

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 28-07-25

by Adam Burrowes

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

07:00 ET 12:00 BST	President Trump greets UK Prime Minister Keir Starmer at Turnberry, Scotland
07:30 ET 12:30 BST	President Trump participates in a Bilateral Meeting with Prime Minister Starmer
10:45 ET 15:45 BST	President Trump departs Glasgow, Scotland, en route to Aberdeen, Scotland
12:25 ET 17:24 BST	President Trump arrives in Aberdeen, Scotland

#### KEY DATES:

- ❖ Tariff letter deadline: August 1
- ❖ Government funding expires: September 30

### Washington

US President Donald Trump will meet with UK Prime Minister Keir Starmer at 07:00 ET 12:00 BST for a bilateral meeting at his Turnberry Golf Club. Following the meeting, Trump will head to his Aberdeen golf club on the east coast of Scotland.

- Starmer is expected to press Trump on reducing outstanding tariffs on the UK, including steel. Politico reports that there's now a growing acceptance in the UK government that getting steel tariffs down from 25 percent to zero is at least "challenging" — and at worst very difficult.
- Politico adds that a UK government source said a deal on pharmaceuticals was "much more likely" than immediate progress on steel or the blanket 10 percent reciprocal tariffs, the lowest tariff rate Trump has agreed with any trading partner.

Starmer is also likely to use the meeting to shore up US commitment to NATO and the AUKUS submarine pact, and the so-called 'special relationship' more broadly.

- Starmer is expected to advocate that the US bolsters support for Ukraine and applies pressure on Israeli Prime Minister Benjamin Netanyahu to facilitate the delivery of additional aid into Gaza.

Shortly before going to print, Trump announced ahead of his meeting with Starmer that he will reduce the 50-day deadline for Russia to reach a ceasefire with Ukraine. Trump said: "I'm very disappointed in Russian President Putin."

- The comment provoked a small spike in the implied probability of Trump imposing sanctions on Russia by September 15, according to [Polymarket](#). The odds are now roughly 30%

### Economy

This week is set to be one of the busiest ever for US data, with key releases on Q2 GDP, jobs, and inflation. The week will conclude with the deadline for Trump's imposition of reciprocal tariffs on Friday, August 1, for any trading partners yet to strike a bilateral agreement.

- MNI's Markets Team outlines key events in the Global Week Ahead [here](#).

Axios summarises: "GDP: The economy shrank in the first quarter because of tariffs, even as underlying figures pointed to healthy activity. Expect the opposite dynamic in the Q2 GDP report out Wednesday.

- "Jobs: New data will be released on job vacancies, layoffs and quits (Tuesday) and private sector hiring (Wednesday) — all leading up to the all-important July government payroll report (Friday).
- "Inflation: The Fed, under immense pressure from the White House to cut interest rates, is widely expected to keep rates steady on Wednesday. The central bank's preferred measure of inflation, alongside spending and income figures, will come out Thursday."

## European Union

After months of negotiations, President Trump and European Commission President Ursula von der Leyen announced yesterday a preliminary trade deal that will see the EU levied with a 15% tariff on exports (down from 30%), while US exports to the EU won't face any tariffs. The deal indicates that 15% is likely to be the baseline reciprocal tariff rate.

- Trump said to Von der Leyen at his Turnberry golf club in Scotland: "I think you were saying this is probably the biggest deal ever reached in any capacity trade or beyond trade."
- Trump claimed that the EU, "is going to agree to purchase from the United States, \$750 billion worth of energy... They are going to agree to invest into the United States, \$600 billion more than they're investing already," and "open up their countries to trade at zero tariff... All of the countries will be opened up to trade with the United States at zero tariff."
- Trump said the EU also agreed to purchase a "vast amount of military equipment," but said: "We don't know what that number is".
- Commerce Secretary Howard Lutnick said on X: "The European Union is going to open its 20 Trillion dollar market and completely accept our auto and industrial standards for the first time ever. In addition, it will purchase \$750 BILLION in energy from us and invest \$600 BILLION in America. Our Tariff will be set at 15% across the board."

Semafor notes, "despite widespread analysis that the bloc got the worst of the deal," the deal "is not a defeat for Brussels, said one senior economist: Instead, it is a "recognition [that] the EU needs the US more than the other way around."

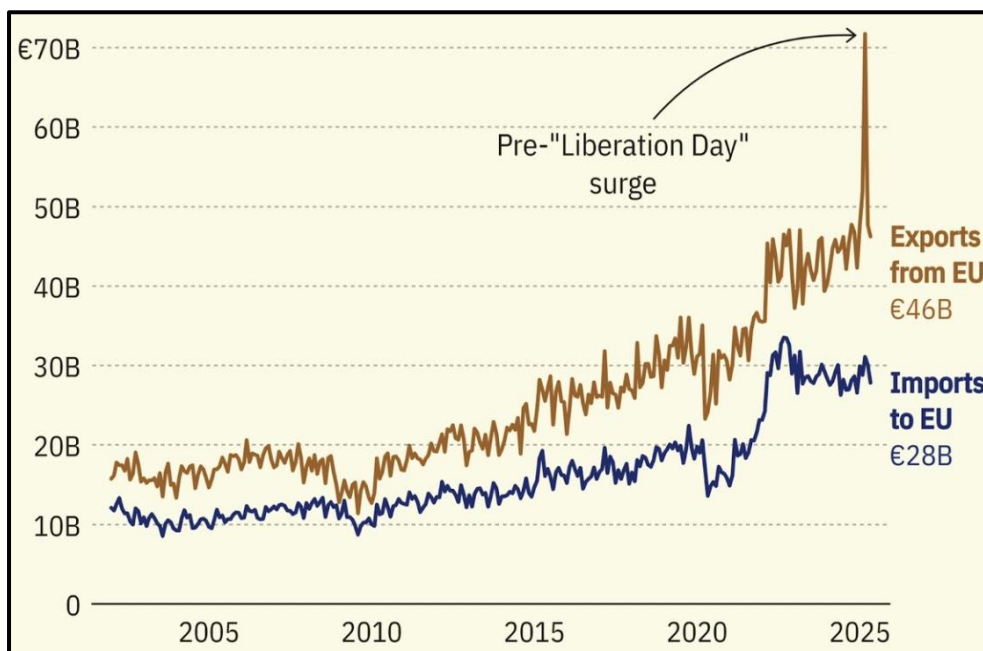
- Semafor adds: "There were worrying signs that the deal may not be entirely secure, though: Trump and the European Commission president appeared to disagree on the details, with Trump saying tariffs on pharmaceuticals, steel, and aluminium may yet rise."

- The Wall Street Journal writes that the deal “should ease anxieties that Trump’s drive could lead to a broader trade war and provide some clarity for business,” with one analyst saying: “While most don’t want tariffs to rise at all, they would prefer a steady 15% tariff compared with a lower rate that is less predictable.”

European leaders reacted to the deal with a mixture of relief and concern. French Prime Minister Francois Bayrou [said on X](#): “It is a sombre day when an alliance of free peoples, brought together to affirm their common values and to defend their common interests, resigns itself to submission.”

- Spain’s Prime Minister Pedro Sanchez said today that he supported the agreement, but did so “without enthusiasm”, per Reuters.
- Belgian Prime Minister Bart De Wever wrote on X: “...one thing is clear: this is a moment of relief but not of celebration. Tariffs will increase in several areas and some key questions remain unresolved.”
- Hungarian Prime Minister Viktor Orbán said on local television: “It is obvious to me that this is not an agreement. It wasn’t a deal that President Donald Trump made with Ursula von der Leyen – it was Trump eating von der Leyen for breakfast. This is what happened.”

**Figure 1: European Union-US Trade**



Source: Semafor, Eurostat

## China

Senior US and Chinese officials will begin a third round of trade talks today in Stockholm, Sweden, aimed at extending a tariff truce beyond the August 12 deadline for punitive tariffs.

- CNN notes that previous rounds of talks, “have alternately feuded and negotiated, after slapping each other with sky-high tariffs that threatened to cut off all trade.



Washington and Beijing reached a 90-day truce at a May meeting in Geneva, then pulled it back from the brink of collapse with further talks in London in June.”

Treasury Secretary Scott Bessent, who is leading the US team, said last week that an extension is “likely” and that “trade is in a very good place with China.” The Chinese delegation will be led by Chinese Vice Premier He Lifeng.

- SCMP [reports](#) the parties are expected to agree another 90-day pause in their trade war, during which time “the two nations will commit to not impose additional tariffs on each other, nor escalate the trade war by other means.”

During a press conference with European Commission President Ursula von der Leyen yesterday, Trump said the US is “very close to a deal with China,” without expanding. Trump added: “We really sort of made a deal with China, but we’ll see how that goes.”

- A breakthrough in talks could facilitate a meeting between Trump and Chinese President Xi Jinping in the Autumn. Trump said on Friday he would likely visit China at Xi’s invitation in the “not too distant future.”
- Chinese Foreign Ministry spokesman Guo Jiakun said Beijing sought to “enhance consensus through dialogue and communication, reduce misunderstandings, strengthen cooperation and promote the stable, healthy and sustainable development of China-US relations”.

CNN notes: “In the lead-up to the latest talks, both sides have made apparent goodwill gestures. In a major U-turn earlier this month, Washington lifted its ban on sales of a key Nvidia AI chip to China. Last week, Beijing suspended its antitrust investigation into American chemical firm DuPont, launched in April as part of its retaliation against Trump’s tariffs.”

- Bloomberg notes: “The agenda includes discussions about how long the current tariff truce can be extended, as well as US levies tied to fentanyl trafficking and Chinese purchases of sanctioned Russian and Iranian oil.”
- Bloomberg adds: “China would be willing to cooperate more on fentanyl, said Sun Chenghao, a professor at Tsinghua University in Beijing, but the US would have to remove the related tariffs, stop blaming Beijing for what it sees as a US domestic problem and provide concrete evidence of crimes.”

FT [reports](#): “The US has frozen restrictions on technology exports to China to avoid hurting trade talks with Beijing and help [Trump] secure a meeting with [Xi]... The commerce department’s Bureau of Industry and Security, which runs export controls, has been told in recent months to avoid tough moves on China...”

- Twenty security experts and former officials, [wrote to commerce secretary Howard Lutnick](#) to voice concern with the decision to relax restrictions on Nvidia’s H20 chips, per FT.
- “We write to express our deep concern over the recent decision to resume exports of Nvidia’s H20 chips to China. As policymakers and professionals with a background in national security policy, we believe this move represents a strategic misstep that endangers the United States’ economic and military edge in artificial intelligence

(AI)—an area increasingly seen as decisive in 21st-century global leadership,” the letter reads.

## Trade and Tariffs

Commerce Secretary Howard Lutnick told Fox News yesterday on the August 1 tariff deadline: “No extensions, no more grace periods. Aug. 1, the tariffs are set. They’ll go into place. Customs will start collecting the money, and off we go.”

- Lutnick added: “Obviously after Aug. 1, people can still talk to President Trump. I mean, he’s always willing to listen... Whether they can make him happy is another question. But the president’s definitely willing to negotiate and talk to the big economies, for sure.”
- The Wall Street Journal notes that details Trump’s trade deals have been scant. “The administration has released no documentation for deals it claims to have reached with the Philippines or Japan, and details released of the Indonesia deal last week remain incomplete. The U.K.’s framework, released in May, also left some big items unresolved, like steel tariff levels.”

A federal appeals court will start hearing oral arguments on Thursday in a case challenging the authority Trump used to impose tariffs on trading partners. CNBC notes: “The Trump administration says that that expansive tariff power derives from the International Emergency Economic Powers Act, or IEEPA.”

- The U.S. Court of International Trade struck those tariffs down in late May, ruling that Trump exceeded his authority under IEEPA, writes CNBC, adding that “the U.S. Court of Appeals for the Federal Circuit quickly paused that decision, keeping the tariffs in effect while Trump’s legal challenge plays out.”
- Piper Sandler wrote in a research note on Friday: “Trump will probably continue to lose in the lower courts, and we believe the Supreme Court is highly unlikely to rule in his favor,”

## Congressional Business

The House is OUT until September 2

The Senate is IN

Committee Schedule –

## Federal Reserve

Office of Management and Budget Director Russell Vought told CBS yesterday that Federal Reserve Chair Jerome Powell is responsible for ‘fiscal mismanagement’.

- Vought said: “The president has been very clear that all he’s asking from the Fed is lower interest rates, because he thinks it’s important...”
- Vought added: “When you look across the — across the globe, and you have countries lowering rates, and yet we don’t see that in this country, given all of the

positive economic indicators that we're seeing. And then we have fiscal mismanagement at the Fed with regard to this building renovation."

- The Hill notes that Trump, "has for months teased removing Powell from his position, which could run into multiple legal issues if he attempts to do so without cause. He moved away from that notion significantly on Thursday, saying there was "no pressure" on Powell to step away from his job before his term is up in May."

## FY 2026 Appropriations

Senate Majority Leader John Thune (R-SD) told reporters he is aiming to get a first 'minibus' FY26 appropriations package through the Senate by the end of the week.

- The "minibus" of three bills that would, collectively, fund the departments of Commerce, Justice, Agriculture and Veterans Affairs, as well as key military construction projects and the FDA, per Politico.
- Politico notes: "The pending package will require senators to run out two, 30-hour debate clocks; the ability to move faster will require buy-in from all 100 senators. It will also take time for lawmakers of both parties to agree on amendments and then hold votes, and Democrats are still deliberating their strategy..."

## Thailand-Cambodia

The leaders of Thailand and Cambodia met in Malaysia today to discuss efforts to end a series of border skirmishes, following pressure from President Trump, who threatened to abandon trade talks with both parties to incentivise a peace agreement.

- *Note: shortly before this newsletter went to print, "The leaders of Cambodia and Thailand agreed to a ceasefire effective midnight [tonight], in a bid to bring an end to their deadliest conflict in more than a decade after five days of fierce fighting," per Reuters.*

Cambodia's prime minister, Hun Manet, said in a statement yesterday: "The purpose of this meeting is to achieve an immediate cease-fire, which was initiated by President Donald Trump and agreed to by both prime ministers of Cambodia and Thailand."

- The New York Times reports: "Some analysts see this dispute as a test of American and Chinese influence in Southeast Asia... Thailand is a U.S. treaty ally and hosts dozens of military exercises with the United States; China is the largest trading partner of both Thailand and Cambodia, which hosts a naval base largely funded by Beijing."

Trump said on [Truth Social](#): "I have just spoken to the Acting Prime Minister of Thailand, and it was a very good conversation. Thailand, like Cambodia, wants to have an immediate Ceasefire, and PEACE. I am now going to relay that message back to the Prime Minister of Cambodia. After speaking to both Parties, Ceasefire, Peace, and Prosperity seems to be a natural. We will soon see!"

- Trump added in a [second post](#): "Both Parties are looking for an immediate Ceasefire and Peace. They are also looking to get back to the "Trading Table" with the United States, which we think is inappropriate to do until such time as the fighting STOPS..."

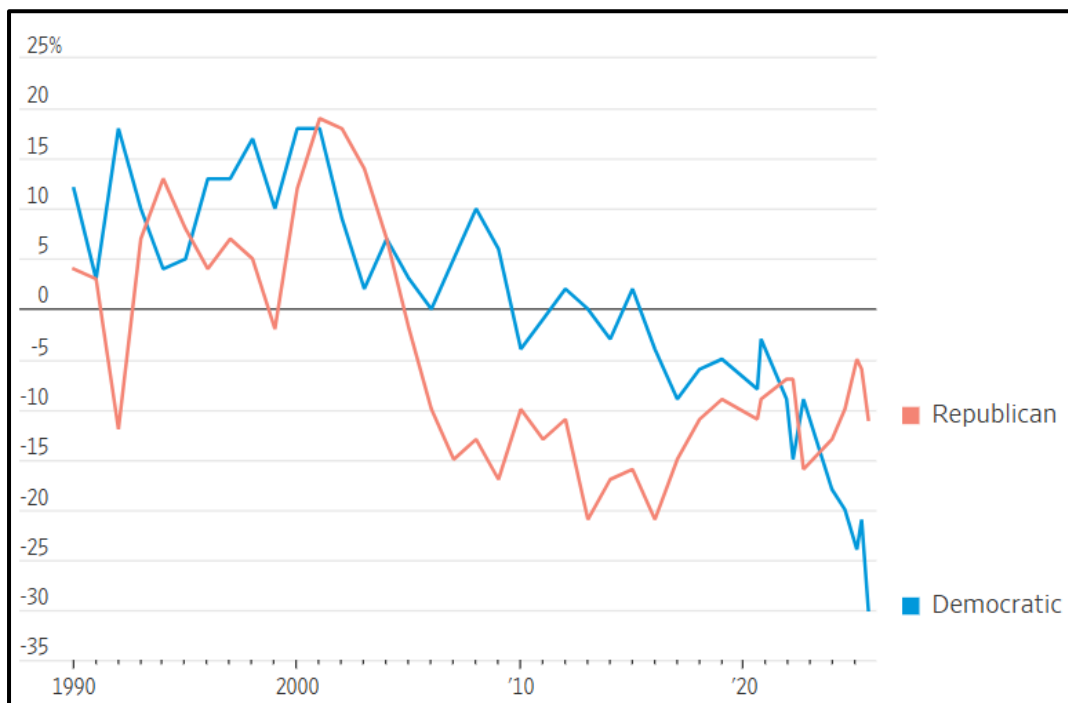
When all is done, and Peace is at hand, I look forward to concluding our Trading Agreements with both!"

## Chart of the Day

A Wall Street Journal [survey](#) has found that the Democratic Party's image "has eroded to its lowest point in more than three decades, with voters seeing Republicans as better at handling most issues that decide elections."

- The Journal notes: "The new survey finds that 63% of voters hold an unfavorable view of the Democratic Party—the highest share in Journal polls dating to 1990 and 30 percentage points higher than the 33% who hold a favorable view."
- Democratic pollster John Anzalone said: "The Democratic brand is so bad that they don't have the credibility to be a critic of Trump or the Republican Party. Until they reconnect with real voters and working people on who they're for and what their economic message is, they're going to have problems."
- Axios writes of the report: "For all the talk of President Trump's plunging approval rating, voters still trust Republicans over Democrats on immigration (+17), inflation (+10), foreign policy (+8) and more."

**Figure 2: Net Favourability of Each Party**



Source: Wall Street Journal



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