

MNI POLITICAL RISK ANALYSIS - US Daily Brief 26-08-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST

President Trump participates in a Cabinet Meeting

KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

At 11:00 ET 16:00 BST, President Donald Trump will hold his first Cabinet meeting since July 8. The White House press pool will be in the room for questions at the top of the meeting, most of which are likely to concern Trump's move to fire Fed governor Lisa Cook. (More on that below).

- The Conference Board will [release](#) its latest Consumer Confidence report at 10:00 ET 15:00 BST.
- Vice President JD Vance is in La Crosse, Wisconsin, today to speak at a steel fabricating facility about the One Big Beautiful Bill Act's benefits for manufacturing, per Axios. The outlet notes that Vance, "the most likely GOP presidential nominee in 2028, has also talked up the megabill in the swing states of Georgia, Pennsylvania and his native Ohio."

Federal Reserve

Trump announced on [Truth Social](#) yesterday that he has removed Federal Reserve governor Lisa Cook from her position, "effective immediately," citing 'for cause' over "false statements on one or more mortgage agreements."

- Most outlets have reported the move as an "attempt" to fire Cook, rather than a done deal, reflecting uncertainty over the legality of the firing.

The Washington Post notes: "The Trump administration has accused Cook of committing fraud in 2021 while seeking mortgages on two properties — on a home in Michigan and a condominium in Atlanta — by describing both of them as her primary residence."

- In a statement via a spokesperson, Cook said she wouldn't step down: "President Trump purported to fire me 'for cause' when no cause exists under the law, and he has no authority to do so. I will continue to carry out my duties to help the American economy as I have been doing since 2022."
- Semafor notes that Cook's refusal to step down, potentially triggers "a battle that could reach upper US courts: The Supreme Court recently weakened job protections at independent agencies, but suggested Fed staff are more shielded."

- The Post notes: “The firing, if successful, could give Trump a majority of allies on the Fed board and allow him to fulfill his goal of lowering interest rates, even as the Supreme Court has pushed back on his attempts to exert direct control over the independent and powerful body.”

Politico writes: “We’re in uncharted territory here. No president has ever fired a Fed governor before. The Fed has been independent of executive branch influence since 1951.” AP has a useful piece with additional background [here](#).

- Axios writes: “Trump’s action turns what has been a theoretical ... into a reality. It has never happened before, so no one knows how any wrangling over the legality of firing Cook will play out, nor what it will mean for the Fed in the meantime.”
- “The Federal Reserve Act allows the president to fire a Fed governor for cause, but it is unclear whether the fine details of years-old mortgage applications from before Cook became a governor are sufficient.”
- Michael Strain of the conservative American Enterprise Institute said, “The president is using the criminal justice system to remove people from office over policy disagreements. That is extremely dangerous and is, in the case of the Fed, a threat to long-term prosperity.”

Tariffs and Export Controls

Trump announced in a post on [Truth Social](#) that he will “substantially” increase tariffs and export controls on countries that don’t remove “discriminatory” digital services taxes that hit American tech companies.

- Trump said, without naming any countries: “They also, outrageously, give a complete pass to China’s largest Tech Companies... I put all Countries with Digital Taxes, Legislation, Rules, or Regulations, on notice that unless these discriminatory actions are removed, I... will impose substantial additional Tariffs on that Country’s Exports to the U.S.A., and institute Export restrictions on our Highly Protected Technology and Chips.”

Bloomberg [reports](#) that the warning comes, “a week after the US and the European Union agreed in a joint statement that they would together ‘address unjustified trade barriers,’ and would ‘not impose customs duties on electronic transmissions.’ The 27-member bloc also confirmed it wouldn’t adopt network usage fees.”

- Yet, writes Bloomberg, “the EU reiterated separately that it had not committed to alter EU digital regulations — potentially leaving the issue untouched as leverage for future trade talks, as the bloc pushes for tariff-free treatment of wine and spirits.”
- Bloomberg adds: “Other countries — including the UK — have not rolled back their 2% levy on revenue from search engines, social media services and online marketplaces.”

Economy

In a post on [Truth Social](#), Trump defended his decision for the government to take a 10% stake in Intel, the only major chip firm that manufactures its products in the United States.

- Trump said: "I PAID ZERO FOR INTEL, IT IS WORTH APPROXIMATELY 11 BILLION DOLLARS. All goes to the USA. Why are "stupid" people unhappy with that? I will make deals like that for our Country all day long."
- Speaking to reporters at the White House yesterday, Trump doubled down on the government ownership structure, saying: "I hope I'm going to have many more cases like it."

On Monday, Intel warned of "adverse reactions" from investors, employees and others to the Trump administration taking a 10% stake in the company, in a filing citing risks involved with the deal, per NBC News.

- Intel wrote in the filing: "There could be adverse reactions, immediately or over time, from investors, employees, customers, suppliers, other business or commercial partners, foreign governments or competitors. There may also be litigation related to the transaction or otherwise and increased public or political scrutiny with respect to the Company."

The Chair of the National Economic Council, Kevin Hassett, told CNBC yesterday that the government does not have voting shares in the company, "so there's not going to be government intrusion into the business of Intel," per The Hill.

- Hassett added, "It's more like a down payment on a sovereign wealth fund, which many, many countries have," and described the Intel deal as a "special circumstance" but said the public should expect similar types of deals with companies going forward.
- Hassett: "The president has made it clear all the way back to the campaign, that he thinks that in the end, it would be great if the U.S. could start to build up a sovereign wealth fund. So I'm sure that, at some point, there'll be more transactions — if not in this industry, in other industries. In the past, the federal government has been given money away, lickety-split, to companies, and the taxpayers have received nothing in return."

Bill George, former Medtronic CEO and executive education fellow at Harvard Business School, said: "We're moving from a pure capitalistic economy to a much more state-engaged economy... That's a huge change for America and over where we've been. I've never seen an era like this."

- Columbia Business School professor Shivaram Rajgopal said on balance he thinks the Intel deal is a good way to support the chipmaking industry, noting how other companies benefit from favorable policies, such as Amazon (AMZN.O), opens new tab not having to collect sales tax in many states for years. "That enabled Amazon to become a giant. Why is taking a 10% equity stake in Intel any worse?" Rajgopal said, per Reuters.

China

The top aide to Li Hifeng, China's lead negotiator in trade talks with the US, is in Washington this week for talks with business leaders and counterparts from the United States Trade Representative and the Department of the Treasury.

- The trip comes after Washington and Beijing extended their tariff and export control 'pause' for an additional 90 days, through early November. The pause covers rare earth magnets on the Chinese side and certain tech products from the US side.
- The Wall Street Journal reports: "The Trump administration has recently moderated its confrontational tone toward Beijing as President Trump is increasingly focused on trying to strike an economic bargain with China, one that aims to open the Asian giant to more American business and technology. Senior officials from both nations in recent months have also been in talks over a potential summit between Trump and Chinese leader Xi Jinping."
- Speaking at the White House yesterday, alongside South Korean President Lee Jae Myung, Trump said: "At some point, probably during this year or shortly thereafter, we'll go to China. We're going to have a great relationship with China."

The Journal notes that despite the pause, "trade tensions are simmering." Earlier this month, "Trump called on China to significantly increase its purchases of American soybeans—a demand that has so far gone unanswered, with Beijing yet to buy a single cargo from the harvest that begins in September. Meanwhile, the administration is preparing to intensify scrutiny of Chinese imports of steel, copper, and lithium..."

- Trump told reporters at the White House yesterday that the US has greater leverage over China: "We have much bigger and better cards than they do. I played those cards, that would destroy China. I'm not going to play those cards."
- Trump continued: "If we want to put 100%, 200% tariffs on, we wouldn't do any business with China. And you know, it would be OK too, if we had to. But the magnet situation — we have tremendous power over them, and they have some power over us."

South Korea

On Monday, Trump held a first meeting with South Korean President Lee Jae Myung, who assumed office in June this year. The meeting failed to deliver an improved trade deal for Seoul but appears to have fulfilled Lee's primary objective – to avoid a public altercation with Trump.

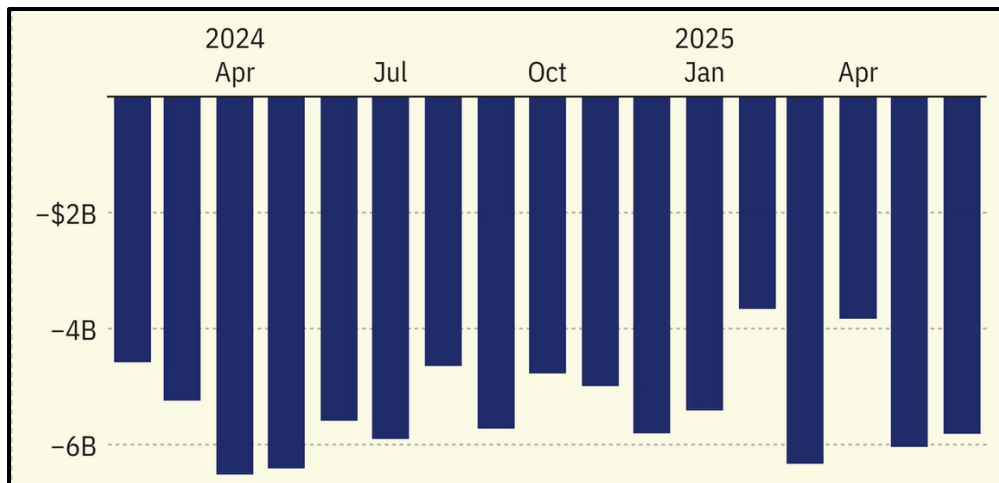
- Seoul's central pitch to Trump includes a proposal to spend USD\$150 billion to help the US revitalise its shipbuilding sector, a promise that Trump has made on the campaign trail and since taking office in January.
- Bloomberg notes: "South Korean firms announced a [flurry of deals](#) with US businesses, including \$50 billion in agreements with Boeing Co. and GE Aerospace, after the nations' leaders met..."

Ahead of the meeting, Trump wrote on Truth Social: "WHAT IS GOING ON IN SOUTH KOREA? Seems like a Purge or Revolution. We can't have that and do business there," an apparent reference to [recent raids](#) on church premises associated with ousted former president Yoon Suk Yeol.

The Financial Times notes: "The US has 28,500 troops stationed in South Korea under an alliance that dates back to the Korean war. But Washington wants Seoul to take on more of the burden of deterring nuclear-armed North Korea, as the US shifts its focus to containing China's growing military strength."

- A risk for Washington is that Trump's pressure on Seoul pushes its new, less conservative leader into closer alignment with China. Reuters [reports](#): "South Korea hopes to normalise relations with China... a special envoy from Seoul told Chinese foreign minister Wang Yi on Sunday, and agreed to boost economic cooperation, Seoul's foreign ministry said."
- According to Reuters, former parliament speaker Park Byeong-Seung, "handed Wang a letter from Lee to Chinese President Xi Jinping and invited Xi to the summit of the Asia-Pacific Economic Cooperation (APEC) grouping in October... Wang welcomed the delegation's visit and appreciated the message of developing ties between the countries, the ministry said."
- Park said: "(South Korea's) new government will pursue a mature development of South Korea-China strategic cooperation partnership based on national interest while continuing to develop the South Korea-U.S. alliance."

Figure 1: US Trade Deficit with South Korea



Source: Semafor, US Census Bureau

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

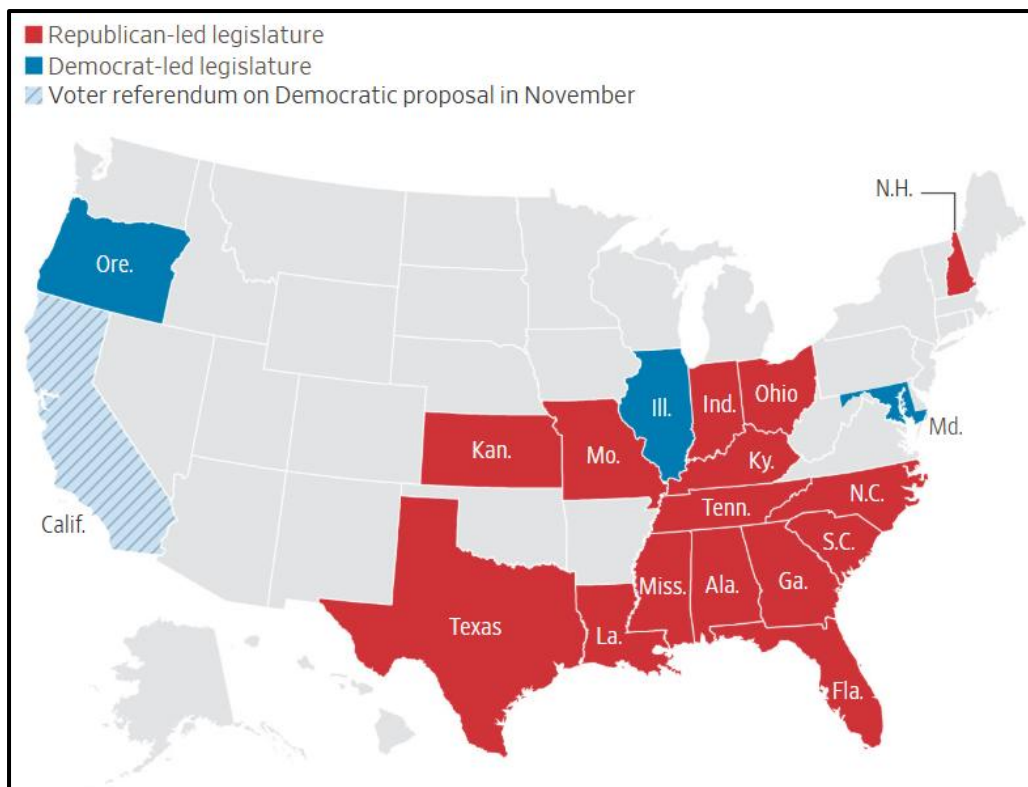
Committee Schedule –

Redistricting

The Wall Street Journal [reports](#) that Trump's successful push for Texas Republicans to redraw their congressional map is "igniting what could grow into a nationwide redistricting war... California is moving to retaliate with its own gerrymander—and Missouri, Maryland and other states are also considering entering the fray."

- The Journal notes that “more than a dozen red states and three blue states meet the conditions to potentially redistrict for 2026 without the need for a special election or amending the state Constitution,” with more Democratic states entrusting the process to independent commissions.
- The Journal continues: “Shawn Donahue, a political-science professor at the University at Buffalo, predicts Republicans would pick up four to six of House seats nationwide if a tit-for-tat redistricting fight were to break out. They currently have a 219-212 majority.”

Figure 2: States that could pass a 2026 map through the state legislature



Source: Wall Street Journal

Police Federalisation

The Washington Post [reports](#), citing officials, that the Department of Defense is planning a military deployment to Chicago that would have parallels to Trump’s deployment of the National Guard and active-duty Marines to Los Angeles.

- The Post writes: “The planning, which has not been previously disclosed, involves several options, including mobilizing at least a few thousand members of the National Guard as soon as September to what is the third most populous city in the United States.”

Trump also threatened to send federal troops to Baltimore, describing the city as “out of control” and “crime ridden” in a message to Maryland Governor Wes Moore (D-MD), a potential 2028 presidential candidate.

- Just Security notes that Trump on Friday said that he planned to target Chicago and New York next in the federal crackdown on crime, adding that the White House is “willing to” bring in “the regular military” if it “has to.”
- The New York Times notes: The Chicago mayor’s office on Saturday said it was working with Illinois’ governor and Cook County to evaluate legal options “to protect the people of Chicago from unconstitutional federal overreach.”

Democrat News

The Democratic National Committee’s summer meeting gets underway in Minneapolis today, with the party’s 2028 calendar top of the agenda.

- Semafor notes: “The meeting, which lasts through Wednesday, will also see DNC members consider two Gaza-related resolutions, including one asking the party to support imposing an arms embargo on Israel.”

Ukraine War

President Trump told reporters yesterday that personal animosity is preventing a bilateral meeting between Russian President Vladimir Putin and Ukrainian President Volodymyr Zelenskyy.

- Trump said: “[Putin] doesn’t like [Zelenskyy]. I have people I don’t like, I don’t like to meet with them.” In a later White House event, Trump added: “That’s going to be up to them. It takes two to tango, I always say, and they should meet.”

Bloomberg notes: “The White House had previously said it believed Putin agreed to a meeting with the Ukrainian president, and that planning was “underway.” But the Kremlin never confirmed their commitment and no summit has yet been scheduled.”

- The New York Times writes: “Now, nine days after that meeting happened at an American air base in Anchorage, all the outward signs are that any real progress has ground to a stop. Mr. Trump had hinted that President Vladimir V. Putin of Russia and President Volodymyr Zelensky of Ukraine would meet one on one and then together with Mr. Trump; neither meeting has been scheduled. “The agenda is not ready at all,” Sergey V. Lavrov, Russia’s foreign minister, said...”

Asked on Friday if there would be consequences for Putin if he fails to meet Zelenskyy, Trump said: “If there are reasons why, I will understand that; I know exactly what I’m doing. We’re going to see whether or not they have a meeting, that will be interesting to see, and if they don’t, why didn’t they have a meeting? Because I told them to have a meeting.”

- “But I’ll know in two weeks what I’m going to do,” Trump added, reprising a timeline he’s repeatedly issued to determine Putin’s willingness to end the war in Ukraine, per CNN.

Secretary of State Marco Rubio held a call yesterday with counterparts from Finland, France, Germany, Italy, Poland, the UK, Ukraine, and the EU, to “continue cooperation in diplomatic efforts to bring the Russia-Ukraine war to an end through a lasting negotiated settlement.”

- Finnish President Alexander Stubb told reporters today that the call focused on security guarantees for Ukraine and the U.S role in them, per Reuters.

Iran

Representatives from Iran will hold talks with counterparts from the E3 countries (France, Germany, the UK) today in Geneva, Switzerland, in what are viewed as the last chance for Tehran to avoid the imposition of 'snapback' sanctions from mid-October. The chances of sufficient progress being made to avoid the sanctions are viewed as very slim.

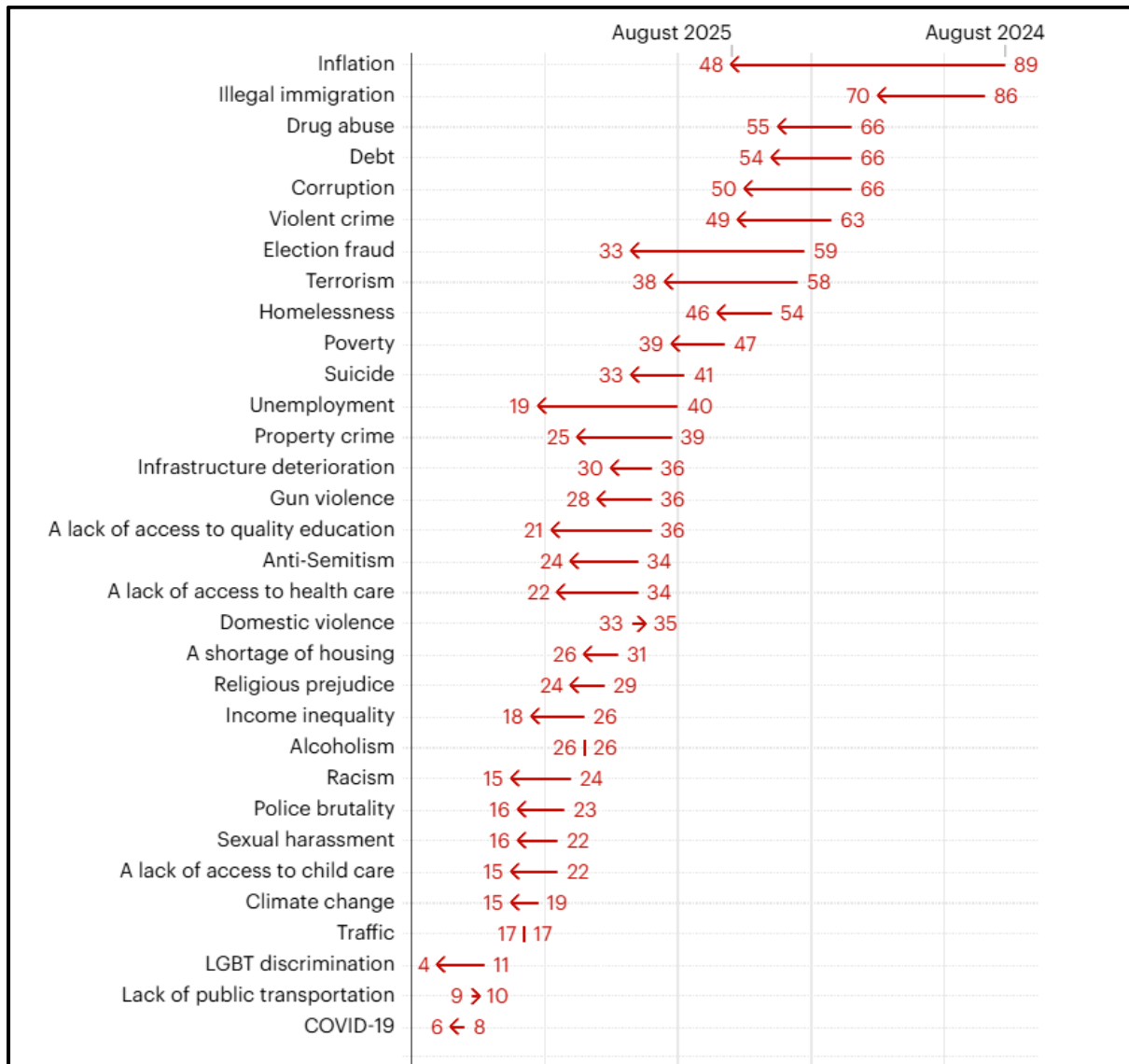
- Reuters [reports](#) one E3 official stating, "We are going to see whether the Iranians are credible about an extension or whether they are messing us around. We want to see whether they have made any progress on the conditions we set to extend".
- The E3 are demanding the resumption of International Atomic Energy Agency (IAEA) inspections of Iran's nuclear stockpiles (halted in the aftermath of the 12 Day War), and Tehran re-engaging in diplomatic relations with countries, including the US.
- On 25 Aug, Amwaj Media [reported](#) that Russia has put forward a draft resolution that intends to extend UN Security Council Resolution 2231 (the expiry of which brings in snapback sanctions) for another six months. The E3 has set its deadline of 31 August for the conditions to be met. As the article notes, "By triggering the mechanism this month, the E3 is believed to seek to avoid any Russian subterfuge as Moscow will assume the presidency of the UN Security Council in September."
- Tehran is believed to be reluctant to allow inspectors to visit its nuclear sites in order to avoid "indirectly providing the Trump administration with battle damage assessment and information on its uranium stockpile."

Chart of the Day

Republicans are less concerned about inflation than Democrats, according to a new [YouGov Survey](#), with GOP voters registering a sharp decline in inflation concerns since August 2024.

- YouGov: "Republicans are much less likely than they were in August 2024 to see many of the problems asked about as very serious. 48% say inflation is a very serious problem, down from 89% who said this a year ago. They also are far less likely to see election fraud (33% vs. 59%) and unemployment (19% vs. 40%) as very serious problems now as they were a year ago."
- YouGov continues: "For Democrats, it's the opposite — they're more likely than they were a year ago to perceive many issues as serious problems. They are more likely now than in August 2024 to describe as very serious problems inflation (71% vs. 45%), lack of public transportation (35% vs. 26%), and corruption (72% vs. 51%)."

Figure 3: "How serious of a problem do you think the following are in the United States? (% who say "a very serious problem")"



Source: YouGov

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