

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

by Adam Burrowes

The White House (times subject to change)

08:00 ET 13:00 BST	President Trump departs the White House en route to Turnberry, Scotland
15:20 ET 20:20 BST	President Trump arrives at Turnberry, Scotland

KEY DATES:

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

Washington

President Donald Trump will depart the White House this morning for a four-day trip to Scotland, his first visit to the United Kingdom since his re-election. Trump's schedule shows no official events on Saturday or Sunday.

- Trump is expected to meet with UK Prime Minister Sir Keir Starmer on Monday, 28 July, with reports suggesting that while the September state visit will be the primary opportunity for detailed negotiations on bilateral issues, Starmer may look to press the US president on the issue of steel tariffs.
- The Financial Times [reports](#) FT: "The immediate priority for Downing Street is an agreement on steel tariffs, with UK and US officials discussing proposals to end the impasse in recent days."
- The two are also expected to discuss the geopolitical situations in Ukraine and the Middle East, while the FT also reports Starmer will look to push for exemptions or reduced tariffs for Scotch whisky and UK pharmaceuticals.

Trump's former National Security Advisor Mike Waltz appears on track for confirmation as US ambassador to the UN, after Democrat Senator Jeanne Shaheen (D-NH) struck a deal to advance his nomination from committee to a full Senate vote.

- Shaheen said in a statement that despite some concerns (including Signalgate), she saw Waltz as a potential "moderating force" against the likes of VP JD Vance, Defense Secretary Pete Hegseth and Elbridge Colby, per Politico.

At 11:00 ET 16:00 BST, Secretary of State Marco Rubio will meet with Pakistani Deputy Prime Minister and Foreign Minister Ishaq Dar at the Department of State.

- Republican members of the House Ways and Means Committee will hold field hearings in Nevada today to sell the GOP's "big, beautiful bill." (More on that below)

South Korea

South Korea's top trade negotiators will meet today with United States Trade Representative Jamieson Greer as they push to secure a trade deal to avert a 25% tariff rate on August 1.

- South Korea's presidential office said that US Commerce Secretary Howard Lutnick "showed interest" in a "mutually beneficial plan" proposed by Seoul yesterday, per Yonhap.
- The emerging trade deal appears to echo that of the recent US-Japan deal, with agricultural products and autos the primary focus of negotiations. Reuters notes that senior Korean officials have analysed the US-Japan agreement. There is an understanding that Seoul will propose a similarly structured, albeit smaller, investment pledge in the US.
- Yonhap reported Thursday that Seoul will propose at least \$100 billion in investment pledges, which would be secured through consultations with the nation's major conglomerates.

The New York Times notes that the Japan deal, "has intensified pressure on South Korea to cut a deal that doesn't leave it at a disadvantage relative to its biggest rival in East Asia."

- The Times adds that, "One item likely on the negotiating agenda is a \$44 billion natural gas pipeline in Alaska... Seoul's public gas utility already has a long-term commitment to purchase L.N.G. in Louisiana. It has hesitated to commit to the Alaska project because of high costs, and because natural gas demand in South Korea is decreasing."
- Several high-profile meetings between US and Korean officials have been postponed this week. Most notably, a cross-departmental 2+2 finance and trade meeting with US officials, including Treasury Secretary Scott Bessent, yesterday.
- According to Yonhap, Foreign Minister Cho Hyun and US Secretary of State Marco Rubio will hold their first meeting on Thursday, July 31 - a day before the Aug. 1 tariff deadline.

Brazil

Catherine Osbourn at Foreign Policy [writes](#) that Trump's tariff threat against Brazil is primarily aimed at heading off a popular Brazilian payment system that is causing concerns in Washington over a BRICS alternative to the US dollar.

- While noting Trump's stated concerns with social media regulation and the treatment of former President Jair Bolsonaro, Osbourn adds that, "another key concern is Brazil's modest effort to chip away at the global dominance of the U.S. dollar" via Pix, an instant payment system run by its central bank.

Former Brazilian diplomat Philip Yang wrote in [Piaui](#) this week that Pix "represents the embryo of independent systems, such as Brics Pay, that threaten the slow and expensive monopoly of the Swift system."

- Yang argues that Brazil's response to Trump cannot be guided by fear, it should lead, "together with its BRICS partners and other blocs, the development and integration of independent payment and commerce systems. Strengthening and internationalizing Pix and its interoperability with other instant payment networks is a concrete step in this direction."

Congressional Business

The House is OUT until September 2

The Senate is OUT until Monday, July 28

Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Ways and Means: Field Hearing: The One, Big, Beautiful Bill Delivering for American Workers – Las Vegas, Nevada

Big Beautiful Bill

House Republicans from the Ways and Means Committee will hold a field hearing today in Nevada to tout the GOP's One Big Beautiful Bill. The event is likely to focus on the 'no tax on tips' portion of the bill – an idea first proposed by Trump in Nevada to target service and hospitality workers.

- Ways and Means Committee Chair Jason Smith (R-MO) said: "We're back and we're at the birthplace of no tax on tips. This is where the president got the idea from his waitress at the Trump Hotel."

Punchbowl News notes that the more populist ideas that Trump pitched on the campaign trail are new, "which means Americans will actually feel the difference when they go into effect."

- Smith said: "Americans won't know what's in it until they feel it for the most part, and so the polling that's out right now, I don't buy it. The American people whenever they experience the tax relief that they're going to see when they file their taxes — the real tax relief they're going to see — I think that November will be a much better day for House Republicans."
- Punchbowl adds: "It's a boost that Smith is counting on. So far, the OBBB's polling has been underwater. Democrats are messaging aggressively against the bill and hammering cuts to Medicaid, SNAP and clean energy."

FY26 Appropriations

President Trump yesterday signed into law the USD\$9 billion rescissions package, formalising cuts to public broadcasting and the State Department's foreign aid budget.

- The rescissions package has added an additional layer of complexity to negotiations to fund federal government agencies for Fiscal Year 2026. Democrats and institutionalist Republicans are concerned that the package is a test case for additional requests that will claw back Congressionally approved funding and degrade Congress' control over the federal government's purse strings.

House Majority Leader Steve Scalise (R-LA) said this week: "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."

- OMB Director Russell Vought has indicated that a second package of cuts is likely to target education: "These are the programs that we have some of the gravest concerns with regarding the Education Department," he said recently.

Politico reports that Senate GOP leaders are considering grouping three spending bills into a single package before leaving for August recess. Those bills would fund the VA and military construction projects; the Department of Agriculture and the FDA; and the Departments of Commerce and Justice.

- Politico adds: "Senate Appropriations also on Thursday approved bills to fund the Departments of Transportation and Housing and Urban Development, and the Interior Department and EPA. But Senate Majority Leader John Thune is expected to wait to take these up until the fall, already having his hands full with the funding measures that had previously been under consideration for inclusion in the so-called minibus."

Reconciliation

Senate Finance Committee member, Senator Steve Daines (R-MT), told Politico yesterday that he's "actively discussing" a potential second party-line reconciliation bill with other members of the tax-writing committee.

- According to Politico, Daines said Trump's idea to eliminate capital gains taxes on the sale of primary residences is "a good idea" and that it should be combined with "additional tax reform."
- Daines' comments come as Finance Chair Mike Crapo indicated this week that he'd like to look at opportunities across health and tax jurisdictions for year-end legislation, though the Idaho Republican said he isn't sure yet about Trump's new tax proposal to rid capital gains taxes on houses, per Politico.

Federal Reserve

President Trump downplayed his standoff with Fed Chair Jerome Powell after a high-profile visit to the Fed's headquarters in Washington DC, yesterday.

- Trump told reporters, when asked if cost overruns related to the ongoing renovation project could be grounds for dismissal: "Look, I would love to see it completed. I don't want to put that in this category. It's a very complex thing that could have been made simple."
- When asked if Powell said why he's not lowering interest rates, Trump said: "We had a little talk about it and I thought it was a very productive talk. He'll be able to tell you at his next meeting..."
- He added on the tone of the meeting: "I didn't think it was tense. No, I thought we had a good meeting. I really -- no, there was no tension."
- But he kept the pressure on, saying regarding lowering interest rates: "I think he's going to do the right thing. Everybody knows what the right thing is. Even people that believed in, you know, the higher rates, they're all on board. They all want to see the interest rates come down. It's very important."

Trump downplayed the renovation project further, in a later message on Truth Social, saying that while it, "would have been much better if it were never started," it "is what it is".

- Trump added: "The cost overruns are substantial but, on the positive side, our Country is doing very well and can afford just about anything — Even the cost of this building! I'll be watching and, hopefully, adding some expertise... With all of that being said, let's just get it finished and, even more importantly, LOWER INTEREST RATES!"

The Wall Street Journal notes: "For Trump, the five-block trip over to the Fed's headquarters renovation seemed designed to amplify pressure on the central bank—part of an unconventional campaign to tarnish Powell's public image and push for lower interest rates."

- Goldman Sachs CEO David Solomon said Wilfred Frost's podcast this week: "There's a long history of presidents trying to bully or influence Fed chairs. I'm not saying it's right. I'm not saying the way it's being done is right. But at the end of the day, there is a large group of people who set monetary policy."

Jeffrey Epstein

The Democratic National Committee will target MAGA voters with ads about Jeffrey Epstein in a dozen Republican House districts, starting in the August Congressional recess, per Axios.

- Axios reports: "The ads will run before videos on right-wing YouTube channels, including those of Fox News, Charlie Kirk and Ben Shapiro — target-rich audiences for the voters fixated on Epstein."
- Axios notes in a separate report: House Democrats' messaging arm sent an alert yesterday urging members to "amplify" a Wall Street Journal report that Trump is in the Epstein files and demand that "House Republicans stop covering up for Trump."

Politico writes that Trump appears to have lost sight of "why he was popular with this [MAGA] demographic in the first place: His straight talk... his promises to pull back the curtain on Washington and stick it to a government that always seemed to be hiding something.

- "Democrats are naturally seizing on his missteps, but the real problem is the issue has extended far beyond the D.C. universe, where it is animating those whose comprehension of the government is marked by vague distrust. The Epstein affair is now a cultural phenomenon, rather than purely political one."

Gaza

Reuters reported this morning, per an Egyptian source cited by Al Qahera News, that "Gaza ceasefire talks are expected to resume next week following Israel's review of Hamas' response."

- The report comes after talks in Doha, Qatar, appeared to collapse yesterday after Israel and the US both recalled negotiators citing a "lack of desire" on behalf of Hamas to reach a cease-fire.
- Trump's Special Envoy, Steve Witkoff, said in a statement: "We have decided to bring our team home from Doha for consultations after the latest response from Hamas, which clearly shows a lack of desire to reach a ceasefire in Gaza... We will now consider alternative options to bring the hostages home and try to create a more

stable environment for the people of Gaza. It is a shame that Hamas has acted in this selfish way. We are resolute in seeking an end to this conflict and a permanent peace in Gaza."

- The New York Times [notes](#) that Israeli officials struck a more dovish tone than the US, there was no breakdown or collapse but that the delegation returned to discuss details ahead of further talks.
- The apparent breakdown in talks comes amid increasing international pressure on Israel to provide more humanitarian aid into Gaza. Yesterday, France became the first G7 nation to announce it would recognise a Palestinian state, citing a deterioration in civilian conditions.
- The proposal currently under discussion "largely echoes the previous deal that Israel withdrew from in March. It would see captives held in Gaza released in the first 60 days in exchange for a halt in fighting, more aid entering the enclave and Palestinian prisoners freed from Israeli jails," per [Middle East Eye](#).

Security

Politico [reported](#) yesterday that the Pentagon "has suspended participation in all think tank and research events until further notice... A major shift in engagement from the country's largest federal agency."

- Politico notes: "The move would sideline the Pentagon from national security dialogues that it has used for decades to advance its policy and explain the department's rationale. Former Defense Secretaries Jim Mattis, Mark Esper and Lloyd Austin have also used think tank events, such as the International Institute of Strategic Studies' Shangri-La Dialogue and the Reagan National Defense Forum, to give major policy speeches and hold sideline meetings with both allies and adversaries."
- The move could have implications for relations with China and Russia, and geopolitical security more broadly, with senior officials regularly holding sideline meetings on the margins of international conferences like Shangri-La, even during periods of elevated tensions.
- The Pentagon's decision may have been influenced by China's defence minister's decision to skip June's Shangri-La Dialogue for the first time in five years. CNN reported at the time that "China's downgrading of its Shangri-La delegation showed Beijing was not happy with Washington", per a US defence official.

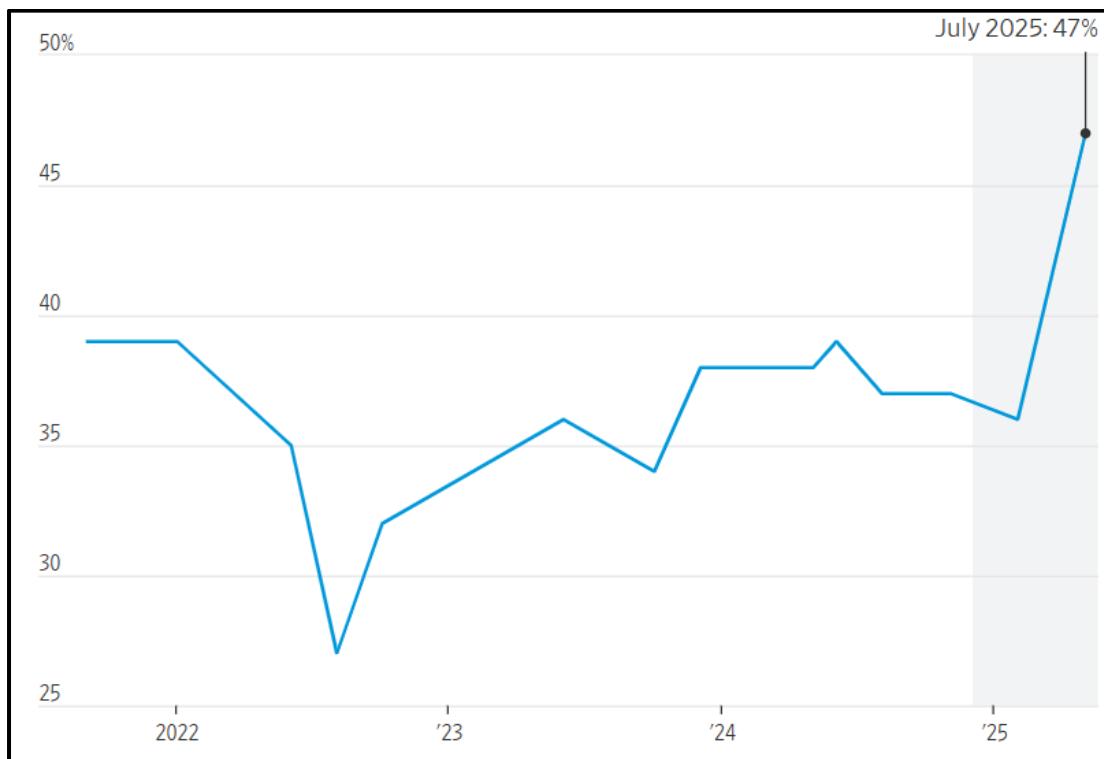
Chart of the Day

A new [survey](#) from the Wall Street Journal has suggested that President Trump's approval rating is being lifted by improved views of the economy.

- The Journal notes: "Buoyed by voters' improving views of the economy, President Trump's political standing is showing notable resilience, despite the unpopularity of the GOP's big tax-and-spending law, dissatisfaction with Trump's tariff plan and high suspicion that the government is hiding important information about its investigation into Jeffrey Epstein."
- According to the survey, "Some 47% in the survey rated the economy as excellent or good—a significant, 11-point leap from April and the most positive rating in Journal

surveys dating to 2021. Some 51% of voters assessed the economy as not good or poor, compared with 63% who said so in April."

Figure 3: Percentage of Voters who view the Strength of the Economy as Positive



Source: *Wall Street Journal*

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