

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 28-01-26

by Adam Burrowes

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

11:00 ET 16:00 GMT	President Trump delivers remarks on Trump Accounts
15:00 ET 20:00 GMT	President Trump participates in a greeting with Auto Workers
17:00 ET 20:00 GMT	President Trump participates in a Policy Meeting

### Key Dates:

- ❖ *Jan. 30: Government funding expires*
- ❖ *Jan 31: Texas Special Election*
- ❖ *April 16: New Jersey Special Election*
- ❖ *March 10: Georgia Special Election*

### Washington

US President Donald Trump will deliver remarks at an event for his Trump Accounts initiative at 11:00 ET 16:00 GMT. Treasury Secretary Scott Bessent, Senator Ted Cruz (R-TX), and House Ways and Means Chair Jason Smith (R-MO) are also expected to address the event.

- At 15:00 ET 20:00 GMT, Trump will greet auto workers in the Oval Office, and then hold a policy meeting.
- At 10:00 ET 15:00 GMT, Secretary of State Marco Rubio will testify to the Senate Foreign Relations Committee on Venezuela policy (more on that below). At 13:00 ET 18:00 GMT, Rubio will meet with Venezuelan Opposition Leader María Corina Machado at the Department of State.

The Federal Open Market Committee will announce its next interest rate decision at 14:00 ET 19:00 GMT. Fed Chair Jerome Powell will hold a presser at 14:30 ET 19:30 GMT, his first since a video message warning of what he perceived to be a Trump pressure campaign to influence monetary policy.

- MNI's preview of the Fed's January meeting ([here](#)) notes that the FOMC is "poised to deliver a neutral hold, with heated debate continuing about the appropriate pace of easing over the coming year."
- The Wall Street Journal is out with a [useful piece](#) speculating that Trump is struggling to find a Fed Chair, "who will pursue his demands for lower interest rates while still commanding enough credibility on Wall Street and from his colleagues to deliver them."

Republicans and Democratic senators will hold their weekly lunches at 12:30 ET 17:30 GMT, as they try to navigate a standoff over funding the Department of Homeland Security that has raised the risk of a government shutdown on Friday. (More below)

- Remarks to reporters and press conferences after the lunches should provide clues on the likelihood of a last-minute deal to avoid a shutdown.

Politico [reports](#) that Slovakia's prime minister, Robert Fico, told EU leaders that he was 'shocked' with Trump's state of mind, after a meeting at Mar-a-Lago last week.

- Politico reports that Fico, "one of the few EU leaders to frequently support Trump's stance on Europe's weaknesses, was concerned about the U.S. president's "psychological state," two of the diplomats said. Fico used the word "dangerous" to describe how the US president came across during their face-to-face [on Jan. 17]."
- Politico notes, "Fico's comments are especially pertinent because he's among Europe's most pro-Trump politicians, touting his access to the US president in a Facebook video after the Mar-a-Lago meeting and voicing support for Washington's approach to the Russia-Ukraine war."

## Minnesota

Trump continued to soften his tone on the Immigration and Customs Enforcement (ICE) operation in Minnesota that has led to a collapse in the FY2026 government funding process.

- Trump said on Tuesday that "we're going to de-escalate a little bit," but declined to specify any changes to tactics used by federal immigration agents. Trump acknowledged that Border Patrol official Gregory Bovino, the man in charge of the Minneapolis operation, may have overstepped his remit, describing him as, "a pretty out there kind of guy."
- However, Trump defended DHS Secretary Kristi Noem, "I think she's doing a very good job. The border is totally secure." Asked if Noem would step down, he responded, "No." A comment that will do little to calm Democrats (and some Republicans) calling for her removal.
- Border czar Tom Homan said last night his first meetings with local Democratic leaders were "a productive starting point," a conciliatory step as the Trump administration looks for a reset to dial down tensions.

## Government Shutdown

The implied probability of a government shutdown remains close to 80% on Polymarket, reflecting that there appears to be no pathway to avoiding a government shutdown at midnight on Friday unless a deal is struck with Democrats to facilitate a vote on the entire six-bill funding package, including the DHS bill.

- Senate Democrats are likely to emerge from their caucus lunch today with a firm list of policy changes they want included in the DHS bill. Republicans are open to some changes, but are cognizant that amending the DHS will require House Speaker Mike Johnson (R-LA) to bring the House back into session. Considering the time constraints and Johnson's dismissal of such a move, if Democrats push for an overhaul of the DHS bill, a shutdown is all but inevitable.

Senate Majority Leader John Thune (R-SD) told reporters yesterday he's encouraging dialogue between the administration and Senate Democrats to reach "some mechanism whereby you don't have to change the bill or split it out and have to send something back to the House." Senate Appropriations Chair Susan Collins (R-ME) said yesterday she's also hoping for an off-ramp via executive action.

- As it stands, Thune's strategy is to hold a vote on the full package on Thursday. The measure will need at least seven (probably eight) Democrat votes, so is certain to fail without a deal in place.

Of course, Senate Minority Leader Chuck Schumer (D-NY) is publicly opposed to an informal deal for now because any handshake agreement with Trump for an Executive Order could be rescinded or watered down.

- Schumer [wrote on X](#) yesterday, "In the wake of ICE's abuses and the administration's recklessness, Senate Democrats will NOT pass the DHS budget until it is rewritten. I will vote no on any legislation that funds ICE until it is reined in and overhauled."

Although temperatures are high in Washington, the politics of this shutdown standoff are substantively different to September, when Democrats triggered a shutdown to highlight cuts to Obamacare subsidies.

- During that standoff, the offramp for Republicans was a non-starter – hundreds of billions of dollars for the ACA. This time, no additional funding is required and there is genuine political will on both sides to see some guardrails imposed on ICE. Moreover, for conservative Republicans, policy tweaks would have little impact on ICE's funding, as it was injected with USD\$75 billion via the GOP's One Big Beautiful Bill.
- Moreover, even the Trump administration appears willing to accept that public opinion has turned on immigration policy. As we've noted this week, Trump's [approval rating](#) on immigration has collapsed. That is a major liability for Congressional Republicans ahead of November's midterms.
- However, there is risk for Democrats, as Politico points out: "The cost of living remains Trump's weakest issue and is still the thing voters care about most. And shutting down the government over immigration funding is always going to be a fundamentally riskier move for Dems than over health care."

Senator Brian Schatz (D-HI) told reporters that cross-aisle talks have been "constructive," adding: "I think we should be able to land this." Senator Tina Smith (D-MN) said of her conversations with Republicans, "Nobody has said, 'That's ridiculous... But the question is: Is there the will to actually make it happen?'" Per Punchbowl News.

- The main obstacle appears to be procedural. Punchbowl notes, "We asked several senators from both parties Tuesday night if they've heard ideas on how to codify DHS reforms without needing additional House action on the broader funding measure. None could spell one out."

## What Will Shut Down?

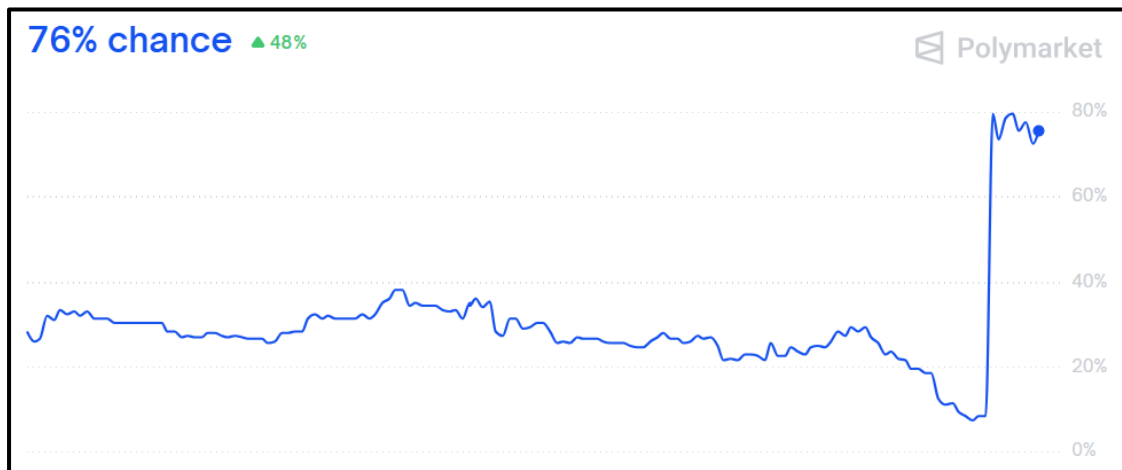
It's worth re-upping our summary from yesterday's edition of this newsletter. The DHS bill is bundled into a minibus of six FY2026 spending bills that passed the House last week. The USD\$1.2 trillion package also covers the departments of Defense, Transportation, HUD, HHS, Labor, and Education; all of which have broad support.

- If Congress fails to pass the package by midnight on Friday, all agencies without completed appropriations will be shut down. If the Department of Labor is shut down,

it could impact key data releases expected in February, including non-farm payrolls, PPI, and CPI.

- The Department of Commerce has already been funded, so markets will continue to get data from the BEA and Census Bureau in the event of a partial government shutdown.
- MNI's Tim Cooper notes, "as with the prior shutdown, if the BLS can't produce or share some of its data, then some BEA/Census data series looks likely to be delayed too unless it's based on already-produced data. That shouldn't be a major problem for the first few weeks as most of the key BLS data (CPI, payrolls) for December has already been published but would become an increasing problem if the shutdown drags on further and BLS-produced January data is put into jeopardy."

**Figure 1: Will there be another US government shutdown by January 31?**



Source: Polymarket

## China

Semafor reports that, "Washington's top envoy in Beijing signaled business ties between the world's two biggest economies are on more solid ground after their trade war truce last October."

- According to the report, "Ambassador David Perdue reportedly told a closed-door meeting of business leaders in Hong Kong that the US and China had made progress on several agreements, including a massive Boeing sale, ahead of [Trump's] expected trip to China in April. Perdue earlier told Bloomberg that the broader US-China relationship was "improving multi-dimensionally."
- Semafor notes, "Other Western nations are also pursuing closer ties with Beijing as Trump's trade policies and unpredictable diplomacy reshape global partnerships: Finland's premier visited China and pledged to boost economic cooperation on Tuesday, and the UK's Keir Starmer lands in Beijing on Wednesday."

## Congressional Business

The House is OUT

The Senate is IN

## Committee Schedule –

- ❖ 15:00 ET 20:00 GMT: SENATE Foreign Relations: Hearings to examine U.S. policy towards Venezuela (SecState Marco Rubio to testify)

## Venezuela

Secretary of State Marco Rubio will appear before Congress today for the first time since the Trump administration launched a counter-narcotics operation in the South Caribbean that culminated in the ouster of former president Nicolas Maduro. Livestream will be available at 10:00 ET 15:00 GMT [here](#).

- Punchbowl notes, “Senate Democrats are beyond frustrated with the administration’s lack of responsiveness on everything from the capture of Venezuelan leader Nicolás Maduro to Trump’s flirtation with controlling Greenland. They’re prepared to pepper Rubio about all of this during today’s Foreign Relations Committee hearing.”
- Rubio is likely to be grilled on US military presence in Venezuela, the plan for selling Venezuelan oil - and rebuilding the country’s oil infrastructure - and how the Trump administration intends to influence the policy of ‘interim’ President Delcy Rodriguez.
- Rubio said in prepared remarks, “We are prepared to use force to ensure maximum cooperation if other methods fail. It is our hope that this will not prove necessary.”

CNN reports that the CIA is working to get a foothold in Venezuela. The CIA and State Department are holding planning discussions to figure out what the short- and long-term US presence in the country will look like. While the State Department will take the lead on the US’s long-term diplomatic presence, the CIA will likely spearhead the initial reentry while Venezuela remains in an unstable transition period, per Politico.

- A person familiar with discussions told CNN, “State plants the flag but CIA is really the influence.” Part of those shorter term goals include laying the groundwork for future diplomatic efforts to be led by the State Department down the line.

## New York

The construction firm building the USD\$16 billion Hudson River Gateway Tunnel warned yesterday that construction will halt next week unless the Trump administration reinstates the funds it froze in October to punish New York’s two congressional democratic leaders for triggering a government shutdown.

- The New York Times [notes](#), “The project, known as Gateway, sits at the middle of the busy Northeast Corridor rail route running from Boston to Washington and is one of the largest infrastructure initiatives in the United States. It has been under construction for more than a year after it received pledges of about \$12 billion from the federal government.”
- Senate Minority Leader Chuck Schumer (D-NY), who met with Trump in the White House earlier this month to request the funds be reinstated, said the Gateway tunnel was “the largest and most important infrastructure project in the nation,” warning that the project is “on the precipice of being derailed and maybe killed.”

- Trump said on Truth Social, “Remember, everybody, it is Chuck Schumer, the under siege Senator from New York, who is holding up the Gateway Project!”
- The Times notes that Schumer responded by saying that Trump would have only himself to blame for the lost jobs and drastic effects on the economy of the Northeast. Adding that shutting down the project would risk sending the national economy into recession.

## Redistricting

A Virginia judge ruled yesterday that Democrats would not be able to instate their new favourable House map in time for November’s midterm elections, as the map had not been subject to a constitutional amendment on redistricting before the state’s elections in November last year. Democrats said they would appeal the decision.

- Virginia currently has a 6-5 Democratic edge in its congressional delegation. Virginia Democrats said in a statement that, “Nothing that happened today will dissuade us,” from seeing to deliver a new map that could result in a 10-1 Democratic advantage in the state.

## Health Care

Senator Angus King (I-ME) told Politico yesterday that he’s expecting the bipartisan group working to revive expired Affordable Care Act subsidies to release bill text “hopefully in the next day or so... We should have the text.”

- Politico notes, “King said he believes the bipartisan group landed on a deal that Republicans and Democrats will accept. The optimism comes after Sen. Bernie Moreno, one of the lead GOP negotiators, spoke with senators on the floor Tuesday evening about the health care framework.”
- According to Politico, “Democrats in the negotiating group were initially caught off guard by the Ohio Republican’s apparent prediction of text Tuesday, since they had neither seen nor signed off on anything, according to two people granted anonymity to discuss the private talks.”
- Senator Lisa Murkowski warned, “I heard that there was an ember sparked today, but I’m not feeling overly optimistic. As with so much around here, you focus on an issue and then something else pops.”

## Canada

Canadian Prime Minister Mark Carney told reporters yesterday that he stands by his speech on the ‘rupture’ of the liberal world order delivered at the World Economic Forum last week. Carney said, referencing a Monday call with President Trump, “To be absolutely clear, and I said this to the president, I meant what I said in Davos.”

- Carney said: “It was clear. It was a broader set of issues, and Canada was the first country to understand the change in US trade policy that he initiated, and we’re responding to that.” Carney added that during their conversation on Monday, the president had “understood” Canada’s position.
- Carney’s comment comes after Treasury Secretary Scott Bessent claimed on Monday that Carney walked back those remarks “very aggressively” during his phone

call with Trump. "I'm not sure what the prime minister was thinking," Bessent told Fox News's Sean Hannity, per The Hill.

MNI's Greg Quinn [reports](#) that Canadian Finance Minister Francois-Phillipe Champagne said yesterday there is still good personal communication between Canadian and US leaders, even after days of headlines about disparaging comments from Trump and Treasury Secretary Scott Bessent. Lines of communications between the two finance chiefs are still open including on a G7 call this morning, Champagne said.

- Champagne said, "We interact very regularly, I think last year we had about 10 to 11 meetings at the G7. I exchange text messages with Secretary Bessent quite regularly."

## Iran

President Trump warned Iran today that they would face an attack "far worse" than last year's strike on nuclear sites if it refused to negotiate a new nuclear deal.

- Trump wrote on [Truth Social](#), "*A massive Armada is heading to Iran. It is moving quickly, with great power, enthusiasm, and purpose. It is a larger fleet, headed by the great Aircraft Carrier Abraham Lincoln, than that sent to Venezuela. Like with Venezuela, it is, ready, willing, and able to rapidly fulfill its mission, with speed and violence, if necessary.*"
- "*Hopefully Iran will quickly "Come to the Table" and negotiate a fair and equitable deal - NO NUCLEAR WEAPONS - one that is good for all parties. Time is running out, it is truly of the essence! As I told Iran once before, MAKE A DEAL! They didn't, and there was "Operation Midnight Hammer," a major destruction of Iran. The next attack will be far worse! Don't make that happen again.*"

Since the outbreak of mass protests across Iran, Trump has sporadically engaged in threats against the Iranian regime. On 11 January, Trump posted on Truth Social, calling for Iranians to "keep protesting", saying that "help is on its way". In the subsequent fortnight, there has been no direct US action, and the protests have been comprehensively crushed, with [thousands killed](#) by Tehran's security forces.

- Trump's frequent threats of military action, and the stationing of the carrier strike force within range of Iran will serve to keep the regime in Tehran in a state of disarray as it attempts to parse whether an attack is imminent. The UAE and Saudi Arabia both [denying the US assistance](#) in any strike demonstrates the reluctance of regional powers to risk a collapse of the Iranian regime, despite long-standing animosities.
- As is the case with any regime collapse, there would be uncertainty as to what comes after. Scenarios including a power vacuum, a shift to democracy, or a secular military-dominated Iran (without the Ayatollah's fatwa on nuclear weapons) would all pose risks to regional stability."

Earlier, Iranian Foreign Minister Abbas Araghchi pushed back on Trump's claims that Iran "wants to make a deal". Newsweek [reports](#) that Araghchi told journalists that, "we have not made any request for negotiations."

- The minister acknowledged that "Various intermediaries do get in touch," but that "no request" for talks has come from the Iranian side. Iran's Ambassador to Geneva, Ali

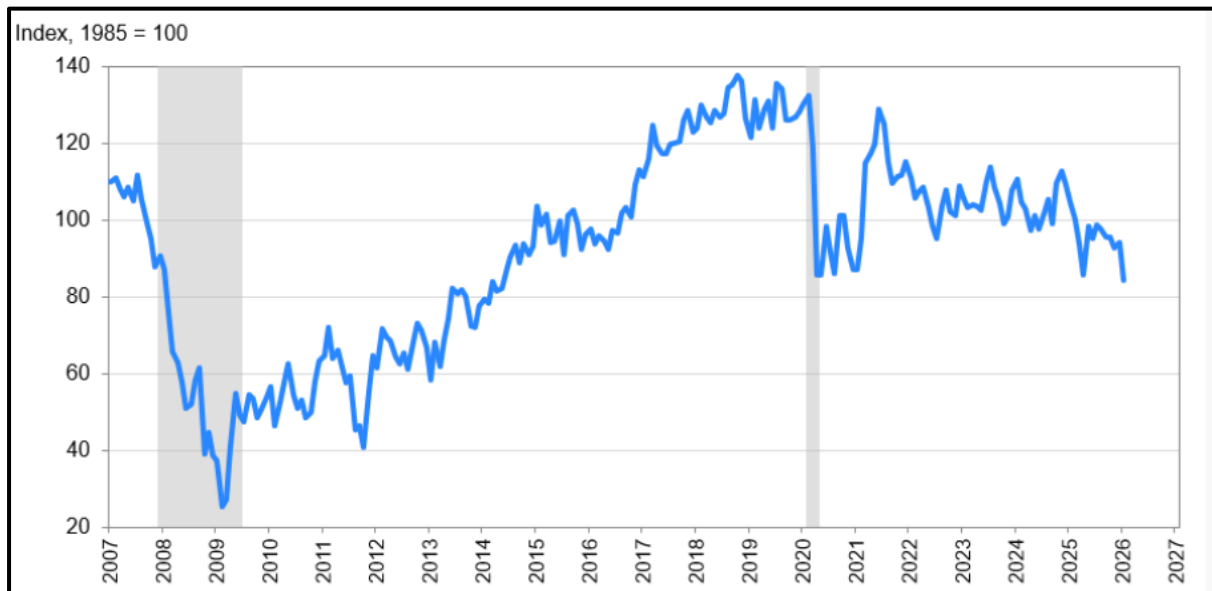
Bahreini, speaking to the semi-official ISNA, [said](#) that Araghchi was exchanging messages with US special envoy Steve Witkoff on an informal basis, but that "It can hardly be called a negotiation."

### Chart of the Day

The Conference Board consumer [survey](#) was far weaker than expected in January, with its main index falling to 84.5 for an almost 10pt drop from December to its lowest level since May 2014.

- Consumer confidence slipped to 84.5 (cons 91.0) in January, surpassing the 85.7 in April on tariff announcements for its lowest since 2014. The monthly drop was made larger by an upward revision to 94.2 (initial 89.1) in December although the magnitude of that revision suggests the latest figure should be taken with some caution. The cut-off for today's preliminary results was Jan 16.
- It's in contrast to the preliminary U.Mich consumer survey for January (which improved to 56.4 after 52.9), conducted across Dec 16-Jan 6. That came just prior to a rise in political tensions stemming from ICE activity in Minneapolis from Jan 7th onwards.
- Conference Board's chief economist said in the report, "Confidence collapsed in January, as consumer concerns about both the present situation and expectations for the future deepened. All five components of the Index deteriorated, driving the overall Index to its lowest level since May 2014 (82.2)—surpassing its COVID-19 pandemic depths."

**Figure 2: Consumer Confidence Index**



Source: Conference Board

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