MNI POLITICAL RISK ANALYSIS - US Daily Brief 29-10-25

by Adam Burrowes

The White House *(times subject to change)*

05:30 ET 09:30 GMT	President Trump participates in a Dinner with the President of the Republic of Korea

Key Dates:

- *Nov. 10: China tariff truce expires*

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*

Washington

President Donald Trump is in Gyeongju, South Korea, for the third and final leg of his Asia trip, following the ASEAN summit in Malaysia and meetings in Japan. Overnight, US time, Trump delivered a keynote address to the APEC CEO's Luncheon at the Gyeongju Arts Centre. Trump's remarks can be read here.

- Early this morning, US time, Trump met with South Korean President Lee Jae Myung for a dinner and a series of official events. (More below)

Trump confirmed that he will meet Chinese President Xi Jinping on the margins of the APEC summit in Gyeongju on Thursday. Bloomberg reports that the meeting is likely to take place at 22:00 ET (Wednesday) 02:00 GMT 11:00 local. In remarks with President Lee today, Trump predicted the meeting could go for "three, four hours." (More below)

- Speaking to reporters on AF1 en route to Korea, Trump appeared to rule out the possibility of running for a third term in 2028. "If you read it, it's pretty clear: I'm not allowed to run. It's too bad. But we have a lot of great people," Trump said, referring to the US Constitution.

On Capitol Hill, there are a series of government shutdown-related press conferences taking place today, although the impasse continues without any sign of a resolution. (More below)

- House Speaker Mike Johnosn (R-LA) and House GOP leadership will brief reporters at 10:00 ET 14:00 GMT. They will be joined by House Foreign Affairs Chair Brian Mast (R-MI), suggesting Johnson may be set to warn of shutdown risks to national security.
- At 12:00 ET 16:00 GMT, Senator Minority Leader Chuck Schumer (D-NY) will hold a news conference on SNAP and WIC benefits, which are set to run out of funding on November 1.

Business Address – MNI, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA

The Federal Open Market Committee will make its latest interest rate decision at 14:00 ET 18:00 GMT, with Fed Chair Jerome Powell to deliver his presser at 14:30 ET 18:30 GMT.

- With consensus expecting a 25bp cut in the Fed funds rate, the primary focus will be on Powell's remarks. MNI noted in a preview, *"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."*
- Democrats have criticised the Trump administration for failing to release key economic data during the shutdown. "Thanks to Donald Trump's refusal to release the job numbers, the Fed is now going to make interest rates like an airplane trying to land with only one wing," Senate Banking Committee ranking Democrat Elizabeth Warren (D-MA) said.

China

The high-profile meeting between Trump and Chinese President Xi Jinping on Thursday (Wednesday evening US time) comes after Treasury Secretary Scott Bessent struck an upbeat tone after meetings with his Chinese counterparts in Malaysia. Trump told reporters aboard AF1 en route to South Korea, "I think we're going to have a great meeting with President Xi of China, and a lot of problems are going to be solved."

- The Guardian notes that in preliminary talks held in Kuala Lumpur over the weekend, "Beijing appeared to agree to defer for a year over the new (rare earth) export controls, likely in exchange for Washington freezing the new chip export controls."
- Bloomberg notes, "The agreement is expected to otherwise keep tariff rates on Chinese goods steady, with Beijing delaying for at least a year announced restrictions on its rare earths exports."

The prevailing view among analysts is that a deal is likely to extend the tariff and export control truce. But a more comprehensive trade deal is likely to remain elusive due to entrenched positions on high-tech export controls, on the US side, and rare-earth export controls, on the Chinese side. Both Beijing and Washington are likely to be cautious about reducing the strength of their primary point of leverage.

- Nikkei reports, "Shao Yuqun, a director at the Shanghai Institutes of International Studies, said the meeting "is unlikely to be groundbreaking" given structural problems in bilateral ties and limited scope for short-term adjustments in U.S. strategy toward China. "It's very likely that the bilateral relationship will further deteriorate after the summit," she warned.
- Daniel Kritenbrink, a former US assistant secretary of state, said: "Beijing has learned that swift, tit-for-tat responses command respect. Any agreement this year, even at the presidential level, will likely deliver tactical stabilization, not strategic transformation," per Nikkei.
- Lingling Wei at the WSJ writes that Trump is "poised to relaunch the kind of engagement with Beijing embraced by predecessors from Bill Clinton to Barack Obama—but on Trump's terms."

Speaking to reporters, Trump was bullish that a deal would be struck on Fentanyl, opening the door for a reduction in the US Fentanyl tariff on Chinese exports. "I expect to be lowering that because I believe they can help us with the fentanyl situation."

- The Wall Street Journal reported Tuesday that Trump was considering cutting the 20% tariff to as low as 10% on Chinese goods over fentanyl, noting "If the U.S. were to lower the fentanyl tariff on Chinese goods to 10%, it would bring the average tariff on most Chinese imports—currently around 55%—to about 45%. That would put China's average tariff rate closer to those of other trading partners…"
- Trump also hinted at openness to providing China access to Nvidia's powerful Blackwell AI chip. "We'll be speaking about Blackwells," Trump said. AI bellwether Nvidia's shares extended gains to 8.5% in Asian trading on the alternative platform Blue Ocean after Trump's remarks, per Bloomberg.

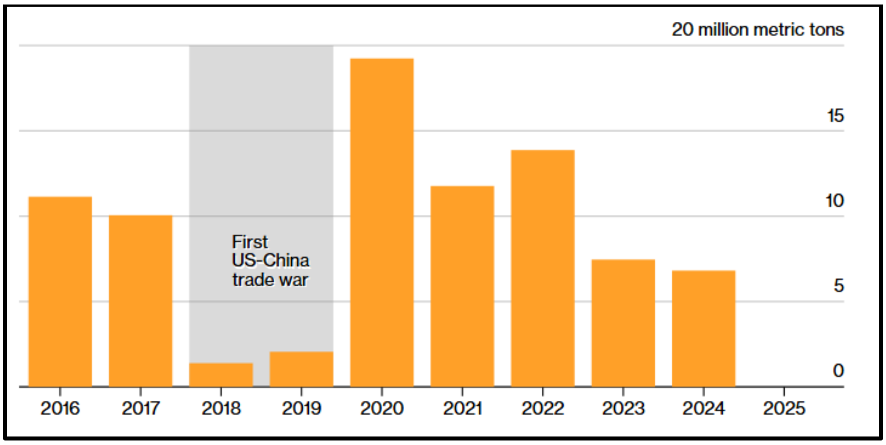
Despite market expectations of a trade war deferment, Trump's Asia trip has focused on rare earth deals as a long-term hedge on China's near-monopoly of the supply chain of critical minerals. Trump signed rare earth deals with Japan, Malaysia, and Thailand, to add to a deal with Australia earlier this month. A recent thaw in the diplomatic spat with Brazil could also see a similar deal with Brasilia.

- Beijing is also taking steps to reduce its long-term reliance on the US. The Guardian reports: "Tuesday China signed an upgrade to its free trade agreement with the Asean bloc of Southeast Asian countries, which collectively are China's largest trading partner."

A positive signal: Bloomberg reports that China "has bought at least two cargoes of US soybeans, its first known purchase this season, which may mark a revival of flows as part of a wider settlement expected to be agreed between the two biggest economies this week."

- Treasury Secretary Scott Bessent said that he expected the Asian nation to make "substantial" soybean purchases after American and Chinese negotiators came to terms on a range of contentious points over the weekend, Bloomberg adds.
- China's withdrawal from the US soybean export markets is a major concern for Trump's support with Republican-leaning agricultural states. A deal on soybeans will be critical for Trump's 2026 midterm election messaging.

Figure 1: China's US Soybean Purchases

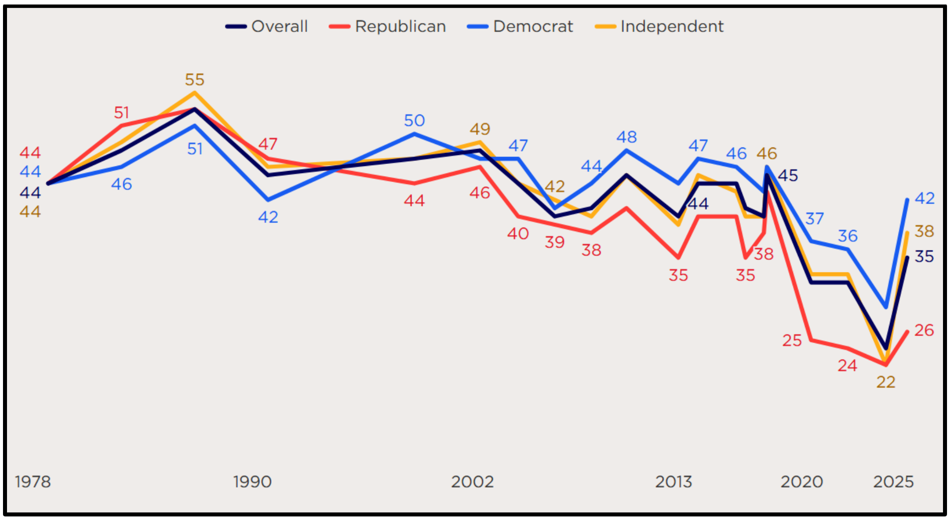


Source: Bloomberg

US public sentiment may be shifting back towards a more positive view of China. A new survey from the [Chicago Council on Global Affairs] has found that "the bipartisan embrace of US-China competition no longer holds among the public, with partisan differences in perceived threats from China and disagreements on current US-China trade policy."

- The report notes, "While Republicans continue to favor limiting China's rise, as well as reductions in trade, and view US-China trade as detrimental to US national security, Democrats have moved in the other direction. Driven by shifts among Democrats and Independents, a majority of Americans now favor a policy of cooperation and engagement with Beijing, oppose higher tariffs, and oppose cuts to bilateral trade."

Figure 2: American Views of China (100 = more favourable)



Source: Chicago Council on Global Affairs

South Korea

President Trump told reporters this morning, "We did reach a deal on trade with South Korea", before adding that a deal was "pretty much finalised," per Reuters. The comments came in contrast to reports from earlier this morning that claimed the deal was still some way off as Trump met with President Lee Jae-myung.

- The BBC wrote earlier today, "The meeting comes as both countries are still trying to reach a trade deal - which still appears elusive despite a private meeting that lasted almost two hours on Wednesday. A deal had been announced in late July under which South Korea would avoid the worst of the tariffs by pumping $350bn (264bn) of new investments into America. But talks over the structure of those investments have been deadlocked."
- ABC News [reported] on October 28, "Korean officials say putting up cash could destabilize their own economy, and they'd rather offer loans and loan guarantees instead. The country would also need a swap line to manage the flow of its currency into the U.S."

For Seoul, the finalisation of a trade deal will also be viewed in the context of regional security. During their meeting, Lee pushed Trump on the US providing nuclear fuel for use in South Korean submarines carrying conventional weapons.

- South Korean presidential policy chief Kim Yong-beom announced shortly after Trump's comments that some details of the nascent agreement, including a factsheet, will be available in 2-3 days.
- According to Kim, auto tariffs will come down to 15%. With the USD$350 billion of South Korean investments in the US, agreed during initial trade talks, proving the major sticking point, Kim says that Seoul "was able to cap the annual supply of funds to the US at USD$20 billion" over 10 years, with an additional USD$150 billion as part of shipbuilding cooperation.

Tariffs

Republican Senators Rand Paul (R-KY), Mitch McConnell (R-KY), Thom Tillis (R-NC), Susan Collins (R-ME), and Lisa Murkowski (R-AK) voted with all 47 Democrats to pass a resolution that would terminate Trump's tariffs on Brazil.

- The resolution is largely symbolic as House Speaker Mike Johnson (R-LA) has passed new rules preventing resolutions relating to tariffs from reaching the House floor. And Trump would certainly veto it. However, the vote shows that there is a workable anti-Trump majority in the Senate.
- Semafor notes, "There's new bipartisan movement today: Sens. Catherine Cortez Masto, D-Nev., and Rand Paul, R-Ky., are introducing a bill that would block Trump from placing additional tariffs on coffee imports."

Senator Tim Kaine (D-VA) said on the floor, "Tariffs are a tax on American consumers. Tariffs are a tax on American businesses. And they are a tax that is imposed by a single person: Donald J Trump,"

- Senator Paul said that the Constitution requires that "taxes must originate in the House" of Representatives. "Yet, these taxes are originating with the White House."
- The Hill notes, "Trump slapped the tariffs on Brazil in July, even though the U.S. had accumulated a $6.8 billion trade surplus with the country in 2024 — in contrast with the trade deficits the nation is running with many other trading partners."

Government Shutdown Day 29

It's Day 29 of the US government shutdown. Yesterday, Senate Democrats blocked the House-passed Republican government funding bill for the 13th time. Senate Majority Leader John Thune (R-SD) indicated to reporters that bipartisan talks have "picked up" but there doesn't appear to be an immediate offramp out of the shutdown as the two sides remain dug in on healthcare.

- Punchbowl News notes, in a useful summary of the status of healthcare negotiations, that Republicans are floating a range of solutions. Ranging from an overhaul of Obamacare to scrapping the programme entirely.
- Punchbowl writes, "The problem for Republicans is they've got a bunch of different views and little time. The midterms are just one year away. And the idea of muscling through another large-scale reconciliation bill, especially with conservatives eager for

more spending cuts, seems far fetched. A health care bill would be politically and substantively complex."

As we have noted in previous editions of this newsletter, the most obvious route of the shutdown will come via President Trump. Democrats are increasingly mistrusting of Congressional Republicans, meaning a handshake deal with Thune and House Speaker Mike Johnson (R-LA) to include an Obamacare fix in the appropriations process after the government is reopened is unlikely to be enough to break the impasse.

- Indeed, Politico reports: "Thune dangled a fresh carrot Tuesday, telling reporters that Trump would be willing to meet with them as soon as next week to talk about expiring Affordable Care Act subsidies — if the government is reopened."

Meanwhile, shutdown pressures continue to build. Republicans are gambling that the looming November 1 cutoff of SNAP benefits, air travel delays, and pressure from federal workers will be enough to peel off the eight Democrats required to reopen the government.

- Transportation Secretary Sean Duffy told reporters yesterday that a White House push to secure funding to pay air traffic controllers has hit a wall. He said, echoing Agriculture Secretary Brook Rollins – who concluded the same when asked about emergency funds for SNAP - "The answer is open up the government."
- It is worth noting that a contributing factor to the low-energy nature of the shutdown is the absence of a parallel debt limit cliff. Previous shutdown standoffs have been resolved by external market pressure to raise the federal debt ceiling or risk a default or credit downgrade. This time around, despite the economic data blackout, markets have been relatively sanguine.

We noted this week that Majority Leader Thune had cooled on the idea of moving standalone bills to pay federal workers and fund SNAP. Both Republican leadership and the White House believe such bills would release a pressure valve on Democrats and prolong the shutdown. Vice President JD Vance told Senate Republicans as much during a GOP lunch conference yesterday.

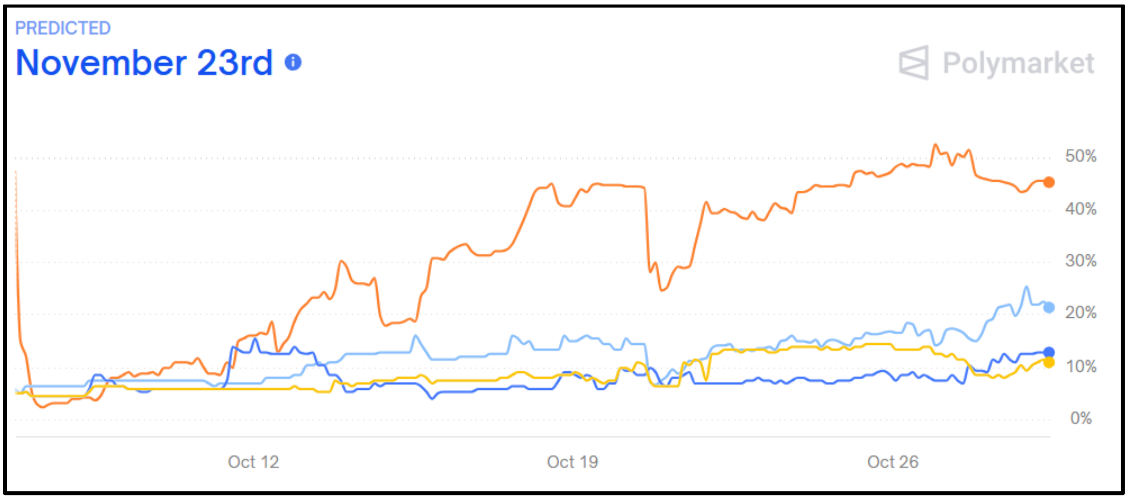
- Axios notes that Senate Minority Leader Chuck Schumer (D-NY) has now 'seized on' Thune's plan: "Schumer's strategy had been to withhold votes across the board while Democrats fought for Affordable Care Act subsidies. Now he's pushing a partial reopening of government, without those ACA subsidies as part of the equation."

Prediction markets see the end date of the shutdown inching towards December. According to Polymarket, the most likely shutdown end date is November 23. That is beyond the timeframe for the Continuing Resolution passed by the House in late September.

- As a reminder, the House has now been out of session for 40 days. A new government funding bill would require House Speaker Mike Johnson (R-LA) to bring lawmakers back to Washington. An added concern for Johnson: Bringing the House back would force him to swear-in Democrat Rep.-elect Adelita Grijalva of Arizona, who won a special election last month.
- Grijalva is on track to be the representative who has waited the longest in modern history for formal admittance to the House. Complicating Johnson's decision, Grijalva will provide the final vote on a discharge petition that would force on vote on

releasing files related to disgraced financier Jeffrey Epstein, an ongoing political headache for Johnson and the White House.

Figure 3: When will the Government Shutdown End?

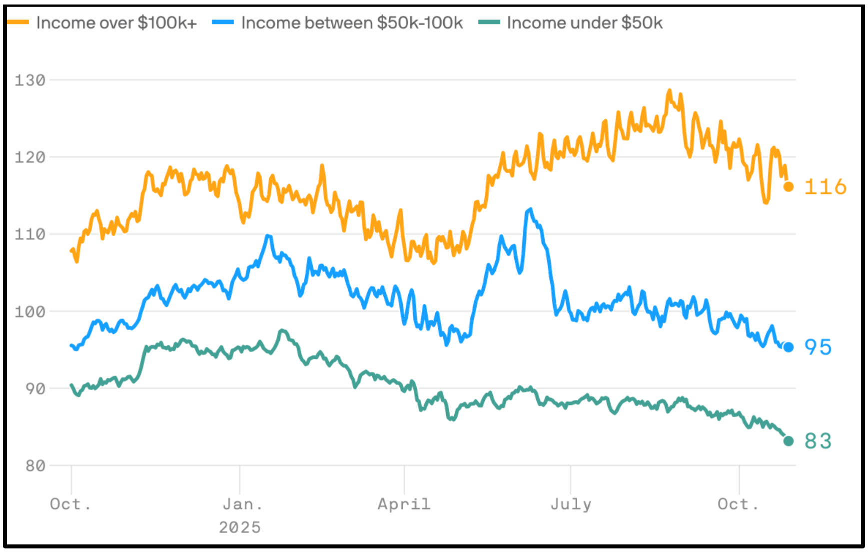


Source: Polymarket

Data from Morning Consult shows that the government shutdown is beginning to weigh on public opinion, with consumer confidence "slammed" by the shutdown over the past week.

- Axios notes, “Public attitudes toward the nearly month-long government shutdown act as a crucial pressure point on lawmakers. Until now, the public's been largely indifferent… Confidence fell 2.6% for all adults yesterday compared with a week ago. It fell 4.6% for households earning more than $100,000 and around 2% for those making less money.”
- "The U.S. government shutdown is exerting significant downward pressure on U.S. consumer sentiment," Morning Consult chief economist John Leer writes.

Figure 4: US Consumer Sentiment Index, by Income Group (Oct 1-Oct 28, 2025)



Source: Axios, Morning Consult

Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

- 10:00 ET 14:00 GMT: SENATE Commerce: Hearings to examine Big Tech and silencing Americans pt 2

Gaza

The US-brokered Gaza ceasefire is facing a major test after Israeli Prime Minister Benjamin Netanyahu yesterday ordered "powerful strikes in the Gaza Strip immediately," in response to an alleged Hamas attack on Israeli forces in the Rafah.

- The New York Times reports, “Israeli strikes killed at least 100 people across Gaza overnight, local health officials said, in what appeared to be the deadliest day since Israel and Hamas agreed on a cease-fire three weeks ago.”

Axios notes, “Before the Rafah incident, Netanyahu had already consulted with Israel's military leaders about taking new military action in Gaza, citing delays in the return of deceased hostages.”

- Trump downplayed the consequences of the flare-up for the ceasefire, telling reporters aboard AF1 yesterday that Israelis “have a right” to retaliate to an attack on their soldiers.
- Trump added that despite strikes and fighting, the ceasefire remains intact “Nothing’s going to jeopardize” the ceasefire. He said Hamas is “a very small part” of Middle East peace process and noted that Phase 2 of peace deal has started, per the White House press pool.
- Trump said on October 25, "Hamas will be not hard to take care of very quickly. I hope it holds for Hamas too because they gave us their word on something so I think it's going to hold and if it doesn't then they'll have a very big problem."

Energy

Politico reports, “A bipartisan coalition of 13 governors led by Pennsylvania Democrat Josh Shapiro and Oklahoma Republican Kevin Stitt is urging Congress to pass comprehensive legislation easing permitting rules to speed the construction of new energy production, transmission and pipeline projects.”

- The report notes, “The governors, writing on behalf of the National Governors Association, sent a letter Tuesday to key leaders of energy-related committees in the Senate and House laying out “common ground” ideas to ease federal permitting rules, warning the U.S. risks further losing its economic edge to China if developers can’t build new infrastructure quickly to meet growing power demand.”
- Politico notes, “Congressional leaders have been trying to reach an elusive permitting deal, but many Democrats have refused to come to the table while the

Trump administration is aggressively blocking new wind and solar projects. The 13 governors, however, say a permitting overhaul is necessary to “win the AI race” and tackle “the nation’s energy crisis.””

Venezuela

Secretary of Defense Pete Hegseth announced in a statement on X yesterday that the US “carried out three lethal kinetic strikes on four vessels operated by Designated Terrorist Organizations (DTO) trafficking narcotics in the Eastern Pacific.”

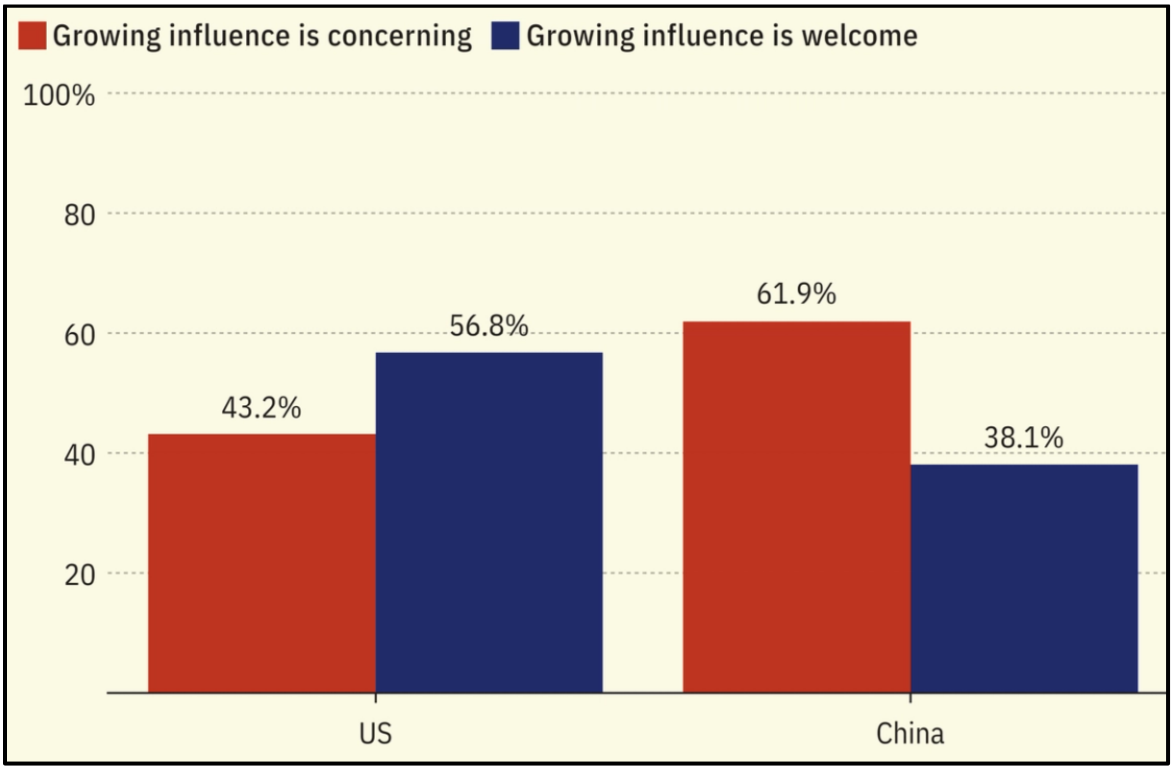
- The New York Times notes, “He did not provide geographic details beyond saying the strikes took place in the eastern Pacific. After launching a series of strikes in the Caribbean near the coast of Venezuela, the Trump administration has more recently directing the U.S. military to strike boats in the eastern Pacific, off the coast of Colombia.”
- Trump said on the strikes, “We took out tremendous amounts of death. Each is estimated 25,000 people die from each boat that we take out. Not even talking about the destruction it does to families in terms of people that become addicted.”
- He added: “The last two days we took out four, but there are very few of them. It’s down about 80 percent, the drugs by water. We’re actually making a country safe. It’s a beautiful thing.”
- The Hill has published a useful timeline of the Trump administration's anti-narcotics operations and Congressional response here.

Chart of the Day

Semafor reports, “Lopsided trade deals with the US could force Southeast Asia to lose long-term confidence in Washington and push the region closer to China, analysts said.”

- Semafor notes that President Trump hailed agreements with four countries this week, but those pacts carry “clear costs and vague benefits for Southeast Asia,” Bloomberg analysts wrote. Tariffs have been a “wake-up call” for the countries, which see the new deals as “the least-worst option,” a Carnegie Endowment expert said.
- China, meanwhile, is increasing its regional influence, forcing Southeast Asian nations to confront “the harsh reality that maybe their preliminary instinct to hedge and work with both the US and China is not sustainable,” an expert told the Financial Times.

Figure 5: ASEAN Elites’ Views on US and China Regional Influence, 2025



Source: Semafor, ASEAN Studies Centre at the ISEAS