

MNI POLITICAL RISK ANALYSIS - US Daily Brief 26-06-25

by Adam Burrowes

The White House (times subject to change)

<u>13:00 ET 18:00 BST</u>	Press Briefing by the White House Press Secretary Karoline Leavitt
<u>16:00 ET 21:00 BST</u>	President Trump participates in a "One, Big, Beautiful Event" at the White House

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 returned to Washington D.C., yesterday after a truncated NATO summit in the Netherlands, which saw the alliance pledge to ramp up defence spending.

- At 08:00 ET 13:00 BST, Defense Secretary Pete Hegseth and Joint Chiefs of Staff Chair Dan Caine hold a press conference to discuss Iran and the Pentagon intelligence leak. [LIVESTREAM](#)
- White House Press Secretary Karoline Leavitt will brief at 13:00 ET 18:00 BST.
- State Dept Deputy Spokesperson Tommy Pigott will brief at 14:00 ET 19:00 BST.
- At 16:00 ET 21:00 BST, Trump will host lawmakers at the White House to whip support for the One Big Beautiful Bill ahead of the first votes in the Senate. (More below)

Trump met with Ukrainian President Volodymyr Zelenskyy yesterday on the margins of the NATO summit. The leaders struck a positive tone, but as noted in yesterday's edition of this newsletter, Secretary of State Marco Rubio threw cold water on speculation that the Trump administration could endorse new sanctions on Russia.

- The Financial Times notes: "Trump disputed that they had discussed a ceasefire but still described the nearly hour-long meeting as "very nice" and focused on Ukraine's overall situation."

Iran

President Trump is strongly pushing that US airstrikes on Iranian nuclear sites have resolved the decades-long standoff with Iran, despite a leaked Pentagon report suggesting that the long-term impact of the strikes to Iran's nuclear programme could be limited.

- Trump revealed at the NATO summit that US officials will meet with their Iranian counterparts next week without elaborating on personnel or timings. Trump also cast doubt on the need to iron out a deal on Tehran's nuclear program. "I don't care if I have an agreement or not," per NYT.

- Trump said the conflict was effectively “over” after the US strikes. Though, he warned: “Can it start again? I guess someday it can. It could maybe start soon,” per Bloomberg.
- Semafor notes: “Trump signaled he might ease his “maximum pressure” campaign on Iran, saying he had no problem with China buying oil from the Islamic Republic, which needs oil money “to put that country back into shape.””

Iranian Supreme Leader Ali Khamenei said in a televised address this morning that Trump “in one of his speeches said Iran needs to surrender, this is too big for him to ask.”

- Khamenei added: “Trump is exaggerating what happened. The US hit our nuclear sites but couldn’t achieve much. Any future aggression against Iran will come at a great cost”

Trump envoy Steve Witkoff told CNBC yesterday: “We’re hopeful for a comprehensive peace agreement.” He added: “We were hopeful when we first started negotiations. It didn’t quite work out that way, but today, we are hopeful. The signs are there.”

- Ray Takeyh, a senior fellow at the New York-based Council on Foreign Relations, said: “For Iran, a diplomatic track makes as much sense today as it did before the attack. It seems that the Iranian program was not fully disabled. This may tempt Israel or the US to conduct additional strikes. A diplomatic process will obviate that possibility.”

CIA Director John Ratcliffe endorsed Trump’s claim that the US airstrikes dealt significant damage to Iran’s nuclear programme, saying in a statement that the “CIA can confirm that a body of credible intelligence indicates Iran’s Nuclear Program has been severely damaged by the recent, targeted strikes.”

- Ratcliffe continued: “This includes new intelligence from an historically reliable and accurate source/method that several key Iranian nuclear facilities were destroyed and would have to be rebuilt over the course of years.”
- Former top EU Iran nuclear negotiator, Enrique Mora, warned the US strikes could be a turning point that turns Iran faway from efforts to try to reach a nuclear deal. “This unprecedented strike has shown, for the second time, the Islamic regime that nuclear diplomacy is reversible, fragile and vulnerable to changes in leadership in Washington. There will not be a third time.”
- Mora continued: “If Iran now decides to move towards a bomb, it will do so following a clear strategic logic. No one bombs the capital of a nuclear-armed country. June 21, 2025 may go down in history not as the day the Iranian nuclear program was destroyed, but as the day a nuclear Iran was irreversibly born.”

NATO

Trump struck a conciliatory tone with his European counterparts at the NATO summit, saying at a press conference: “These people really love their countries. It’s not a rip-off, and we’re here to help them.”

- His NATO rapprochement came after the alliance agreed to dramatically boost, in line with Trump’s years-long push for Europe and Canada to do more to pay for their

own defence. In return, Trump pledged to uphold his commitment to the alliance's collective defence clause – Article 5.

With the exception of Spain, which secured a carveout, the alliance agreed to boost defence spending to 5% of GDP by 2035, split between 3.5% in hard defence capabilities - like weapons and troops - and 1.5% in more nebulous investments like infrastructure and cyber.

- Secretary-General Mark Rutte said: "This is a stronger, fairer and more lethal alliance that NATO leaders have begun to build. President Trump made it clear: America is committed to NATO ... At the same time, he made clear that America expects European allies and Canada to contribute more. And that is exactly what we see them doing."
- Of course, considering much of the alliance fails to hit the existing 2% target, there will be questions over the implementation of the new spending goal, especially as the target date falls well beyond Trump's exit from the White House.

French President Emmanuel Macron said at the summit that the NATO committee should come with an accompanying de-escalation of the inter-alliance trade war: "We cannot, among allies, say that we must spend more [on defence] ... and wage a trade war,"

- Macron continued: "That's why it is very important to return to what should be the rule within a group of allies. That is to say: a true trade peace."

Congressional Business

The House is IN

The Senate is IN

Committee Schedule –

- 10:00 ET 15:00 BST: HOUSE Financial Services: From Watchdog to Attack Dog: Examining the CFPB's Chopra-era Assault on Disfavored Industries
- 11:00 ET 16:00 BST: JOINT Helsinki Commission: Hearings to examine the cost of a bad deal in Ukraine

Big Beautiful Bill

16:00 ET 21:00 BST: President Donald Trump will hold a White House event for the One Big Beautiful reconciliation bill, effectively challenging Republican lawmakers to vote against his campaign pledges ahead of the first procedural votes in the Senate.

- Trump will highlight the popular proposals in the package, like no taxes on tips and overtime pay and enhanced border security. He will downplay a raft of negative polling on the package.
- Politico notes: "Trump will be joined in the East Room by "everyday Americans" whom the administration says would benefit from the bill — including tipped workers, food delivery drivers and border patrol agents. The message to Congress is clear: the bill will be a GOP vote winner in 2026."

- White House Press Secretary Karoline Leavitt told reporters that Trump is, "always ready to whip if he has to," but "hopefully he doesn't, and everyone just falls in line and gets this bill done."

Senate Majority Leader John Thune (R-SD) is facing a major rebellion from 'Medicaid moderates' who yesterday rejected a Senate Finance proposal for a USD\$15 billion 'stabilization fund' for rural hospitals to offset cuts to the Medicaid provider tax.

- Senator Susan Collins (R-ME) said the proposal was inadequate, reiterating her target of USD\$100 – a number that Thune ruled out. Senator Thom Tillis (R-NC) warned that "you won't have a member from North Carolina sitting at this table after next year" unless the Senate changes course, per Politico.
- Senator Josh Hawley (R-MO) indicated on X that Trump told him yesterday he supports the more moderate House language on the provider tax, signalling that the Senate might accept a compromise deal.
- Punchbowl reports: "Several Republican senators are quietly pitching their leadership on delaying the implementation timeline of the Senate's stricter crackdown on Medicaid provider taxes. Paired with a stabilization fund for rural hospitals, this could help win over enough of the half-dozen or so wavering senators."

Politico reports that SALT Republicans expected to receive "two options in writing for a potential deal on the state-and-local tax deduction," following a "productive" Wednesday meeting with Treasury Secretary Scott Bessent.

- The Hill reports: "Stakeholders say talks have zeroed in on keeping in place the \$40,000 deduction cap — which the SALT Caucus negotiated in the House — but lowering the \$500,000 income threshold and adjusting the numbers for inflation, a compromise of sorts that would appease moderate House Republicans while also placating Senate conservatives."

Punchbowl reports that Thune is, "still holding out hope for an initial procedural vote Friday, followed by an overnight vote-a-rama rolling into a final vote on Saturday. The expedited floor process for reconciliation allows Republicans to begin the vote-a-rama as soon as 10 hours after the first procedural vote. But some GOP senators told us they now expect this to be a weekend exercise, at the earliest."

- Note: Budget Reconciliation requires a simple majority to pass the Senate. As Thune has a three-vote buffer to play with, the prevailing view is that Trump's whip effort will likely be enough to push the bill through the Senate. But it will be close, and the amendment process is likely to continue until the last minute.

Economy

Stephen Miran, chair of the Council of Economic Advisers, told reporters on Wednesday that Trump's policies will reduce US fiscal deficits by up to USD\$11 trillion over 10 years.

- Miran said: "We calculate that, overall, the reduction in deficits as a result of the total suite of the president's policies is going to be roughly \$8.5 to \$11 trillion over the 10-year budget window. Those are very big numbers."
- According to Miran, roughly half of the deficit reduction would come from faster economic growth, spurred by the OBBB and deregulation. Another USD3 trillion

would come from tariff revenue, Miran said citing a recent Congressional Budget Office assessment.

- The CEA's report on the bill can be read [here](#).

Bloomberg notes: "The House-passed version of the [OBBC] was most recently estimated by the CBO to boost the deficit, not cut it, by some \$2.8 trillion."

- Bloomberg adds: "A preliminary analysis from the Tax Foundation found the Senate bill would cost \$3.9 trillion over a decade, after accounting for economic impacts."
- In a recent [sit-down](#) with MNI's Pedro Nicolaci da Costa and Evan Ryser, Miran said the US economy could expand at around 3% in the second half of this year, powered by a looming string of deals with key trading partners and the passage of a tax bill that will unlock fresh business investment and hiring.

Debt Limit

The Bipartisan Policy Center said in a statement yesterday that the X-date will "most likely occur between August 15 and October 3" if Congress fails to legislate a debt ceiling hike, included in the GOP's OBBB.

- The BPC notes: "Congress must address the debt limit ahead of the August recess... With so many Americans worried about their own budgets and the state of the economy, Congress can't afford to inject any additional uncertainty into the mix... They need to act soon to prioritize our nation's financial stability and reassure global markets that we take this responsibility seriously."

Bloomberg notes that independent analysts have estimated the Treasury can manage its payments needs until at least August, with JPMorgan Chase & Co. strategists saying recently that Sept. 2 was their projection for the so-called X-date

- Bloomberg adds that Lou Crandall, chief economist at Wrightson ICAP, wrote in a June 23 note to clients that Sept. 15 was "our best guess... We think it is unlikely that the Treasury would actually run out of resources during the Congressional recess in August, but it is not impossible."
- Treasury Secretary Scott Bessent said in a letter to Congressional leaders yesterday that he is extending special accounting measures to keep within the debt limit through July, urging lawmakers to increase or suspend the debt limit as soon as possible.

Federal Reserve

President Trump again warned that he could announce a successor to Fed Chair Jerome Powell early, a move seen as potentially undermining the Fed's monetary policy decision-making independence by steering expectations on the likely path for rates.

- Trump told reporters at a NATO press conference in The Hague: "I know within three or four people. I mean [Powell] goes out pretty soon, fortunately, because I think he's terrible."
- WSJ [reports](#): "Trump is considering former Fed governor Kevin Warsh and National Economic Council director Kevin Hassett, according to people familiar with the matter. Treasury Secretary Scott Bessent is being pitched to Trump by allies of both

men as a potential candidate, some of these people said. Other contenders include former World Bank President David Malpass and Fed governor Christopher Waller."

- Politico notes: "The Supreme Court last month said the relationship between the president and the Fed is different from that of other independent agencies, signaling that Powell is safe from an attempted removal by Trump."
- The dollar, already weakened by tariffs and policy uncertainty, fell to a three-year low on the row, the Financial Times reported.

Trade and Tariffs

Japan's trade negotiator Ryosei Akazawa told reporters in Tokyo today that Japan can't accept the US' 25% tariffs on cars, adding that the Asian nation's automakers produce far more cars in the US than they export to America, per the Japan Times.

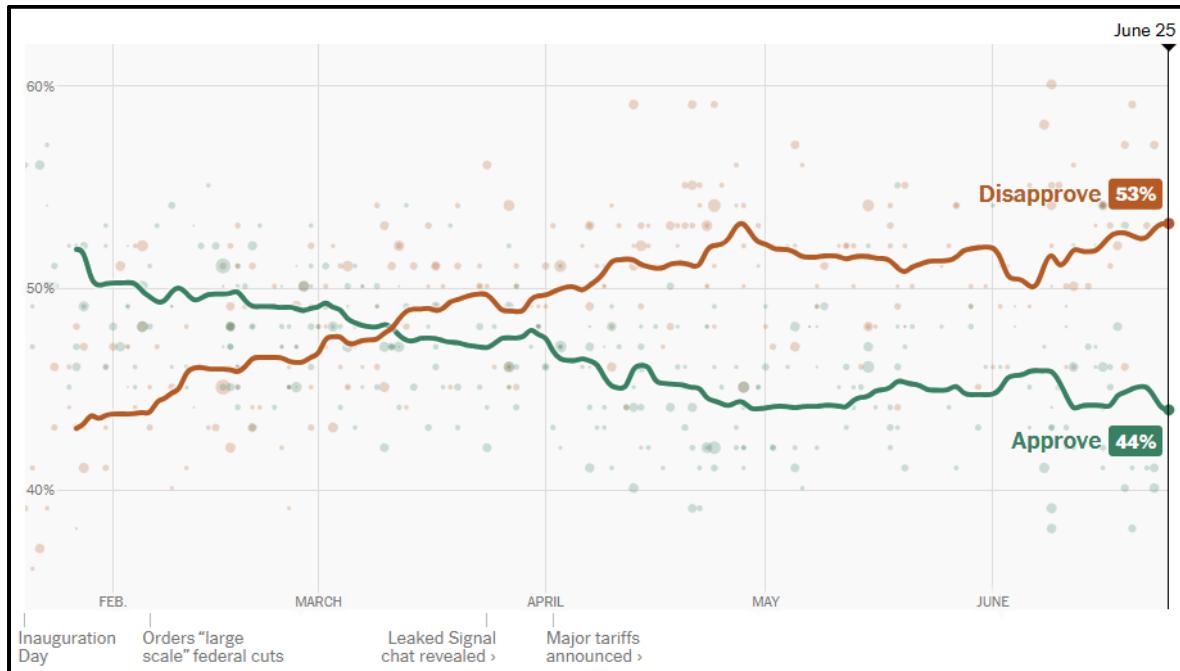
- Bloomberg [reports](#) that Akazawa said Japanese automakers make roughly 3.3 million cars in the US a year, a number that's far larger than the 1.37 million that they ship there.
- Akazawa said: "We have repeatedly explained to the US that Japan's automobile industry has made an enormous contribution to the US economy, and we intend to keep explaining this clearly and seek understanding. In any case, we consider the 25% automobile tariff to be unacceptable."
- Akazawa will arrive in Washington today for a seventh round of talks with his US counterparts. Previous rounds have failed to show signs of any sort of agreement.

Chart of the Day

Ruth Igielnik at the New York Times reports that Trump's military authorisation in Iran might be a negative drag on his approval rating.

- Igielnik writes: "A string of new polls conducted after President Trump's decision to launch airstrikes against Iran shows that the public is broadly opposed to the military action."
- "A majority of Americans disapprove of the bombing, according to a CNN/SSRS poll. And 84 percent of Americans — including 74 percent of Republicans — worry about the conflict escalating, according to a Reuters/Ipsos poll."
- "It is a bit early to assess the impact this might have on Trump's approval rating, but the Reuters/Ipsos poll provides some early indications, returning the lowest approval rating that that poll has found in his second term."

Figure 1: Trump Approval Rating



Source: New York Times

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