

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 24-10-25

by Adam Burrowes

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

22:40:40 ET 03:40 BST

President Trump departs the White House en route Kuala Lumpur, Malaysia

#### KEY DATES:

- ❖ China tariff truce expires: November 10

### Washington

President Donald Trump will depart the White House at 22:40 ET 03:40 BST for Kuala Lumpur, Malaysia, the first stop on a three-country tour of Asia, where Trump will take in two major summits and meet a raft of world leaders.

- The Bureau of Labor Statistics will release the delayed September CPI report at 08:30 ET 13:30 BST. MNI's preview of the report can be read [here](#). "It's possibly the last report that won't be adversely impacted by the shutdown until the new year, although quality concerns were already elevated with high reliance on imputed values back in August," write MNI's Tim Cooper and Chris Harrison.

### Trump's Asia Trip

On Sunday, Trump will meet bilaterally with his counterparts from Malaysia, Cambodia, and Thailand. Trump will look to formalise a fragile ceasefire agreement to resolve the Cambodia-Thailand border crisis that he brokered with the help of Malaysia earlier this year.

- Malaysian foreign minister Mohamad Hasan told reporters that Trump was "eager" to see a peace accord signed during the summit, per the Guardian.

On Sunday evening, Trump will attend the Association of Southeast Asian Nations (ASEAN) summit in Kuala Lumpur, for the first time since 2017. Southeast Asian nations will lobby Trump for tariff reductions, with Thailand and Vietnam contributing the most to the US trade deficit.

- ASEAN reciprocal tariff rates: Singapore: 10%, Indonesia: 19%, Malaysia: 19%, Brunei: 25%, Philippines: 19%, Thailand: 19%, Cambodia: 19%, Vietnam: 20%, Laos: 40%, Myanmar: 40%.

### Japan

On Monday, Trump will fly to Tokyo, Japan, where he will be accorded a state visit and meet new Japanese Prime Minister Sanae Takaichi on Tuesday. The meeting will be the first major diplomatic test for Takaichi, who will look to leverage her ideological parallels with Trump.

- The Japanese premier told reporters this week that she is "truly hoping to work together with President Trump to make our alliance even stronger and more prosperous, and to advance a free and open Indo-Pacific".

- As a sweetener for Trump, Takaichi, in her first policy address to parliament today, unveiled a plan to lift Japan's defence-related spending to a level equivalent to 2% of gross domestic product in the current fiscal year ending March 2026, per Nikkei.
- Nikkei notes, "If met, the increase in defense outlays would come two years ahead of the current plan for achieving the 2% target by the end of a five-year buildup through March 2028."

## South Korea – Trump/Xi Meeting

Trump will travel to Gyeongju, South Korea, on Wednesday to attend the Asia-Pacific Economic Cooperation (APEC) summit. Trump will deliver a keynote address at a luncheon for CEOs and join a US-APEC leaders working dinner.

- The main event for markets will be a meeting between Trump and Chinese President Xi Jinping. White House Press Secretary Karoline Leavitt confirmed that the first in-person meeting between the pair since 2019 will take place on Thursday.
- "On Thursday morning local time, President Trump will participate in a bilateral meeting with President Xi of the People's Republic of China, before departing to return home," Leavitt said.
- Treasury Secretary Scott Bessent and USTR Jamieson Greer will hold preliminary talks with their Chinese counterparts in Malaysia over the weekend to ensure trade talks are on track and the Trump-Xi meeting goes ahead despite a major escalation of trade tensions in recent weeks.

The meeting comes ahead of the November 10 deadline for extending the US-China trade truce. If an extension isn't agreed, tariffs will be triggered, imposing an effective trade embargo on the world's two biggest economies.

- Trump said this week he expects a major deal to cover the majority of friction points in the bilateral trade relationship, including soybean purchases, Fentanyl, and export controls on rare earths. The prevailing view among analysts is that a truce extension is likely, but a 'grand bargain' will [remain elusive](#).
- "With the recent cooling of rhetoric... We are leaning toward a positive outcome that at least extends, if not builds on, the uneasy trade truce of the past few months," ING economist wrote in a note.

Trump is expected to meet South Korean President Lee Jae Myung on Wednesday. The meeting is an opportunity to resolve tensions over an [ICE raid](#) at a Hyundai battery plant in Georgia in September

- There are unanswered questions for both South Korea and Japan on trade agreements, auto tariffs, and investment pledges. While Washington and Tokyo have a preliminary trade agreement in place, the terms of a USD\$550 billion investment pledge have not been finalised.

South Korean Trade Minister Kim Jung-kwan said after a trip to the US this week that the two sides remain sharply divided over the terms of Seoul's proposed USD\$350 billion investment pledge in the US.

- “South Korea’s position is that the cash portion should be reduced, while the US maintains that it should be larger. The difference in positions remains significant,” Kwan said.
- Kim Yong-beom, policy chief at the presidential office, told reporters yesterday: “APEC is just around the corner and time is running out. If anyone expects a breakthrough around the APEC, there is a long way to go.”

## **Brazil**

Bloomberg reports that Trump may also meet with Brazilian President Luiz Inacio Lula da Silva, whose country was targeted with 50% tariffs, at ASEAN. Ties between the two have warmed recently after a diplomatic spat over the prosecution of former President Jair Bolsonaro and digital laws that the White House claimed targeted US tech firms..

- According to Bloomberg, if he secures a meeting, Lula will attempt to “persuade Trump to roll back tariffs imposed on Brazilian products and sanctions on the country’s Supreme Court justices, government officials, and their families.” The pair are also likely to discuss Trump’s military operation against Venezuelan cartels.
- Lula said in Indonesia earlier today, “I’m very interested in having this meeting. I’m fully prepared to defend Brazil’s interests and to show that the tariffs imposed on Brazil were a mistake.”

## **Government Shutdown Day 23**

Senate Majority Leader John Thune (R-SD) abandoned plans yesterday to hold a thirteenth vote on the GOP’s November 21 government funding bill. He instead ran a vote on Senator Lindsay Graham’s supplemental funding bill to pay troops and some federal workers during the government shutdown.

- The vote failed, as expected, with Democrats filibustering the bill, citing concerns that Trump and Office of Management and Budget Director, Russ Vought, could use the funds to exert more control over government agencies. After the vote, Thune recessed the Senate, ensuring that the government shutdown will extend until at least Monday.
- Schumer said of the bill on the Senate floor, “It’s nothing more than another tool for Trump to hurt federal workers and American families and to keep this shutdown going for as long as he wants. We will not give Donald Trump a license to play politics with people’s livelihoods. That’s why we oppose this.”

The vote offered a glimmer of hope for Republican leaders, with Georgia Democrats Jon Ossoff (D-GA) and Raphael Warnock (D-GA) both voting with Senator John Fetterman (D-PA) in favour of the measure.

- Although there is no sign that the Georgia Democrats intend to vote for the CR, if they were to extend their ‘no’ vote to the funding bill, it would take the total Democrat vote to five, inching closer to the nine required to break the filibuster.
- Thune is likely to continue rerunning votes on both the GOP’s funding bill and military pay bills, seeing military pay as a wedge issue that can peel off enough votes to reopen the government without concessions on healthcare.



- Senator Johnson said outside a bipartisan Senate lunch yesterday: "I'm going to work over the weekend, our staffs, figure out how to take my bill, make it acceptable to Democrats. Hopefully, we can pass it early next week. That's my game plan, Wish me luck."

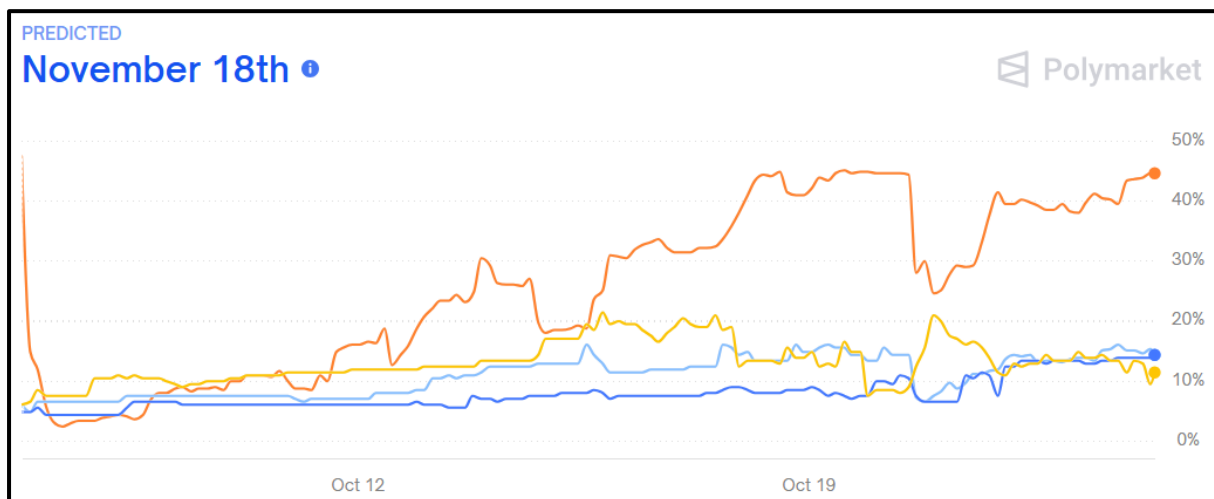
White House Deputy Chief of Staff, James Blair, indicated in an interview with Punchbowl News that President Trump 'isn't interested at all in extending the enhanced premium Obamacare tax credits at the center of the shutdown fight.'

- Punchbowl notes, "it doesn't seem as if Trump is anywhere close to folding or beginning negotiations with Democrats. Echoing a line used frequently by Hill Republicans, Blair dismissed the ACA credits as 'subsidies to insurance companies.'"
- Blair said: "These insurance subsidies, and to be clear, these are subsidies to insurance companies. They don't actually go to people. They've been artificially masking the cost of premiums. OK? They put these in during the Covid era. ... [Democrats] voted not once, but twice, to make this program temporary that we're now discussing and for them to expire."

Punchbowl notes. "The political impact of failing to extend the ACA subsidies could be seismic. Health care premiums will skyrocket, and Republicans could get the blame."

- We wrote in yesterday's edition of this newsletter that Democrats are gambling that Trump will see the political imperative of making a deal on Obamacare. Blair's interview suggests that, at least publicly, the Trump White House isn't yet ready to open negotiations.
- Prediction markets see little chance of a resolution in the short term. According to Polymarket, there is a roughly 45% implied probability that the shutdown will extend to November 16, an increase of nearly 5% since yesterday.

**Figure 1: When will the Government Shutdown End?**



Source: Polymarket

#### Government Shutdown Key Dates:

- Oct. 24: Many federal employees miss their first full paycheck

- Oct. 31: Second military payday of the shutdown
- Nov. 1: Possible lapse in funding for WIC nutrition assistance program
- Nov. 1: Open enrolment for ACA. Dems argue this is the deadline for Obamacare
- Nov. 2: Possible disruptions to SNAP benefits
- Nov. 5: The shutdown will overtake the 2018-19 shutdown as the longest ever

## Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

## Gaza

Time Magazine yesterday published an [interview](#) with President Trump on the Gaza ceasefire, which includes candid comments on a range of issues, including his relationship with Israeli Prime Minister Benjamin Netanyahu.

- Trump indicated that he will visit Gaza at some point, “Yeah, I will. You know, we have the Board of Peace, and it's set up. They asked me to be the chairman. It was not something I wanted to do, believe me, but the Board of Peace is going to be a very powerful group of people, and it's going to have a lot of power in terms of the Middle East.”
- On Israel potentially annexing the West Bank – a source of tension this week-, Trump said: “It won't happen because I gave my word to the Arab countries. It will not happen. Israel would lose all of its support from the United States if that happened.”

On the expansion of the Abraham Accords, Trump's flagship first-term foreign policy initiative seeking to normalise relations between Israel and Arab states, Trump said: “I think Saudi Arabia will lead the way toward the Abraham Accords.” He added he thinks it will happen by the end of the year.

- An announcement on the Abraham Accords could come as soon as November 18, when Saudi Crown Prince Mohammad bin Salman visits the White House for the first time since 2018. Bloomberg reports that Trump and MBS will “sign agreements on artificial intelligence, defense, nuclear cooperation and trade.”

## Canada

President Trump yesterday ‘terminated’ all trade negotiations with Canada, claiming that a TV advertisement run in the US and sponsored by the government of Ontario, in which former US President Ronald Reagan is heard talking of the economic costs of tariffs, intended “to interfere with the decision of the US Supreme Court, and other courts.”

- Trump wrote on [Truth Social](#), “The Ronald Reagan Foundation has just announced that Canada has fraudulently used an advertisement, which is FAKE, featuring Ronald Reagan speaking negatively about Tariffs. The ad was for \$75,000,000. They

only did this to interfere with the decision of the U.S. Supreme Court, and other courts. TARIFFS ARE VERY IMPORTANT TO THE NATIONAL SECURITY, AND ECONOMY, OF THE U.S.A. Based on their egregious behavior, ALL TRADE NEGOTIATIONS WITH CANADA ARE HEREBY TERMINATED.”

The New York Times [notes](#): “The quotes are drawn from a radio address that Mr. Reagan gave in April of 1987, in which he urged Congress not to pursue protectionist policies against Japan and gave a blistering critique of the economic effects of tariffs. Although quotes are taken from different parts of Mr. Reagan’s speech, there is no indication that they have been altered.”

- The Ronald Reagan Presidential Foundation and Institute had criticized Ontario for running the ad, saying that they didn’t seek permission to use the remarks, and that “selective audio and video” in the ad “misrepresents” Reagan’s full address, per Bloomberg.

Trump is expected to meet Canadian Prime Minister Mark Carney next week, as both will attend the ASEAN and APEC summits in Malaysia and South Korea. The timing of Trump’s statement is a blow to Carney, as the [Globe and Mail](#) reported earlier this week that a US-Canada trade deal covering steel, aluminum and energy could be ready for Trump and Carney to sign at APAC.

- However, the move could also be an attempt to gain leverage, as Charu Chanana, a strategist at Saxo Capital Markets in Singapore told Bloomberg: “Markets have seen this movie before — Trump’s trade brinkmanship rarely lasts. Any loonie weakness may be faded quickly unless we see follow-through on tariffs or new rhetoric escalation.”

For now, the impact of tariffs is limited. While subject to a nominally high tariff rate, the majority of Canadian goods enter the United States tariff-free via the US-Mexico-Canada Agreement (USMCA). Carney put the percentage of tariff-free goods at 85%.

- According to the Brookings Institution, Canada faces a “weighted average [tariff] of 9.8%, and Mexico of 5.2%, up from 0.1% and 0.3%, respectively, at the beginning of the year.” The bigger fight for Ottawa comes over the next year, when the US, Canada, and Mexico undertake a mandatory review of the USMCA.

## Ukraine War

Global commodities markets are calibrating the fallout from Trump’s decision to slap sanctions on Russia’s two biggest oil companies, Rosneft and Lukoil (and a raft of subsidiaries), after the White House determined Russian President Vladimir Putin to be inflexible on his terms for a ceasefire in Ukraine. Trump’s sanctions have been backed up by a 19<sup>th</sup> package of sanctions from the European Union, aligning Washington and Brussels on Russia for the first time in Trump’s second term.

- MNI’s Commodities team has published a deep dive into the sanctions, from the perspective of oil markets [here](#). MNI concludes that, “In the longer-term, India’s imports are expected to be more impacted than Russia-China flows.”



Putin told reporters yesterday: “This is an unfriendly act toward Russia, and it doesn’t strengthen relations between Russia and the United States that only began to get restored. But no self-respecting country and no self-respecting people ever decide anything under pressure.”

- The New York Times notes, “Putin’s comments signaled that the Kremlin was not willing to soften its maximalist demands to end the war in Ukraine. Russia has continued to strike Ukraine daily with drones and missiles, and its troops are still pushing to occupy more Ukrainian territory...”

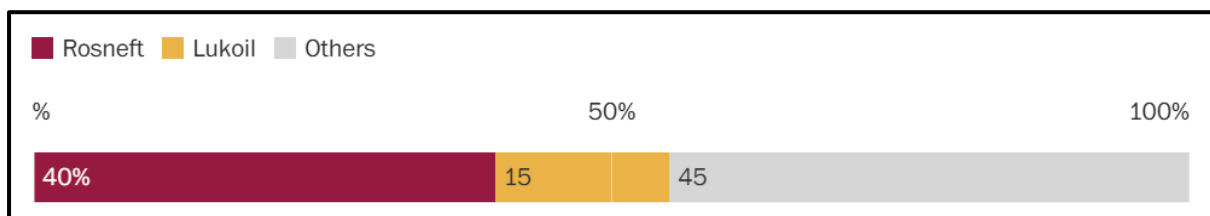
Semafor notes that the “Russian Foreign Ministry said Russia now has an “immunity” to sanctions and warned that Trump will be no more successful than Joe Biden in punishing Russia this way. And some analysts say Trump’s move is unlikely to sway Putin, who is prepared to endure huge costs — and knows Trump could flip-flop.”

- The Wall Street Journal [reports](#), “Analysts said the impact of blacklisting Russia’s biggest oil producers—Rosneft and Lukoil—would hinge on three things: how well they are enforced, the reaction of major markets in India and China, and whether Moscow can circumvent the measures as it has up to now.”
- The Journal notes, “The sanctions are hitting the Russian economy at a precarious time. After defying Western sanctions for over three years, the Russian economy has slowed to a crawl in recent months under the weight of a labor crunch, high interest rates and a costly wartime fiscal squeeze.”

The Washington Post [reports](#), “Rosneft and Lukoil, responsible for about 55 percent of Russian oil production, are key contributors to Moscow’s war budget. The oil and gas sector as a whole contribute about 25 percent of state revenue.”

- An analyst told the Post, “The most important question is how India will react,” predicting that Chinese oil imports would probably continue. “If we see any decline in the imports of Russian oil to India this might be problematic for Russia because then Rosneft and Lukoil have to look for other customers and will have to set steeper discounts.”

**Figure 2: Estimated share of oil production in Russia by company**



Source: The Washington Post

Meanwhile, Russia hawks in the Senate are hoping to use momentum from Trump’s pivot to push through stalled legislation to punish Russia.

- Senators Lindsay Graham (R-SC) and Richard Blumenthal (D-CT), the authors of the punitive sanctions bill that would hit buyers of Russian energy products with secondary tariffs, suggested there was now an increased chance the sanctions package could be greenlit by Trump.

- Blumenthal said Trump's move this week "establishes a trajectory for passing our sanctions bill, and there's no excuse for delay." Graham suggested the Senate could hold a "Russia week" to pass the sanctions bill and two other bills to punish Moscow.
- The other bills, both discharged from the Senate Foreign Relations Committee this week, would designate Russia as a state sponsor of terrorism over its kidnapping of Ukrainian children and set a schedule for sending frozen Russian assets to Ukraine.

Graham said on the Senate floor, "The time has come. I'm hoping and I believe the Majority Leader [John Thune] agrees that the time has come. We'll wait to see what happens in China [at the Trump-Xi meeting], but if nothing changes in China, then we need to have a week, I believe, of where this body focuses on applying pressure against Russia to end this conflict for the betterment of the world."

- Senate Majority Leader John Thune (R-SD) told reporters yesterday he's trying to advance the sanctions bill "in concert and coordination with the White House to make sure that we're giving them the best possible opportunity to succeed in getting Russia to the table."
- Senate Foreign Relations Committee Chair Jim Risch (R-ID) told Punchbowl he'd like to see every Russia-related bill "that we have kicking around" included in a potential week of action. But Risch cautioned that finding floor time amid the shutdown will be tough. "But look, it's a priority for me, it's a priority for the committee," Risch added. "We'll see what happens."

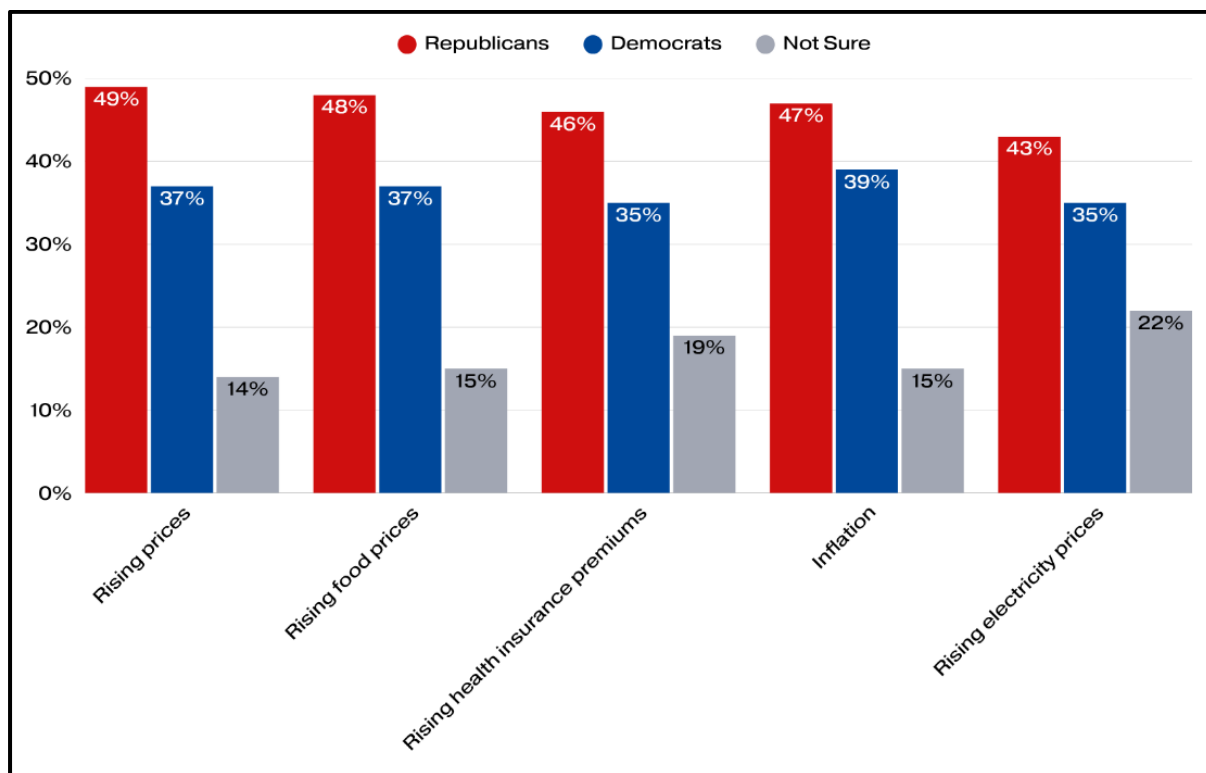
## Chart of the Day

Democrat-affiliated progressive polling outfit, Blueprint Research, [reports](#) that Democrats have a 'political opening' as Americans now broadly believe that Trump owns the economy.

- The report notes, "Voters blame Republicans for rising prices and inflation—and when you zero in, they blame Trump specifically. But while Trump now bears the brunt of blame for high costs, congressional Republicans remain relatively insulated, with congressional Democrats receiving twice as much blame as their GOP counterparts for rising prices and inflation."
- The report advises, "Democrats would be wise to make the most of voters' grievances with an economy they now associate with President Trump, building on their existing push to protect healthcare while advancing bolder action on grocery and pharmaceutical costs, paid family leave, and the child tax credit."

## Figure 3: Which party is to blame for the following problems?





Source: Blueprint Research

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