MNI POLITICAL RISK ANALYSIS - US Daily Brief 27-10-25

by Adam Burrowes

The White House *(times subject to change)*

05:30 ET 09:30 GMT	President Trump participates in a Courtesy Call and Visit with the Emperor of Japan
20:30 ET 00:30 GMT	President Trump participates in an Extended Bilateral Meeting with the Prime Minister of Japan

KEY DATES:

- China tariff truce expires: November 10

Washington

US President Donald Trump landed in Tokyo, Japan, this morning for a two-day stopover between the ASEAN Summit in Malaysia and the APEC Summit in South Korea.

- Today, Trump will visit Japanese Emperor Naruhito before meeting newly minted Japanese Prime Minister Sanae Takaichi for an extended bilateral meeting. (More below)
- On Tuesday, Trump will meet US troops and deliver remarks aboard the USS George Washington and participate in a reception and dinner for business leaders.

On Wednesday, Trump will travel to Gyeongju, South Korea, where he will 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.

- 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 September and hammer out the details of an investment pledge.

The main event for markets will be a meeting between Trump and Chinese President Xi Jinping on Thursday. The early signs are positive that the two leaders will strike an extension to the November 10 trade truce, at the very least. (More below)

- There is a possibility that Trump's trip could include a hastily arranged meeting with North Korean leader Kim Jong Un, as Trump seeks to bolster his credentials as a peacemaker and negotiator.
- The Wall Street Journal reports that such a meeting could see Trump recognise North Korea as a nuclear state, a "dramatic shift in U.S. policy, which for decades has aimed to persuade Pyongyang to dismantle its arsenal with a mix of economic and diplomatic pressure."

China

US Treasury Secretary Scott Bessent provided relief to markets, ahead of Thursday's meeting between Trump and Chinese President Xi Jinping in South Korea. Bessent told reporters that he and his Chinese counterparts reached a preliminary deal on a range of issues related to trade, tariffs, soybean purchases, TikTok, and export controls.

- Bloomberg notes, “Bessent telegraphed a wide-ranging agreement between Trump and Xi that would extend a tariff truce, resolve differences over the sale of TikTok and keep up the flow of rare earth magnets necessary for the production of advanced products from semiconductors to jet engines.”
- NYT DealBook notes: “Global stocks, cryptocurrencies and oil are rallying this morning as investors cheer a potential breakthrough in U.S.-China trade talks, as well as a slew of other potential deals that together signal a major easing of trade war tensions.”
- DealBook adds, “Investors are acting as if it’s a done deal. Shares in Nvidia, whose chip exports have been hobbled by a series of trade barriers erected by Washington and Beijing, rallied in premarket trading. And shares of U.S.-listed rare earth miners, including Critical Metals and USA Rare Earth, fell this morning.”

Speaking on Sunday, after two days of talks in Malaysia, Bessent said: "President Trump gave me a great deal of negotiating leverage with the threat of the 100% tariffs on November 1. And I believe we've reached a very substantial framework that will avoid that and allow us to discuss many other things with the Chinese."

- Asked whether the November 10 trade truce would be extended, Bessent said, “Coming out of this meeting, I would say yes, but that is at the end of the day [Trump’s] decision.”
- Bessent told CNBC, “So I would expect that the threat of the 100% has gone away, as has the threat of the immediate imposition of the Chinese initiating a worldwide export control regime,” later adding in an interview with ABC News that he expected China to delay its rare-earth restrictions “for a year while they reexamine it.”

US Trade Representative Jamieson Greer told Fox News on Sunday, “We're quite focused on making sure that China buys our agricultural products. It’s soybeans, it’s sorghum, and it’s other things. China actually has not covered up all its soybean needs for December and January. So, they still really need American products. … We expect that China will need to resume those kinds of purchases if they want to have a good deal with the United States.”

- Bloomberg notes on the Chinese side, “Striking a conciliatory tone, the People’s Daily said Monday the progress showed Beijing and Washington were capable of handling their differences. “Neither side was blindsided by these issues, instead they focused on solving the problems,” according to the commentary penned by Zhong Sheng, a Chinese homonym for “Voice of China” that’s often used to set out Beijing’s foreign policy views.”

Japan

Markets see Prime Minister Takaichi’s election as bullish, with ideological commonalities likely to reduce friction in trade talks with the US. As noted in this newsletter last week, in her first policy address to parliament on Friday, Takaichi unveiled a plan to lift Japan's defence-related spending to 2% of GDP in the current fiscal year, a sweetener for Trump.

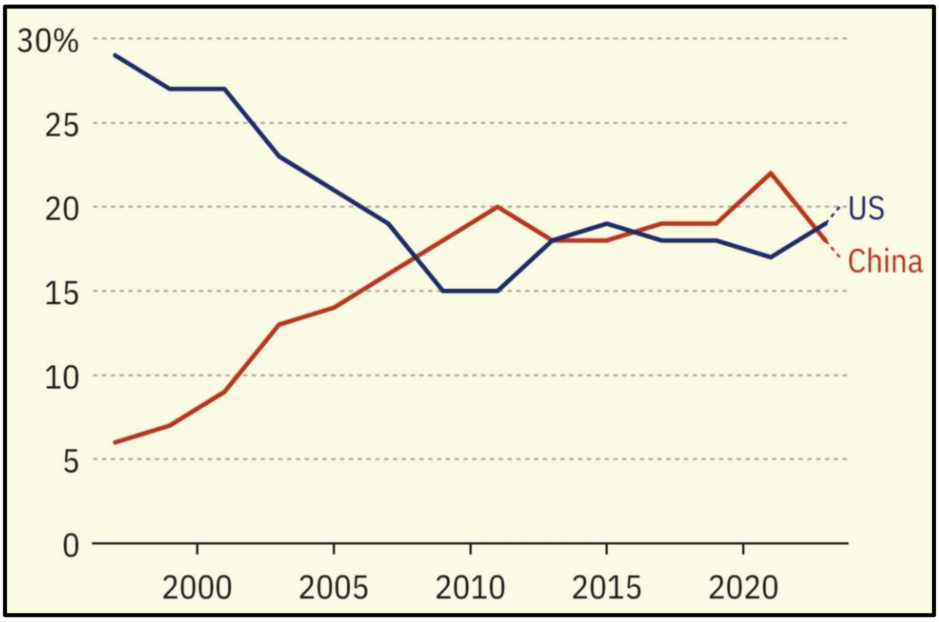
- Nikkei Asia reports, **“**Japan's benchmark stock average topped the 50,000 mark for the first time on Monday as investors welcomed an easing in U.S.-China tensions and with expectations growing for the Federal Reserve to further cut rates this week.”

- Reuters reports that Takaichi plans to “woo” Trump with promises to purchase US pickup trucks, soybeans, and energy. Semafor notes, “Trade will top the agenda, as Takaichi looks to implement the US-Japan trade agreement … it comes amid warnings that Washington could again increase tariffs if she fails to see through her predecessor’s plans to invest $550 billion in the US.”

Commerce Secretary Howard Lutnick told Nikkei today that the $550 billion investment framework agreed between Japan and the United States would focus on "power, pipelines ... things that are fundamental to national security and have virtually no risk."

- Nikkei notes, “[Lutnick] said Japan's $550 billion package is a joint investment for the economic security of the two countries, and that more than half the investment may be directed toward electricity and energy development. Lutnick went on to suggest that a liquefied natural gas (LNG) development project in Alaska could qualify.”

Figure 1: Share of Japanese Exports by Destination Country



Source: Semafor, OEC

Economy

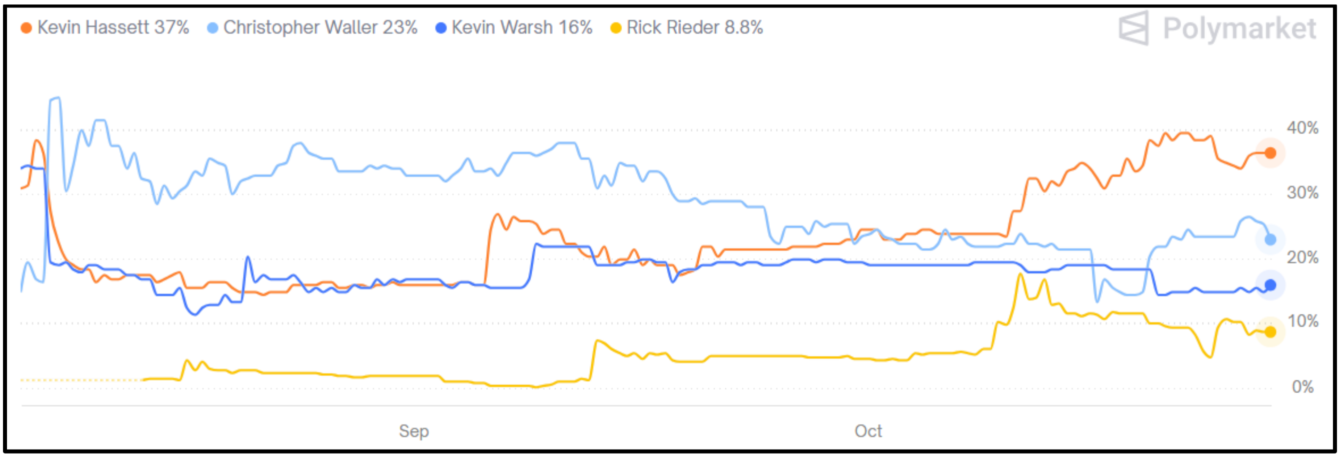
Markets are bracing for a consequential week, which could determine the trajectory of the US stock markets. “On Wednesday and Thursday, five firms that account for about a quarter of the S&P 500 Index — Microsoft Corp., Alphabet Inc., Meta Platforms Inc., Amazon.com Inc. and Apple Inc. — will report their earnings,” per Bloomberg.

- On Wednesday, the Federal Reserve Market Committee will make its next interest rate decision, despite the near-total blackout of federal economic data, due to the US government shutdown.
- “There's a 96.7% probability that the Fed will cut its benchmark rate by 0.25 percentage points on Wednesday, according to CME FedWatch, which bases its predictions on 30-Day Fed Funds futures prices,” per CNBC.

Treasury Secretary Scott Bessent told reporters aboard Air Force One today that he has whittled Fed Chair candidates down to a shortlist of five.

- The shortlist includes current Fed board members Christopher Waller and Michelle Bowman, former Fed Governor Kevin Warsh, National Economic Council Director Kevin Hassett, and BlackRock executive Rick Rieder.
- Trump is expected to name his nominee to fill the full 14-year Fed term, when temporary Fed governor Stephen Miran vacates his seat in January. According to Polymarket, Hasset is the favourite, with an implied probability of 37% or taking the nomination.

Figure 2: Who will Trump nominate as Fed Chair?



Source: Polymarket

Axios reports, “Bird flu is making a major comeback across the country this fall, reviving concerns about US readiness to respond to outbreaks — especially during the government shutdown.”

- According to Axios, “The most immediate concern is how the spread of the disease in commercial poultry flocks could drive up food prices. A month before Thanksgiving, wholesale turkey prices are about 40% higher than last year.”

Figure 3: Confirmed Avian Flu Detection, by state, month ending Oct 23, 2025

Wisconsin	3,572,020	Pennsylvania	12,000
Washington	1,965,700	Montana	186
Minnesota	710,720	Oregon	140
South Dakota	133,000	North Carolina	66
Utah	87,400	Arkansas	60
Iowa	42,800	Wyoming	50
Indiana	42,300	Ohio	20
Michigan	31,300	Virginia	7
Idaho	12,280	Total	6,609,989

Source: Axios

ASEAN

President Trump secured a series of trade deals at the Association of Southeast Asian Nations (ASEAN) summit in Kuala Lumpur. The agreements were signed after Trump oversaw the ratification of an enhanced ceasefire agreement between Thailand and Cambodia, following deadly border clashes earlier this year.

- USTR Jamison Greer announced in a statement that President Trump secured "Agreements on Reciprocal Trade" with Malaysia and Cambodia and reached "Frameworks for Agreements on Reciprocal Trade" with Thailand and Vietnam," with all four pledging to remove trade barriers and provide preferential market access for US goods.

Reuters notes, "The United States would maintain a tariff rate of 19% on exports from all three countries under the deals, with the levy to be reduced to zero for some goods... Washington also announced a similar framework deal with Vietnam, which has been levied with a tariff rate of 20% on its exports to the United States."

- According to Reuters, "Malaysia agreed on Sunday to refrain from banning or imposing quotas on exports to the U.S. of critical minerals or rare earth elements, the countries said in a statement. The statement however did not specify whether Malaysia's pledge applied to raw or processed rare earths."

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

- US-Malaysia: Joint Statement, Fact Sheet, and text of the Agreement.
- US-Cambodia: Joint Statement, Fact Sheet, and text of the Agreement.
- US-Thailand: Joint Statement on Framework and Fact Sheet.
- US-Vietnam: Joint Statement on Framework and Fact Sheet.

Brazil

US and Brazilian trade negotiators are expected to meet today, after President Trump and President Luiz Inacio Lula da Silva had a 'positive' meeting on the margins of ASEAN.

- Trump predicted Washington and Brasilia could strike a trade deal "pretty quickly," adding: "We should be able to make some pretty good deals for both countries."

Bloomberg notes, "Brazil has the second-largest reserve of rare earths in the world after China, potentially giving the South American country a unique card to play. Lula has indicated a willingness to discuss opportunities to boost the development of the key minerals used in electric vehicles, advanced weapons systems and medical devices with various parties, including Trump."

- Brazil Foreign Affairs Minister Mauro Vieira said at a press conference, "The meeting was very positive, and the overall result is highly satisfactory."
- Vieira said that in addition to renewing Brazil's request regarding the tariffs, Lula also asked for sanctions on Brazilian officials to be lifted. The Brazilian foreign minister said he expects the negotiations to be concluded "within a few weeks," per Bloomberg.

Government Shutdown Day 27

It's Day 27 of the US government shutdown. There is still no end in sight with Democrats and Republicans dug in on their respective positions. For Republicans, that means no negotiations until the government is reopened. For Democrats, the government will remain shut until the GOP strikes a deal to extend expiring Obamacare premium subsidies.

- Punchbowl News summarises: “The House hasn’t voted since Sept. 19 (that’s 38 days). The Senate is spinning its wheels on nominations and doomed-to-fail funding votes that aren’t moving the needle. Committee work has completely stopped in the House. The annual appropriations process is nowhere. Speaker Mike Johnson refuses to swear in Rep.-elect Adelita Grijalva (D-Ariz.), who was elected more than a month ago.”

Senate Majority Leader John Thune (R-SD) tested a new shutdown strategy last week: Jam Democrats with tricky votes on supplemental funding bills to pay troops and air traffic controllers. GOP leadership believes that repeatedly blocking these bills will eventually blow back on Democrats, although there is no sign yet that the American public is wholly engaged in what has been a low-energy government shutdown. Thune could hold a procedural vote on the supplemental funding bills as soon as Wednesday.

- It is unclear if the successful passage of the supplemental funding bills would reduce or raise the risk of a prolonged government shutdown. Supplemental funds would release a pressure valve on both Democrats and Republicans.
- As Punchbowl notes, “The White House doesn’t want Congress to send them these bills because they believe it’ll just bail Democrats out and shift the focus away from solving the shutdown.”
- Senator Thom Tilis (R-NS), a moderate Republican, told reporters, “Right now both sides think they are winning and that’s not fertile ground for any kind of change, right? So we’ll see once the next set of paychecks go unpaid whether or not increased pressure comes up.”

Regardless of the politics of the shutdown, the absence of agency funding is set to impose material hardships on many Americans households for the first time on November 1, when SNAP benefits will be halted for over 40 million people, troops will miss their next paychecks and millions of Americans will see sharp premium hikes as they start shopping for Affordable Care Act health plans, per Politico.

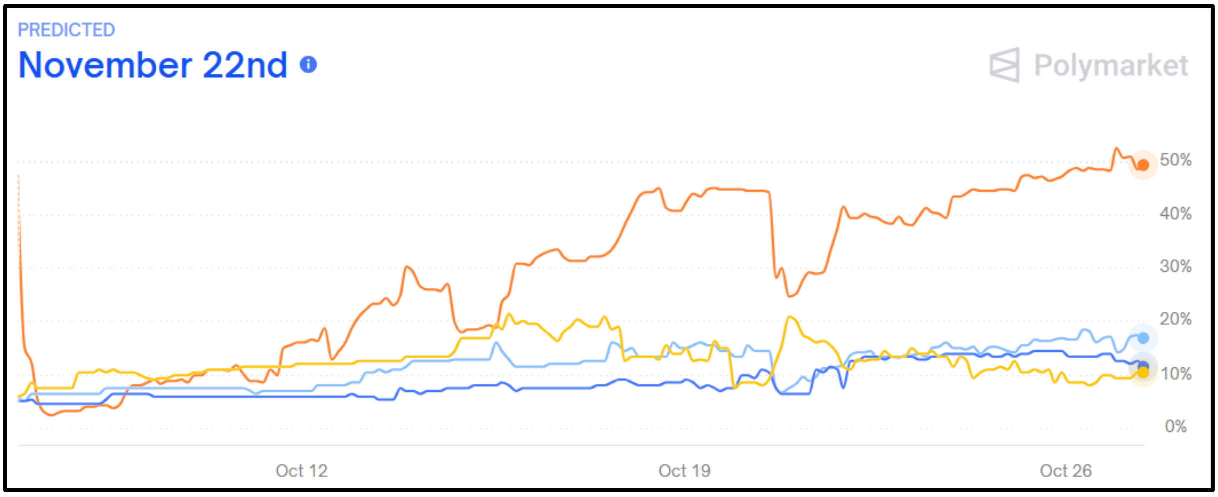
- Politico notes, “SNAP food aid has never lapsed in modern history, even during shutdowns, but the Trump administration concluded in a Friday memo that it can’t tap a contingency fund or other nutrition programs to cover the $9 billion in monthly food benefits.”

Axios summarises the data issues arising from the government shutdown: “The labor market. The Bureau of Labor Statistics skipped its September employment report and hasn't collected any data in October.

- “Public health. Weekly numbers that track how many Americans are coming down with the flu, RSV or COVID-19 haven't been updated.

- Agriculture. The USDA's weekly export sales report and daily sales announcements, and its monthly World Agricultural Supply and Demand Estimates aren't coming out. That leaves farmers and commodity traders with less information at the peak of the harvest season."

Figure 3: When will the Government Shutdown End?



Source: Polymarket

<u>Government Shutdown Key Dates:</u>

- *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*

Tariffs

Senate Minority Leader Chuck Schumer (D-NY) will force votes this week on three pieces of legislation relating to tariffs. The messaging votes will cover Trump's global tariffs, tariffs on Canada, and tariffs on Brazil.

- Politico notes, "The odds are good for approval: The Senate adopted a similar resolution aimed at Canada in April, with GOP Sens. Rand Paul, Lisa Murkowski, Susan Collins and Mitch McConnell voting with Democrats."
- Punchbowl notes, "It's important to note that these Senate votes are little more than symbolic because House GOP leaders, in an unprecedented move, engineered a rules change that effectively bars floor votes on challenges to Trump's tariff authority."

A bipartisan group of Senators filed an amicus brief with the Supreme Court over the weekend in support of a lower court ruling that Trump's reciprocal tariffs were unlawfully imposed by tapping powers under the International Emergency Economic Powers Act (IEEPA). The brief comes ahead of the Supreme Court hearing oral arguments in the case next month.

- The brief states, “Presidents may use IEEPA to freeze foreign assets and to then use those frozen assets as leverage in foreign affairs negotiations… IEEPA does not grant the President the power to impose tariffs on American citizens importing goods to generate leverage in trade talks.”
- The brief continues, “This Court should hold that IEEPA does not delegate tariff authority to the President and the President’s tariffs under IEEPA are therefore unlawful.”
- Punchbowl notes, “Sens. Jeanne Shaheen (N.H.) and Ron Wyden (Ore.) — the top Democrats on the Foreign Relations and Finance committees, respectively — led the group of 36 senators on the amicus brief. Sen. Lisa Murkowski (R-Alaska), who has long opposed the tariffs, was the lone GOP co-signer. Additionally, 171 House Democrats have signed on.”

Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

Ukraine War

Ukrainian President Volodymyr Zelenskyy said in an interview with Axios’ Barak Ravid that Trump's new sanctions on Russian oil majors will hurt the Russian war machine, but Ukraine still needs long-range missiles to force Russian President Vladimir Putin to make peace.

- Zelenskyy said, "President Trump is concerned about escalation. But I think that if there are no negotiations, there will be an escalation anyway. I think that if Putin doesn't stop, we need something to stop him. Sanctions is one such weapon, but we also need long-range missiles."

Trump told reporters aboard Air Force One on Saturday, “I’m not going to be wasting my time. I’ve always had a very great relationship with Vladimir Putin but this has been very disappointing. I thought this would have gotten done before peace in the Middle East,”

- Trump indicated he would encourage Chinese President Xi Jinping to continue to pull back on Russian oil purchases, during his Thursday meeting, “You probably saw today, China is cutting back substantially on the purchase of Russian oil and India is cutting back completely.”

Zelenskyy noted on the recent call between Secretary of State Marco Rubio and Russian Foreign Minister Sergei Lavrov, which appears to have been the catalyst for Trump’s pivot: "As far as I know, the conversation between Rubio and Lavrov was not positive. They did the same after Alaska. This is the third or fourth time when Putin and his people reject what Trump says."

- Axios notes, “It's been a head-spinning two weeks for Zelensky. He was rebuffed by Trump over Tomahawk missiles in a tense meeting on Oct. 17, only for the diplomatic winds to suddenly shift. Trump scrapped a summit with Putin and imposed sanctions on Russia for the first time in his second term."

Canada

Trump said in a post on Truth Social on Saturday that he is "increasing the Tariff on Canada by 10% over and above what they are paying now," in response to a television ad sponsored by the Ontario government, which used excerpts from a Ronald Reagan speech to criticise tariffs.

- Canadian Prime Minister Mark Carney told reporters today he has had "no contact with Trump since Thursday," per Reuters. Carney added that he is ready to sit with Trump, "when the US is ready to sit down."

Argentina

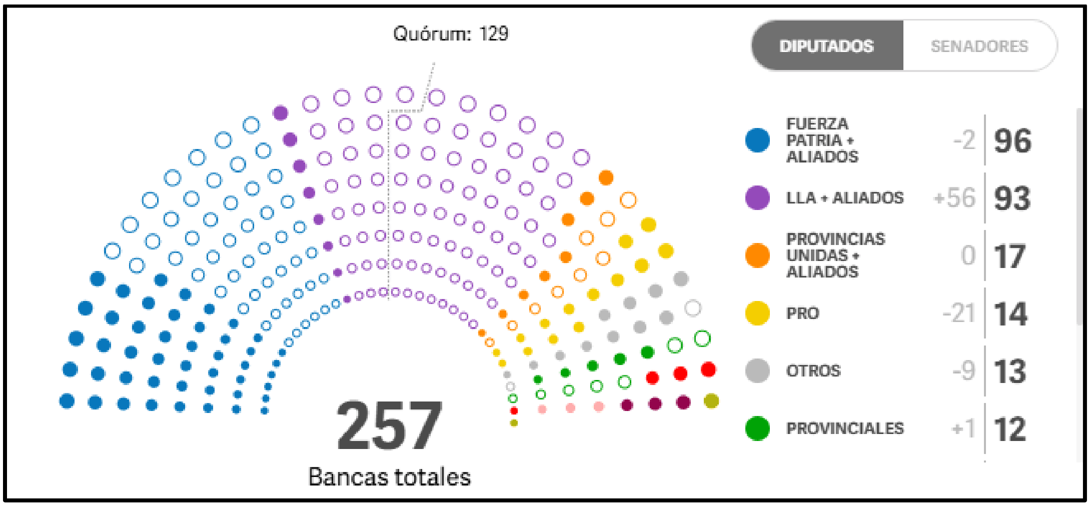
Trump and Treasury Secretary Scott Bessent's USD$40 billion bet on Argentine President Javier Milei appears to have paid off, with Milei's right-wing libertarian La Libertad Avanza (LLA) alliance securing a Congressional 'blocking minority' in the 26 October midterm election. The election result will allow Milei's administration greater leeway when it comes to enacting his economic reform agenda in the second half of his term.

- Half the seats in the 257-member Chamber of Deputies and one-third of the 72 Senate seats were up for election. Projections from Clarn show the LLA and its allies set to hold 93 seats in the Chamber post-election. Crucially, this will cross the 86-seat one-third threshold that will limit Congress from overturning presidential vetoes. In the Senate, the LLA also looks set to have secured enough seats that will allow it, alongside the conservative Republican Proposal (PRO), to hold a one-third blocking minority.

In terms of vote share, near-complete results show the LLA securing 40.7% support compared to 31.7% for the left-wing Peronist Fuerza Patria (FP) alliance. Opinion polling before the election had shown the FP and LLA in a close race for top spot. Moreover, the Peronists' comprehensive win in the September Buenos Aires provincial elections was seen as a potential indicator of trouble ahead for the LLA (the province accounts for ~40% of the country's population). In the event, the LLA exceeded expectations. It even secured a narrow victory in Buenos Aires, a historical stronghold for the Peronists.

- Trump wrote on Truth Social, "BIG WIN in Argentina for Javier Milei, a wonderful Trump Endorsed Candidate! He's making us all look good. Congratulations Javier!"
- Bessent said on X, "Congratulations to President [Milei] on La Libertad Avanza's very successful midterm election. President Milei has a renewed mandate for change. Argentina is a vital ally in Latin America. These results are a clear example that the Trump Administration policy of Peace through Economic Strength is working."
- Gustavo Cordoba, the director of the Argentine Zuban Cordoba polling firm, said: "Many people were willing to give the government another chance. We'll see how much time Argentine society gives the Argentine government. But the triumph is unobjectionable, unquestionable."

Figure 4: Preliminary Seat Totals in Chamber of Deputies



Source: Clarin. N.b. Seats fully shaded indicate those that were not up for election on 26 October, those not filled were elected in the mid-terms.

Venezuela

Democrat Senators Tim Kaine (D-VA) and Adam Schiff (D-CA) will force a vote in the Senate in the coming days that would block military strikes on Venezuela without authorisation from Congress. A similar vote failed in the Senate earlier this month, despite support from Republican Senators Rand Paul (R-KY) and Lisa Murkowski (R-AK).

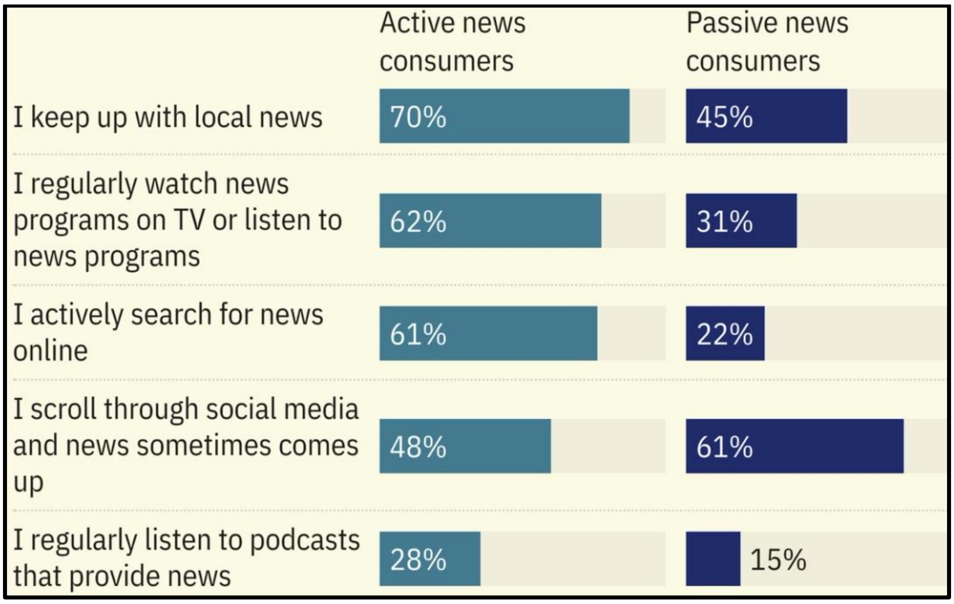
- Senator Lindsey Graham (R-SC) told CBS on Sunday, “President Trump told me yesterday that he plans to brief members of Congress when he gets back from Asia about future potential military operations against Venezuela and Colombia. So there will be a congressional briefing about a potential expanding from the sea to the land. I support that idea.”
- Semafor reports, “The Trump administration is continuing to raise the pressure on Venezuela, sending a US guided missile destroyer to dock in neighboring Trinidad and Tobago over the weekend. The military decided to dispatch the USS Gravely to the area only recently, a source told The Associated Press, and the vessel is expected to stay there until Thursday, as the countries conduct joint training exercises… Trump is also weighing plans that would involve targeting cocaine sites and drug trafficking routes inside Venezuela, CNN reported.”

Chart of the Day

Semafor reports, “A key fault line in American politics may be whether someone seeks out the news. According to a survey by Global Strategy Group…, people classified as “active” news consumers tended to be older cable news viewers, while “passive” consumers — people who let the news come to them — tended to be younger, to rarely watch live television, to be unvaccinated against COVID-19, or to consider themselves politically independent.”

- Will Jordan, one of the study’s authors, told Semafor, “This very potentially politically influential audience is disproportionately on these algorithm-driven social media platforms, and that’s where they’re increasingly getting their understanding and information about current events.” Still, active news consumption cut across party lines: 67% of “strong Democrats” and 64% of “MAGA Republicans” were active news consumers, compared to about 60% of voters overall.

Figure 5: How Americans Describe their News Habits



Source: Semafor, Global Strategy Group

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