

MNI POLITICAL RISK ANALYSIS - US Daily Brief 28-03-25

by Adam Burrowes

The White House (times subject to change)

13:00 ET 17:00 GMT	President Trump participates in the Swearing-In Ceremony for the U.S. Attorney for New Jersey
14:00 ET 18:00 GMT	President Trump departs the White House
16:50 ET 20:50 GMT	President Trump arrives Mar-a-Lago, Florida

KEY DATES:

- ❖ GOP target for concluding budget reconciliation: May 26
- ❖ Government funding expires: September 30

Washington

President Donald Trump has a light Friday schedule. He is expected to hold a call with Canadian Prime Minister Mark Carney this morning before departing for Mar-a-Lago in the afternoon.

- Trump warned auto makers against raising car prices in response to tariffs, during a call earlier this month, according to the [Wall Street Journal](#).
- The Journal reports: “Trump told the executives that the White House would look unfavorably on such a move, leaving some of them rattled and worried they would face punishment if they increased prices, people with knowledge of the call said.”
- The Journal has published a [Trump Tracker](#) “to keep tabs on the executive orders, memos and actions so far in President Trump’s second term.”
- Bloomberg’s tariff tracker can be found [here](#).
- The New York Times’ Trump tracker is [here](#).

Vice President JD Vance will join Second Lady Usha Vance on a trip to Greenland today, which has been scaled down to a US airbase visit in the face of an aggressive response from Danish and Greenlandic officials.

- Vance is expected to be accompanied by National Security Advisor Mike Waltz – still embroiled in the Signal chat leak scandal – and Energy Secretary Chris Wright, whose presence suggests the Trump administration has credible designs on Greenland’s mineral reserves.
- Vance’s trip belies the increased geostrategic importance of the Arctic. The Department of National Intelligence’s [2025 Annual Threat Assessment](#) report, released this week, noted that Russia and China have strategic interests in military, shipping, and energy infrastructure in the Arctic.

- The report noted: "Russia's interest in Greenland is focused mainly on its proximity to strategically important naval routes between the Arctic and Atlantic Oceans-including for nuclear-armed submarines-and the fact that Greenland hosts a key U.S. military base."
- Russian President Vladimir Putin said yesterday that Russia "will increase capabilities of northern ports" to bolster its Arctic capabilities. Putin also noted that he believes Trump is "serious" in his aim to take over Greenland.

Secretary of State Marco Rubio has returned from a Caribbean trip that included a forceful defence of Guyana's sovereignty in the face of Venezuela's hostile posture towards a disputed territory that has threatened to escalate into direct conflict.

- Rubio said alongside Guyana's President Irfan Ali yesterday in Georgetown: "It will be a very bad day for the Venezuelan regime if they were to attack Guyana or attack ExxonMobil or anything like – it would be a very bad day, a very bad week for them."
- State Department spokesperson Tammy Bruce will brief the press at 14:00 ET 18:00 GMT. [LIVESTREAM](#)

Defense Secretary Pete Hegseth – the other central figure in the Signal scandal - continues his first Indo-Pacific tour. He met with Philippine President Ferdinand Marcos Jr in Manila yesterday, where he pledged to boost military ties with the Philippines to strengthen deterrence against "threats from the communist Chinese" and ensure freedom of navigation in the South China Sea, [per AP](#).

- On Sunday, Hegseth will travel to Tokyo for meetings with Japanese officials, including Defence Minister Nakatani Gen. NHK reports that Nakatani said he is looking forward to discussing "efforts to strengthen the deterrence and response capabilities of the Japan-US alliance," and "developments in China and North Korea".
- The Washington Post reports that Japan, "has not ruled out retaliatory tariffs, although experts say it would be difficult for Japan to hit back, given Tokyo's export-reliant economy and concerns about jeopardizing its security alliance with Washington."

Secretary of Homeland Security Kristi Noem will wrap up a tour of Latin America in Mexico today, where she will meet with President Claudia Sheinbaum. The Mexican leader may offer additional concessions on border security and drug enforcement to bolster prospects of striking a deal with the Trump administration on tariffs.

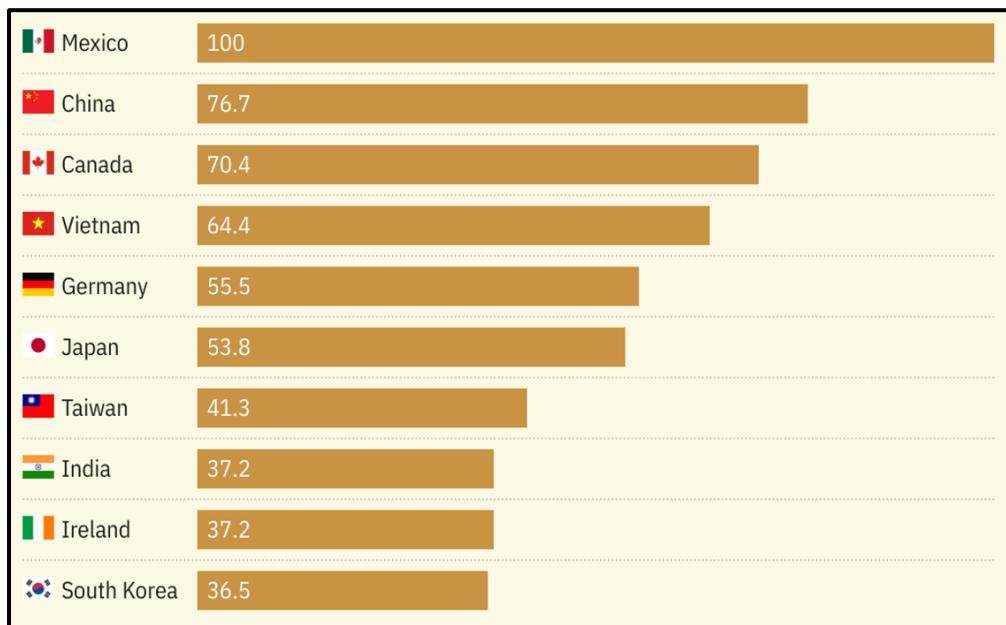
- Sheinbaum, continuing her measured response to tariffs, said yesterday: "On April 3rd we will be giving a comprehensive response to what Mexico is going to do in this situation and that does not mean closing the doors to working with the United States,"

Canadian Prime Minister Mark Carney told reporters after a Cabinet meeting in Ottawa that Canada's old relationship with the United States, "based on deepening integration of our economies and tight security and military cooperation, is over".

- Carney said Canadians must "fundamentally reimagine our economy" in the face of Trump's tariffs. He said Canada would respond with retaliatory tariffs that will have "maximum impact" on the US, per the [BBC](#).

- Carney argued that Canada can sustain an auto industry with the US tariffs provided the government and business community work to "reimagine" and "retool" the industry.
- CBC reports that Carney and Trump will hold their first call since Carney assumed the Canadian premiership this morning.

Figure 1: US Trading Partners Most Exposed to Trump Trade Policy Changes, 0 = least exposure; 100 = most exposure



Source: Semafor

DOGE

Elon Musk and members of his DOGE team sat down yesterday for a first group interview since the Department of Government Efficiency initiated its hardline government reform programme. Full interview [here](#).

- Musk told Fox News' Brett Baier: "This is a revolution, and I think it might be the biggest revolution in the government since the original Revolution. But at the end of the day, America's gonna be in much better shape; America will be solvent; the critical programs that people depend upon will work; and it's gonna be a fantastic future."
- Musk conceded: "But are we gonna get a lot of complaints along the way? Absolutely. ... One of the things I learned at PayPal was: You know who complains the loudest — and with the most amount of fake, righteous indignation? The fraudsters. It's a tell."
- Axios notes: "Musk's status as a special government employee gives him 130 workdays (through May 29, counting weekends). Baier asked if he'll continue past that date. Musk said: "I think we will have accomplished most of the work required to reduce the deficit by a trillion dollars within that timeframe.!"

Federal Government

The Department of Health issued a [statement](#) yesterday announcing plans to fire 10,000 full-time employees, described as “a dramatic restructuring in accordance with President Trump's Executive Order, ‘Implementing the President's 'Department of Government Efficiency' Workforce Optimization Initiative.’”

- HHS Secretary Robert F. Kennedy Jr. said: “We aren't just reducing bureaucratic sprawl. We are realigning the organization with its core mission and our new priorities in reversing the chronic disease epidemic. This Department will do more – a lot more – at a lower cost to the taxpayer.”
- Semafor notes: “The administration has slashed \$12 billion in grants to states for infectious disease tracking among other services, and health agencies are canceling funding for COVID-related research. The future of the renowned HIV-fighting PEPFAR program is uncertain, and the White House plans to end support for an organization that helps buy vaccines for children in developing countries.”

The Washington Post [reports](#), according to an internal memo, “Federal officials are preparing for agencies to cut between 8 and 50 percent of their employees,” potentially indicating “what could be next for the efforts that Trump says will make government more accountable”.

- The Post notes: “The document covers 22 agencies and doesn't have information in some categories. Several people familiar with the document stressed that planning remains fluid and that the numbers do not necessarily reflect what agencies will ultimately cut.”
- White House principal deputy press secretary Harrison Fields said in an email: “When President Trump's Cabinet Secretaries are ready to announce reduction in force plans, they will make those announcements to their respective workforces at the appropriate time.”

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Republican Legislation

House Majority Leader Steve Scalise (R-LA), the man who sets the House agenda, told reporters yesterday that a final vote on a compromise budget resolution may not come before the two-week Easter recess – the informal target set by House Speaker Mike Johnson (R-LA) and Senate Majority Leader John Thune (R-SD).

- Politico notes that Scalise said that any changes the Senate might make to the budget resolution that the House approved last month could potentially delay final approval of a unified fiscal framework.

The Hill reports, in reference to the ongoing debate about using a 'current policy baseline' to cost TCJA extension as zero dollars, that "if Republicans are able to write off the \$4.6 trillion cost of extending their 2017 tax cuts, there could theoretically be an adverse reaction in the bond market, which is sensitive to public deficit levels."

- The Hill adds: "However, longer-term interest rates have been falling this year even as the prospect of higher debt levels and tariffs add to inflation concerns. Investors see the overall disinflationary environment following the pandemic as superseding the threats posed by a ballooning federal deficit."
- Westwood Capital founding partner Dan Alpert told The Hill: "What's another \$4 trillion between friends?... [Tariffs and deficits] are coming up against a larger disinflationary bias across the globe."

Republican News

Trump, recognising that the razor-thin GOP majority in the House could imperil his agenda, has withdrawn Rep Elise Stefanik (R-NY) from consideration to serve as his Ambassador to the United Nations.

- Trump wrote on [Truth Social](#): "As we advance our America First Agenda, it is essential that we maintain EVERY Republican Seat in Congress.... With a very tight Majority, I don't want to take a chance on anyone else running for Elise's seat... Therefore, Elise will stay in Congress, rejoin the House Leadership Team, and continue to fight for our amazing American People. Speaker Johnson is thrilled!"
- The move is the first firm signal that the White House is concerned that Trump's hardline agenda could cause blowback at the ballot box, even bringing Stefanik's district, which Trump won by 21 points in November, into play in a special election to fill the seat.

Politico writes: "President Donald Trump is worried about Republicans maintaining their fragile majority in the House. So worried he wants to protect seats in ruby-red districts he won by overwhelming majorities."

- Analyst Chris Cillizza writes: "This is a panic move. Or, if you want to put it more kindly toward Trump and the Republican party, a realpolitik decision reflecting the incredibly narrow majority that the GOP currently "enjoys" in the House."
- Minority Leader Hakeem Jeffries (D-NY) said Republicans are "afraid they will lose the special election to replace her."
- The Washington Post notes that recent developments have reinforced GOP concerns: "A big one this week was Democrats' victory in a key Pennsylvania state Senate race, where they pulled an upset in a district no Democrat had won in decades and where Trump won by 15 points last year."

First up, Speaker Johnson faces two special elections in Florida to fill the vacant seats of former Rep Matt Gaetz, whose run for Trump's AG sank amid personal misconduct allegations, and Trump's National Security Advisor Mike Waltz.

- Both the Florida seats were won by Trump and the GOP candidates by over 30 points in November. But a funding blitz by Democrat candidate Josh Weill in Florida's

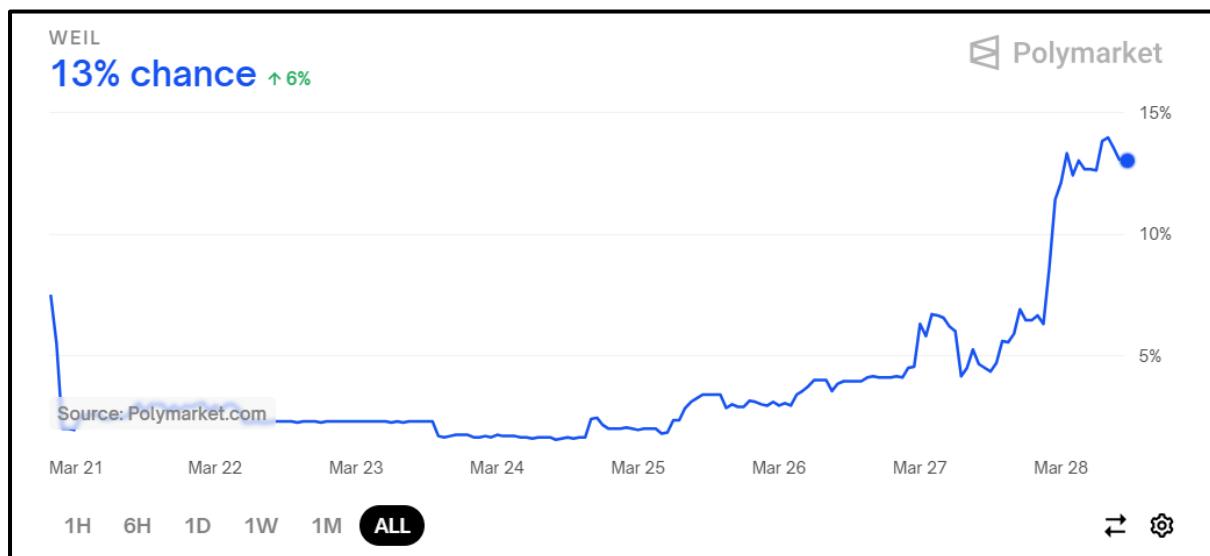
6th, coupled with a poor campaign by Republican Randy Fine, has brought the district into play.

- Betting markets still consider Weil a longshot, but Democrats have recently overperformed in special elections, due in part to a negative drag on Republican candidates when Trump isn't on the ballot and Democrats' increased engagement in low turnout special elections.

Speaker Johnson had hoped that the two Florida special elections would provide a buffer to reduce the influence of the deficit hawks. So far, only Rep Thomas Massie (R-KY) has consistently voted against the GOP agenda, but under the current configuration one more dissenting vote would scupper legislation on the floor.

- Politico notes: "Florida Republican Rep. Kat Cammack also announced this week that she's pregnant and due in August — another factor that could shrink the House GOP margin for a while with Speaker Mike Johnson dead-set against allowing proxy voting for new parents."

Figure 2: Florida 6th Congressional District Special Election, April 1, %Implied Probability of Democrat Josh Weil Victory



Source: Polymarket

Russia-Ukraine

Bloomberg News [reported](#) yesterday that the US is, "pushing to control all major future infrastructure and mineral investments in Ukraine, potentially gaining a veto over any role for Kyiv's other allies and undermining its bid for European Union membership."

- The report noted: "If accepted, the partnership agreement would bestow enormous power on the US to control investments into Ukraine in projects including roads and railways, ports, mines, oil and gas and extraction of critical minerals."

- A person familiar with talks told Bloomberg: "Discussions are continuing between the two sides and the final draft may contain revisions to the terms. Ukraine will likely respond to the US document with its own amendments this week."
- Ukrainian President Volodymyr Zelenskyy confirmed this week that a revised mineral deal goes well beyond an initial framework accord hammered out last month, per the FT.
- Zelenskyy said: "Previously, we had a framework agreement, followed by the development of a full agreement. Now, the American side has proposed a grand agreement right away."

Secretary of State Marco Rubio indicated yesterday that some of the sanctions Russia is pushing to be dropped "are not ours — they belong to the European Union," acknowledging that Europe will be central to future ceasefire negotiations.

- Political notes: "For example, the SWIFT payment system the Kremlin wants access to is based in Belgium; many of the ship insurance firms it hopes to deal with are in London; and it's European countries that would be buying the agricultural exports the Russians are so desperate to sell. And officials on the continent know that gives them their best leverage to get a seat around the table, whether Trump likes it or not."
- A European diplomat said: "If the EU is invited to the table, it will be because of sanctions. We will be invited when we are told to lift the sanctions."

Middle East

The Associated Press reports that the US airstrike campaign against Yemen's Houthi rebels "appears more intense and more extensive" than those conducted against the group during the Biden administration.

- AP: "The pattern under U.S. President Donald Trump reflects a departure from the Biden administration, which limited its strikes as Arab allies tried to reach a separate peace with the group. It comes after the Iran-backed Houthis threatened to resume attacking "any Israeli vessel" and have repeatedly fired at Israel over the country's refusal to allow aid into the Gaza Strip."
- Retired U.S. Navy Vice Adm. Kevin Donegan told AP: "Folks that say, 'We'll go in there and take out everyone with the last name Houthi and we'll win.' The Houthi leadership has been taken out in history in the past, and they are resilient. They came back and they grew stronger. So this isn't something that is a one-and-done."

Iran's foreign minister said Tehran has responded to a letter from Trump on the prospect of new talks over Tehran's nuclear program, without giving detail on the contents, according to [Bloomberg](#).

- Bloomberg notes: "Tehran has held multiple rounds of talks with [Britain, France, and Germany] on a range of issues in recent months, including its nuclear program, with discussions beginning before the start of Trump's second term."
- The Wall Street Journal [reports](#): "The U.S. has deployed heavy, radar-evading B-2 bombers to the Diego Garcia base in the Indian Ocean, a warning to Iran and Yemen's Houthi militia that American airstrikes could become more intense if Houthi attacks on Israel and Red Sea shipping don't stop."

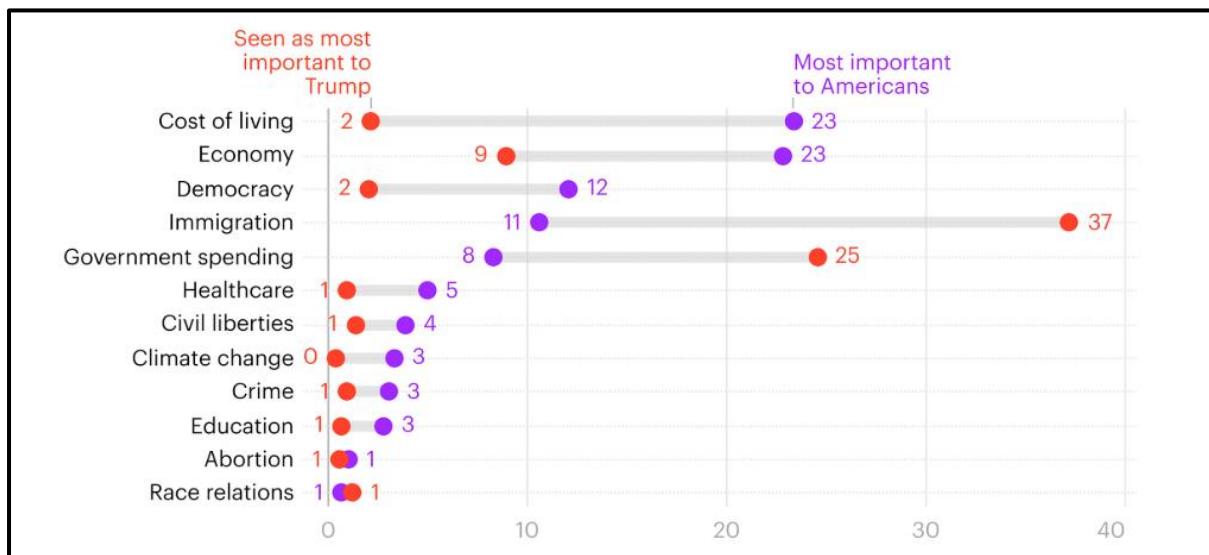
- John Hannah, who served as a national security adviser to former Vice President Dick Cheney, told The Journal: "This unprecedented concentration of overwhelming U.S. firepower in close proximity to the region is intended to signal to the Houthis that...unless they stand down immediately, things are about to get much, much worse for them,"

Chart of the Day

A new [Yahoo News/YouGov survey](#) has found, "Two months into Donald Trump's second term, more Americans say his presidential performance has been worse (41%) rather than better (30%) than they expected."

- The report notes: "The second reason Trump's popularity is falling may be more self-inflicted: how he's dealing with — or not dealing with — economic issues.
- "When asked to identify the most important issue facing the country, nearly half of Americans choose either the cost of living (23%) or the economy (23%). Democracy (12%), immigration (11%) and government spending (8%) trail far behind.
- "But when asked about the most important issue to Trump — "based on the actions he has taken so far in his second term" — just one in ten Americans pick either the cost of living (2%) or the economy (9%). Far more select immigration (37%) or government spending (25%); one in five say they aren't sure (19%). All other issues register at 2% or lower."

Figure 3: Issues Most Important to Americans and Seen as Most Important to Trump



Source: [Yahoo News/YouGov](#)

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