

MNI POLITICAL RISK ANALYSIS - US Daily Brief 28-10-25

by Adam Burrowes

The White House *(times subject to change)*

02:45 ET 06:45 GMT	President Trump participates in a Troop Visit and Remarks on the USS George Washington
06:05 ET 10:05 GMT	President Trump participates in a Reception and Dinner with Business Leaders

KEY DATES:

- ❖ China tariff truce expires: November 10

Washington

Early this morning, Eastern Time, President Donald Trump was joined by Japanese Prime Minister Sanae Takaichi aboard the USS George Washington to deliver remarks to US troops. The address, which covered a range of partisan issues, came after Trump and Takaichi held an extended bilateral meeting, signing a minerals deal and a document purporting to offer more clarity on a USD\$550 billion investment pledge. (More below)

- After his remarks to troops, Trump met with Japanese business leaders at the US embassy in Tokyo.
- Early tomorrow morning, local time, Trump will depart Tokyo for Gyeongju, South Korea, where his first engagement will be a keynote address to the APEC CEOs Luncheon at 23:05 ET 03:05 GMT 12:05 LOCAL. Tomorrow evening, Trump will join South Korean President Lee Jae Myung for dinner. Trump is not expected to attend the main sessions of the APEC summit. Instead, Trump will hold a highly anticipated meeting with Chinese President Xi Jinping on Thursday.
- There is no word yet of a summit with North Korean leader Kim Jong Un, despite Trump suggesting to reporters he could extend his trip to accommodate a meeting. The White House indicated a meeting is unlikely.

10:00 ET 14:00 GMT: House Speaker Mike Johnson (R-LA) will be joined by House Majority Leader Steve Scalise (R-LA), Whip Tom Emmer (R-MN), GOP Conference Chair Lisa McClain and Republican Study Committee Chair August Pfluger for his daily government shutdown press conference.

- 12:30 ET 16:30 GMT: Republican and Democratic senators will hold separate weekly conference lunches, with Vice President JD Vance joining the GOP lunch.

The Federal Open Market Committee kicks off its latest two-day rate-setting meeting today. MNI's Tim Cooper [notes](#), "The FOMC is unanimously expected to cut the Fed funds rate by 25bp at the October meeting, per 31 previews seen by MNI".

- Cooper adds, *"With limited new developments and official data to opine on, Chair Powell's press conference will be eyed for affirmation that a December cut remains on track, as signalled by the most recent Dot Plot. He's unlikely to give much away, but it would be surprise given the lack of data and relevant developments if he*

suggested that a further 2025 cut was in any greater doubt than it was 6 weeks earlier.”

Japan

Trump and Japanese Prime Minister Sanae Takaichi signed a rare earth [framework](#) and a document purporting to formalise the implementation of a USD\$550 Japanese [investment pledge](#) from Tokyo to ease a September 4 trade deal that would cap tariffs on Japanese exports at 15%, including on autos.

- NYT DealBook notes, “the documents were vaguely worded. In the release on trade, the White House said that the two countries had “confirmed their strong commitment to implementing this GREAT DEAL.” But crucially, it did not offer any specifics about Japan’s agreement in July to buy American rice, soybeans and automobiles, or its vow to invest \$550 billion in the U.S. Similarly, the agreement to increase the supply of critical minerals and rare earths was short on specifics.”

According to the Japanese [Ministry of Finance](#), the investment pledge will tap private funding from major Japanese firms, including Westinghouse, GE Vernova Hitachi, Mitsubishi, Panasonic, and Soft Bank to finance investment in energy and power primarily related to Artificial Intelligence.

- The bilateral trade deal is also expected to increase Tokyo’s purchases of US LNG, reducing reliance on Russia’s Sakhalin-2 project, which makes up roughly 9% of Japanese imports.

The framework deal on rare earths and critical minerals notes that the two countries will take steps to accelerate permitting, mobilise capital to secure supply chains, and invest in mining and processing.

- The agreement on rare earths, which follows similar critical mineral deals with Australia, Malaysia, and Thailand, come as the Trump administration seeks to formalise an alternative rare earth supply chain to reduce reliance on China ahead of a key meeting between Trump and Chinese President Xi Jinping in South Korea on Thursday.
- Reuters notes, “While dominated by China, the U.S. and Myanmar control 12% and 8% of global rare earth extraction, according to Eurasia Group, and Malaysia and Vietnam cover another 4% and 1% of processing, respectively.”

Earlier, at an extended bilateral meeting, Takaichi sought to leverage her association with former Prime Minister Shinzo Abe to bolster her relationship with Trump. Takaichi pledged to increase Japanese defence spending, saying Japan is “ready to contribute even more proactively to peace and stability of the region,” addressing a longstanding Trump grievance.

- Bloomberg notes, “Trump said the US and Japan were looking to boost their joint shipbuilding capacity as his Commerce Secretary, Howard Lutnick, signed a memorandum of understanding with Japanese officials.”
- A short time ago, Trump joined a reception with Japanese business leaders, where Toyota announced plans to expand auto manufacturing in the US.

- Trump said in his address to troops, “I was just told by the [Japanese] prime minister that Toyota is going to be putting auto plants all over the United States to the tune of \$10 billion. Go out and buy a Toyota.”

Earlier today, Treasury Secretary Scott Bessent noted in a meeting with Finance Minister Satsuki Katayama that he was “glad to hear the Minister’s perspective on Japanese fiscal measures under consideration, and expressed his eagerness to learn more as the full package is worked out so as to better understand the potential impact.”

- Katayama told reporters he had “no direct talks about direction of monetary policy,” and noted there has been “no change to US-Japan joint statement on forex,” per Reuters.

China

Bloomberg [reports](#) that an adviser to the Chinese government “expects the US to make export control concessions” in exchange for relief on retaliatory rare earth export controls.

- “My understanding is if we are going to delay or suspend the latest export controls over rare earths, the US has to roll back its 50% rule for sure,” said Wu Xinbo, director at Fudan University’s Center for American Studies in Shanghai, referring to a controversial rule that vastly expanded export restrictions to subsidiaries of Chinese companies, per the report.
- Beijing-based consultancy Hutong Research wrote in a note, “[at the ASEAN summit] In Kuala Lumpur, Beijing appears to have pushed for a quid pro quo: The suspension of the ‘affiliates rule’ in exchange for delaying its rare earth export-controls,” referring to the preliminary meeting between Treasury Secretary Scott Bessent and Chinese counterparts.
- Bloomberg notes, “The White House, US Commerce Department and China’s Commerce Ministry didn’t reply to requests for comment. Bessent said Sunday there had been “no changes” in US export controls. Trump, during a flight to Japan, declined to share details of the deal, saying it could still change.”

Tech

At around 12:00 ET 16:00 GMT, Nvidia CEO Jensen Huang will deliver a keynote address to the Nvidia Artificial Intelligence Summit in Washington, DC. The summit comes two days before Trump meets Chinese President Xi Jinping on the margins of the APEC summit in South Korea.

- Bloomberg notes, “[Huang’s] remarks in the past have focused on new products and his vision for bringing AI into everyday use, through robotics, business automation and self-driving vehicles. Yet offstage, the Nvidia founder has actively sought changes to US policy, particularly export controls that have effectively blocked Nvidia from selling its most advanced chips to China, the world’s largest semiconductor market.”

Semafor notes that the summit comes as US officials “mull whether to allow Nvidia to sell its cutting-edge Blackwell chips to China. A [recent think tank report](#) warned that doing so would significantly shrink American firms’ hardware advantage over Chinese rivals.”

- Huang said in China recently, “We went from 95% market share to zero market share in about 40% of the world’s AI market. If our goal is to have 90% of the world build on the American tech stack someday, we’re off to a relatively poor start.”
- Treasury Secretary Scott Bessent was bullish on the prospects of a broad trade deal with China, but indicated that “the accord does not include changes to US export controls currently directed at China, marking a potential setback to Nvidia’s bid to rejoin the Chinese market,” per Bloomberg.

Government Shutdown Day 28

Senate Majority Leader John Thune (R-SD) appears sceptical that one-off supplemental funding bills, so-called “rifle shot” bills, to pay members of the military and air traffic controllers, is the optimum strategy to pressure Democrats to reopen the government.

- Punchbowl reports, “During a closed-door GOP leadership meeting Monday evening, Senate Majority Leader John Thune expressed deep skepticism about moving forward with bills to pay those federal employees... believing it would make it easier for Senate Democrats to continue voting against reopening the entire government.”

Politico reports that Democratic state leaders “will file a lawsuit today to fight the Agriculture Department’s refusal to use emergency money to cover the SNAP shortfall looming this weekend. This is rapidly becoming one of the most pressing shutdown-related pain points, as 42 million Americans could stop receiving food aid as soon as Saturday — though some states plan to backfill.”

- Thune said, “My view is what it has been from the very beginning, and that is to pay SNAP recipients by reopening the government. It’s not complicated,” but noted to reporters that he will wait until after today’s Senate Republican conference meeting before making a final call on strategy.
- Vice President JD Vance is expected to join the GOP lunch today. He is likely to advocate for avoiding supplemental bills that would release the pressure valve on Democrats.
- Senator Markwayne Mullin (R-AL) said Monday there’s “not a lot” of appetite among Republicans to hold standalone votes on piecemeal bills, citing a prevailing desire within the GOP to punish Democrats for their shutdown stance, per Axios.

Reuters notes that the shutdown helped cause more than 5,600 flight delays yesterday, including an FAA ground delay in Dallas. And ICE is now citing the shutdown to deny Democratic lawmakers oversight visits to immigration facilities, per Politico.

- On the other side of the ledger, New Jersey said residents on the state exchange will see health care premiums increase some 175 percent if Obamacare subsidies aren’t extended, which “could pressure the most politically vulnerable House Republicans, but most aren’t folding yet,” per Politico.

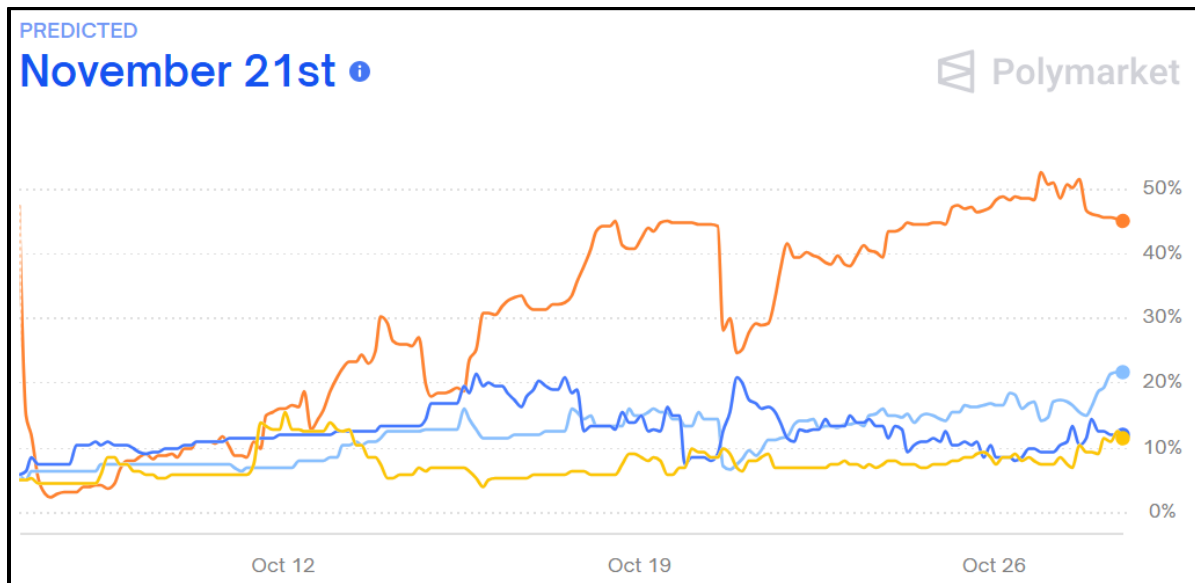
Meanwhile, Democrats have largely shrugged off an open letter from American Federation of Government Employees (AFGE) President, Everett Kelly, calling for an immediate end to the government shutdown.

- Everett, who represents over 800,000 federal government workers, [wrote](#): “Both political parties have made their point, and still there is no clear end in sight. Today

I'm making mine: it's time to pass a clean continuing resolution and end this shutdown today. No half measures, and no gamesmanship."

- Senator Tim Kaine (D-VA), who represents a state with a high proportion of federal workers, said: "The AFGE would not want us to cut a deal and then have Trump fire a bunch of people next week. If we cut a deal and then he did that, they would come to us and say, 'What the hell were you guys thinking?'"

Figure 1: When will the Government Shutdown End?



Source: Polymarket

Government Shutdown Key Dates:

- *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*

Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

- 10:00 ET 14:00 GMT: SENATE Commerce: Hearings to examine reviving commercial shipbuilding.

Ukraine War

President Trump's surprise decision to impose sanctions on Russia's two biggest oil companies, Lukoil and Rosneft, is already having an impact on the Russian economy by

undermining trade with key energy partners that maintain relations with the US, like India and Turkey.

- The Moscow Times [notes](#), “The two companies, which account for 55% of Russia's oil output, were also put on the SDN list of sanctioned entities, a registry followed by many countries and feared in the business world. Washington gave firms who work with the Russian entities one month to cut ties or face secondary sanctions, which would deny them access to U.S. banks, traders, shippers and insurers.”
- Lukoil said in a statement: “Owing to the introduction of restrictive measures against the company and its subsidiaries by some states, the company announces its intention to sell its international assets.”
- The Jamestown Foundation think tank [wrote in a note](#) yesterday, “With hopes for a personal rapport with Trump fading, [Russian President Vladimir] Putin has returned to nuclear brinkmanship. On October 26, he announced that the nuclear-propelled Burevestnik cruise missile was ready for deployment.”

Argentina

The Wall Street Journal [reports](#) that Argentinian President Javier Milei’s strong performance in Sunday’s midterm elections “lays the ground for a \$40 billion U.S. bailout and gives fresh momentum to one of the most radical free-market overhauls in the nation’s history.”

- The Journal notes that the victory bolsters “a key ideological ally in Latin America as Washington seeks to claw back influence from China,” and “The aid package also serves as a showpiece for the dollar’s global dominance.”
- Daniel Lansberg-Rodriguez at the U.S. advisory firm Aurora Macro Strategies, said: “Sunday’s midterm delivered an unmistakable validation of both [Milei’s] libertarian narrative and the perceived dividends of alignment with Washington.”

Venezuela

Senators Adam Schiff (D-CA) and Tim Kaine (D-VA) are unlikely to force a Senate vote this week on their war powers resolution, which would block further military strikes in Venezuela without Congressional approval.

- Politico notes, “The delay could give Democrats more time to build support among Republicans. While most Republicans said they plan to vote against the measure, some acknowledged Monday night they want more information from the administration about the recent attacks against alleged Venezuelan drug traffickers.”
- Senator James Lankford (R-OK) said, “We’re not getting information right now from the White House on how they’re making decisions. We do need that. That’s typically what an administration would turn over.”

Senator Josh Hawley said, “I think knowing the rest of the end game would be helpful at this point. I mean, what is it that we’re planning? It’s not clear to me at this stage.”

- When asked if he thought the strikes show movement toward a US-backed regime change in Venezuela, Hawley said, “I wonder,” adding, “we’ve got a lot of troops now in the region.” Politico notes that both Republican Senators support Trump’s actions and oppose the Democratic bill.

Chart of the Day

There is still no sign that the US government shutdown is weighing on President Trump's approval rating. But that may change in the coming days as the shutdown extends beyond the November 1 cliff for ACA (Obamacare) open enrolment and SNAP benefits dry up.

- Silver Bulletin notes, "We're nearly one month in and it's still not clear when the standoff will end. It's also unclear what "winning" this shutdown would even look like. But what I can say is that the shutdown is still not affecting Donald Trump's approval rating. As of today, 43.8 percent of Americans approve of the job Trump is doing and 53.1 percent disapprove, for a net approval rating of -9.2."
- Eli McKown Dawson at Silver Bulletin notes, "Yes, Trump's job approval is down from where it was last week (net -7.6), but that was the tail end of what now looks like a momentary uptick. One month ago, Trump had a net approval rating of -9.4. That's pretty much identical to where he is today. In fact, Trump's approval rating has been so stable that even though it fell much more quickly than Joe Biden's early in their respective terms, the two aren't very far off today."

Figure 2: President Donald Trump Approval Rating



Source: Silver Bulletin

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