.
- The Israeli government released an official statement this morning: "In light of having achieved the objectives of the operation, and in full coordination with President Trump, Israel agrees to the President's proposal for a bilateral ceasefire." The statement added: "Israel will respond forcefully to any violation of the ceasefire."

## Ceasefire Violations

The IDF confirmed this morning that a single Iranian missile was fired at northern Israel, with no casualties reported. The Iranian government denied the missile launch, per Iran's IRIB.

- Israeli Defence Minister Israel Katz said in response: *"I instructed the IDF to respond forcefully to Iran's violation of the ceasefire with powerful strikes against regime targets in the heart of Tehran."*
- Iran's Fars News reports the Supreme National Security Council saying Israel was forced by the US to accept a "one-sided ceasefire", and that "Iran's armed forces have no trust in the words of its enemies and will keep [its] finger on the trigger to respond to any further act of aggression".

## Trump's Response

Trump responded to reports of ceasefire violations this morning with the strongest language he has used towards Israel. He said on Truth Social: "ISRAEL. DO NOT DROP THOSE BOMBS. IF YOU DO IT IS A MAJOR VIOLATION. BRING YOUR PILOTS HOME, NOW!"

- Speaking to reporters before departing for the NATO summit, Trump said: *"Israel, as soon as we made the deal, they came out and they dropped a load of bombs, the likes of which I'd never seen before[...] I'm not happy with Israel. You know when I say, Okay, now you have 12 hours. You don't go out in the first hour, just drop everything you have on them. So I'm not happy with them. I'm not happy with Iran either. But I'm really unhappy if Israel is going out this morning[...]. We basically have two countries that have been fighting so long and so hard that they don't know what the f--- they're doing."*

Trump added on Truth Social, after reportedly holding a call with Prime Minister Benjamin Netanyahu aboard Air Force One: "ISRAEL is not going to attack Iran. All planes will turn around and head home, while doing a friendly "Plane Wave" to Iran."

- According to Israel's Channel 12, Netanyahu conveyed to Trump that Israel would conduct a "purely symbolic response" to Iran's alleged breach of the ceasefire. According to local media sources, the Israeli strike hit several targets in Tehran.

## Iran's Nuclear Threat

Analysts and nuclear experts have been largely in agreement that joint Israeli and US strikes on Iran's nuclear facilities are unlikely to permanently end its nuclear programme. This is due to the durability of nuclear expertise and unclear intelligence on the status of Iran's nuclear material and infrastructure.

- However, Trump's decision to strike Iran's nuclear facilities transforms a decades-long theoretical threat into a credible threat, which could be sufficient to convince Tehran to return to the negotiating table, admit IAEA inspectors, and placate Israel's concerns that Iran could 'race for a bomb'.

The head of Iran's Atomic Energy Organisation, Mohammad Eslami, claimed this morning that: "We've taken necessary measures and are assessing the damaged areas. Plans for revival [of nuclear facilities] were pre-arranged, and our current strategy ensures no disruption to production and services."

- Laurence Norman at the WSJ writes on X that some of the concerns over Iran's remaining nuclear stockpile could be overblown: "So let's assume Iran has full control of [its nuclear stockpile]. Which seems likely. What does it now do? IAEA will want inspectors there to check caskets and amounts. Iran can delay a few days. Then what? If access and a full accounting of it is refused, what is Iran saying to Trump and US?"
- Norman continues: "Of course Iran could complete and ratify its bill on non cooperation with IAEA. It could exit the NPT. But the fundamental question remains. There's nothing theoretical any more about US action to prevent an Iranian nuke. And that's leaving aside challenges of building covertly."
- Norman concludes: "I would seriously question anyone to argue Iran's pathway to a bomb has been definitively shut... But equally, I'd question anyone who asserts that it's simple for Iran to break out now."

## Tariffs and Trade

Semafor reports that, "Wall Street economists are walking back their most drastic predictions for tariffs' hit to the US economy."

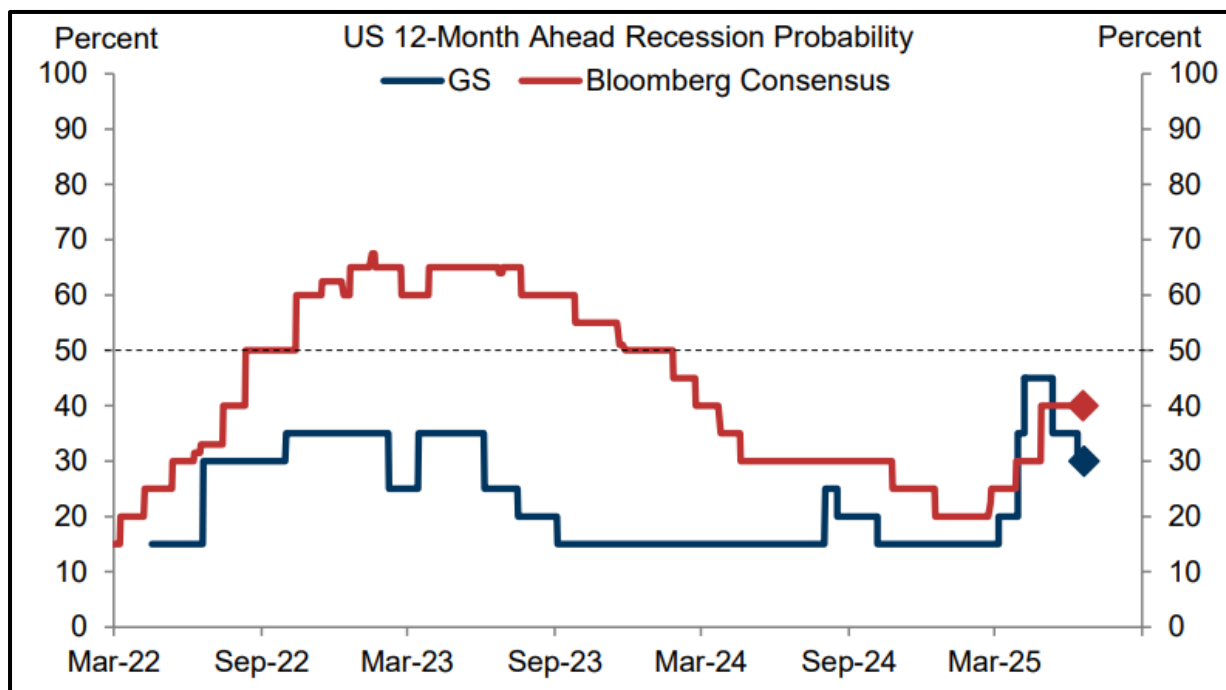
- Torsten Slok at Apollo [writes](#): "Maybe the [tariff] strategy is to maintain 30% tariffs on China and 10% tariffs on all other countries and then give all countries 12 months to lower non-tariff barriers and open up their economies to trade."
- "Extending the deadline one year ... would seem like a victory for the world and yet would produce \$400 billion of annual revenue for US taxpayers. Trade partners will be happy with only 10% tariffs and US tax revenue will go up. Maybe the administration has outsmarted all of us."

Goldman Sachs writes in a [note](#): "Our projection for the 2025 increase in the effective US tariff rate has stabilized at around 14pp over the past two months, dramatically higher than the 2pp increase in the first Trump administration but significantly below the 20pp we

assumed for two hours on April 9... It has also led us to shave our December 2025 core PCE inflation forecast to 3.4%, boost our 2025 US growth forecast to 1.25% on a Q4/Q4 basis, and cut our 12-month US recession probability to 30%."

- Goldman adds: "One reason not to cut our recession probability further is potential US military action against Iran. While the probability of very near-term action has declined in the last couple of days, prediction markets still see a high risk through July and crude oil prices remain about \$10/barrel higher than in early June."

**Figure 2: "Recession Risk Has Declined But Remains Above Normal Levels"**



Source: Bloomberg, Goldman Sachs Global Investment Research

## Congressional Business

The House is IN

The Senate is IN

### Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Small Business: "Securing America's Mineral Future: Unlocking the Economic Value Beneath Our Feet"
- 10:00 ET 15:00 BST: HOUSE Judiciary: "Fiscal Accountability and Oversight of the Federal Courts"
- 10:00 ET 15:00 BST: HOUSE Financial Services: **The Federal Reserve's Semi-Annual Monetary Policy Report – Fed Chair Jay Powell to testify** [LIVESTREAM](#)
- 10:00 ET 15:00 BST: HOUSE Oversight: "Locking in the DOGE Cuts: Ending Waste, Fraud, and Abuse for Good"
- 10:00 ET 15:00 BST: HOUSE: Energy and Commerce: The Fiscal Year 2026 Department of Health and Human Services Budget



*Note: Fed Chair Jerome Powell will testify before the House Financial Services Committee on Tuesday and the Senate Banking Committee on Wednesday.*

## Big Beautiful Bill

Senate Majority Leader John Thune (R-SD) is full steam ahead on his plan to hold the first procedural votes on the Big Beautiful Bill on Thursday, even as the Senate continues to re-write key items in the package and faces issues flagged by the Senate Parliamentarian.

- Thune wrote in a [Fox News op-ed](#) yesterday: “Senators return to Washington today and we will remain here until this bill is passed. We know that Democrats will fearmonger and misrepresent our efforts, and we expect them to drag this debate long into the night with unrelated issues. However, I am confident we will get this bill across the finish line.”

President Trump met separately with Senators Ron Johnson (R-WI), Mike Lee (R-UT), and Rick Scott (R-FL) at the White House yesterday to ramp up pressure on the trio of fiscal hawks.

- Scott told reporters that Trump had assured him that he wants to see a repeal of green credits under the Biden-era climate law and supports a balanced budget, per Politico. The outlet noted that the trio had relayed Trump’s message to House Freedom Caucus members “but were publicly mum on other details.”

Punchbowl reports that, during a Monday night Senate GOP Conference meeting, Senator Bill Cassidy (R-LA), “stood up for his fellow Louisiana Republican, Speaker Mike Johnson, and insisted that the House won’t be able to pass what Senate Republicans have been cobbling together, citing the Senate’s stricter crackdown on Medicaid provider taxes.”

- Punchbowl adds: “Several GOP senators told us they came away from the meeting — and this interaction in particular — with the impression that Thune is angling to use his substantial leverage to dare the House to reject any Senate-passed bill, especially with President Donald Trump eager to sign the measure by July 4.”

## Byrd Bath

Senate Parliamentarian Elizabeth MacDonough will hold final meetings with Senate Republicans today to wrap up the so-called Byrd Bath on the Senate Finance Committee’s portion of the package. Finance’s purview covers taxation and Medicaid, making it the most consequential part of Trump’s domestic agenda.

- MacDonough is likely to make her final determination on the Finance panel’s text today, allowing Thune to compile a final draft of the bill by tomorrow or Thursday.
- Republicans on the Senate Banking and Agriculture Committees are rewriting text related to cuts to the Consumer Financial Protection Bureau and Food Stamps, after seeing them struck from the Budget Reconciliation process.
- Senator Mike Lee (R-UT) is now floating a narrower version of his plan to sell millions of acres of public lands after MacDonough deemed his initial proposal — which had

drawn fierce opposition from a quartet of western-state GOP senators — noncompliant, per Politico.

- The Hill reports this morning: “MacDonough has ruled against provisions in the GOP megabill to enact President Trump’s agenda that would dramatically accelerate the approval of offshore oil and gas projects.”

## **SALT**

Senator Markwayne Mullin (R-OK), a key conduit between the House and Senate, told reporters yesterday that the upper chamber is nearing a compromise proposal on the State and Local Tax (SALT) cap, warning that “no side is going to happy”.

- Axios notes that Mullin’s plan will keep the House’s \$40,000 cap in place but lower the threshold where the deduction is phased out.
- Mullin said: “I wouldn’t say an agreement, just an acceptance. It does it with the income threshold but not the cap... No side is going to be happy, but it’s something that we’ve got to put a number in. We want to get it where it’s palatable for both sides, but neither side is going to love it.”

Punchbowl notes: “The SALT crew says they’re not taking this deal. Rep. Nick LaLota (R-NY) told reporters that GOP senators would have to “offer something in return” for lowering the income limit. Republicans could do that by increasing the \$40,000 deduction cap or raising it more to account for inflation over time.

- “But Senate Republicans don’t want to do that. Plenty of them are itching to jam blue-state House members on SALT. There’s heavy skepticism that the SALT crew would torpedo Trump’s agenda over lowering the income limit from \$500,000 to, say, \$300,000.”

## **Medicaid**

Senator Josh Hawley (R-MO), the most rigid Medicaid moderate in the Senate, appeared to indicate yesterday that a fund to bolster rural hospitals could alleviate his concerns with cuts to the provider tax.

- Politico notes that Hawley told reporters he’s “absolutely happy with a rural fund” but cautioned, “I don’t know” if it will solve the issue. House GOP leaders are also warning it won’t pass their chamber.
- Susan Collins (R-ME), who has raised concerns about the impact of the reconciliation bill on rural hospitals, told reporters last week she was gauging interest among her colleagues on a fund for “rural hospitals, nursing homes and community health centers,” adds Politico.

## **Federal Reserve**

10:00 ET 15:00 BST: Federal Reserve Bank Chair Jay Powell will be on Capitol Hill today to deliver testimony to the House Financial Services Committee on the Semiannual Monetary Policy Report. [LIVESTREAM](#)

- The hearing comes as Trump continues his attack on Powell for failing to lower rates, arguing that the Fed should assist the White House in reducing the cost of servicing the national debt.



Trump said on [Truth Social](#): *“Too Late” Jerome Powell, of the Fed, will be in Congress today in order to explain, among other things, why he is refusing to lower the Rate. Europe has had 10 cuts, we have had ZERO. No inflation, great economy - We should be at least two to three points lower. Would save the USA 800 Billion Dollars Per Year, plus. What a difference this would make. If things later change to the negative, increase the Rate. I hope Congress really works this very dumb, hardheaded person, over. We will be paying for his incompetence for many years to come. THE BOARD SHOULD ACTIVATE. MAKE AMERICA GREAT AGAIN!”*

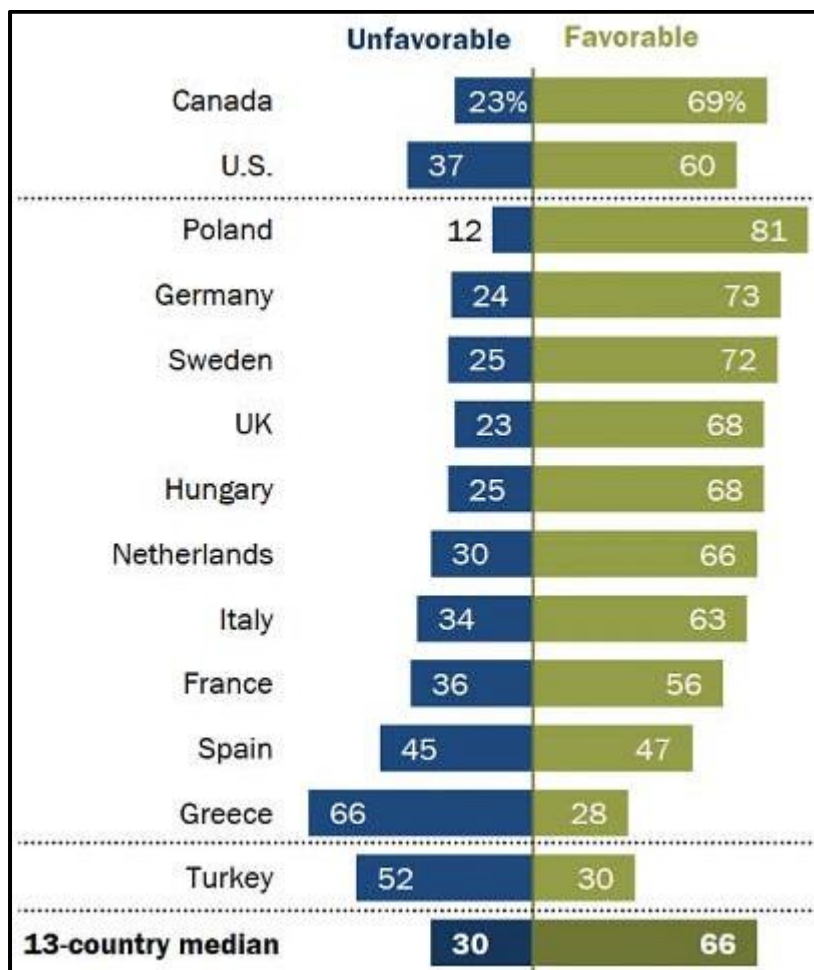
- Bloomberg notes: “Look for Powell to carefully follow his message from last week, when he said the central bank was “well positioned to wait to learn more about the likely course of the economy” before considering any move in interest rates.”
- David Beckworth, senior research fellow and monetary policy director at the Mercatus Center, said: “We’re beginning to see what I think are the early warning signs that the Fed is going to be increasingly called upon to keep the government solvent... When you begin to see this type of rhetoric, it’s a clear sign that people are beginning to get nervous. And how else can we save money? Well, let’s turn into the Fed and put pressure on them.”

## Chart of the Day

A new [survey](#) of 13 NATO member countries by the Pew Research Center has found that NATO, “is seen more favorably than not ... A median of 66% of adults have a positive view of the alliance. Opinions vary widely, however, from 81% favorability in Poland to 28% in Greece.”

- Pew notes: “Favorable views of NATO have declined since 2024 in a few countries, including Turkey and Greece, where the organization is historically less well-regarded than it is in other member nations. However, positive views of NATO are up since last year in Canada and Germany.”

**Figure 3: “% who have a (n)\_ opinion of NATO”**



Source: Pew Research Center

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