

MNI POLITICAL RISK ANALYSIS - US Daily Brief 30-05-25

by Adam Burrowes

The White House (times subject to change)

13:30 ET 17:30 BST	President Trump participates in a Press Conference with Elon Musk
15:25 ET 20:25 BST	President Trump departs the White House for Pennsylvania
17:00 ET 22:00 BST	Trump delivers remarks on the US Steel Deal at Irvin Works, West Mifflin, PA
19:55 ET 00:55 BST	President Trump arrives at the White House

KEY DATES:

- ❖ Target for Congress to send 'Big Beautiful Bill' to Trump's desk: July 4
- ❖ Government funding expires: September 30

Washington

President Trump has a busy schedule today. In the early afternoon, he will hold a press conference with Elon Musk to mark his departure from the White House after a turbulent period as the head of the Department of Government Efficiency.

- At 15:30 ET 20:30 BST, Trump will depart the White House for a steel plant in West Mifflin, Pennsylvania, where he will endorse the takeover of US Steel by Japanese firm Nippon Steel, a major U-turn from a campaign pledge to ensure the biggest US steel manufacturer remains US-owned.
- Trump said in a Truth Social message on May 23: "This will be a planned partnership between United States Steel and Nippon Steel, which will create at least 70,000 jobs, and add \$14 Billion Dollars to the U.S. Economy. The bulk of that Investment will occur in the next 14 months."
- Semafor writes: "The US government will get a "golden share" in US Steel ..., with the power to determine who sits on the board and control over production levels. It's a dramatic provision that could lay out a roadmap for how deals get done in the Trump administration."

Appropriations

Roll Call reports that Trump could send Congress a fleshed-out budget request for Fiscal Year 2026 as soon as today. The full budget follows a 'skinny budget' on May 2 that sketched out a 13% hike to the Pentagon budget and steep cuts across every nondefense agency.

- The moves come after House passage of the "big, beautiful" budget reconciliation package so as not to distract from that all-out-effort, which came to fruition at the end of last week with a narrow party-line vote, per Roll Call.

- The White House is also expected to send Congress a package of rescissions next week that will claw back USD\$9 billion in funding from the State Department and public broadcasters in the annual appropriations process. The package could test the water for a broader codification of cuts identified by DOGE.

DOGE

Trump said in a message on Truth Social: "This will be [Musk's] last day, but not really, because he will, always, be with us, helping all the way. Elon is terrific! See you tomorrow at the White House."

- NBC notes: "Musk can claim success in having cut some federal programs, reduced the workforce and canceled contracts. But it's a drop in the bucket. Even his DOGE website claims only \$175 billion in savings — a far cry from his target of "at least \$2 trillion.***"
- Axios writes that the savings identified by DOGE "are at risk of being washed away by Trump's "One, Big Beautiful Bill." ... The bill, which passed the House last week, is projected to add \$3 trillion to \$5 trillion to budget deficits over the next 10 years. Even using Musk's most generous estimate, those DOGE savings would amount to just 6% of the bill's projected increase to the deficit."

Trump's plan to overhaul the federal bureaucracy now falls to OMB Director Russell Vought, an architect of the Heritage Foundation's Project 2025, [widely seen](#) as the blueprint for Trump's second term of office.

- A federal government worker told Politico: "Everyone's more nervous about [Vought] than Elon actually, especially because he knows government a little bit better. While people are excited that Elon is gone, this doesn't change much."

Federal Reserve

Trump met with Fed Chair Jerome Powell at the White House yesterday for the first time since Trump returned to office. The meeting came amid Trump's persistent criticism of Powell for the central bank's decision to hold interest rates steady.

- The Fed said in a [statement](#): "Chair Powell did not discuss his expectations for monetary policy, except to stress that the path of policy will depend entirely on incoming economic information and what that means for the outlook."
- "...Chair Powell said that he and his colleagues on the FOMC will set monetary policy, as required by law, to support maximum employment and stable prices and will make those decisions based solely on careful, objective, and non-political analysis."

White House press secretary Karoline Leavitt told reporters: "The president did say that he believes the Fed chair is making a mistake by not lowering interest rates, which is putting us at an economic disadvantage to China and other countries,"

- The Hill notes: "Trump's frustration with Powell over interest rates seemingly came to a head last month, with some questioning whether the White House would try to oust him. But the president later dispelled that notion, saying he had no intentions of firing the Fed leader."

Trade and Tariffs

It has been an eventful 24 hours for President Trump's trade agenda. First, the federal Court of International Trade ruled that the emergency declaration behind Trump's 'Liberation Day' tariffs was unlawful.

- Then, an appeals court ruled that the tariffs should remain in place for the duration of legal proceedings and the appeals process.
- The New York Times notes: "That means that Trump can, for now, maintain many of the tariffs he has imposed on China, Canada and Mexico and continue to threaten "reciprocal" rates, which he announced on most nations and then suspended in early April."

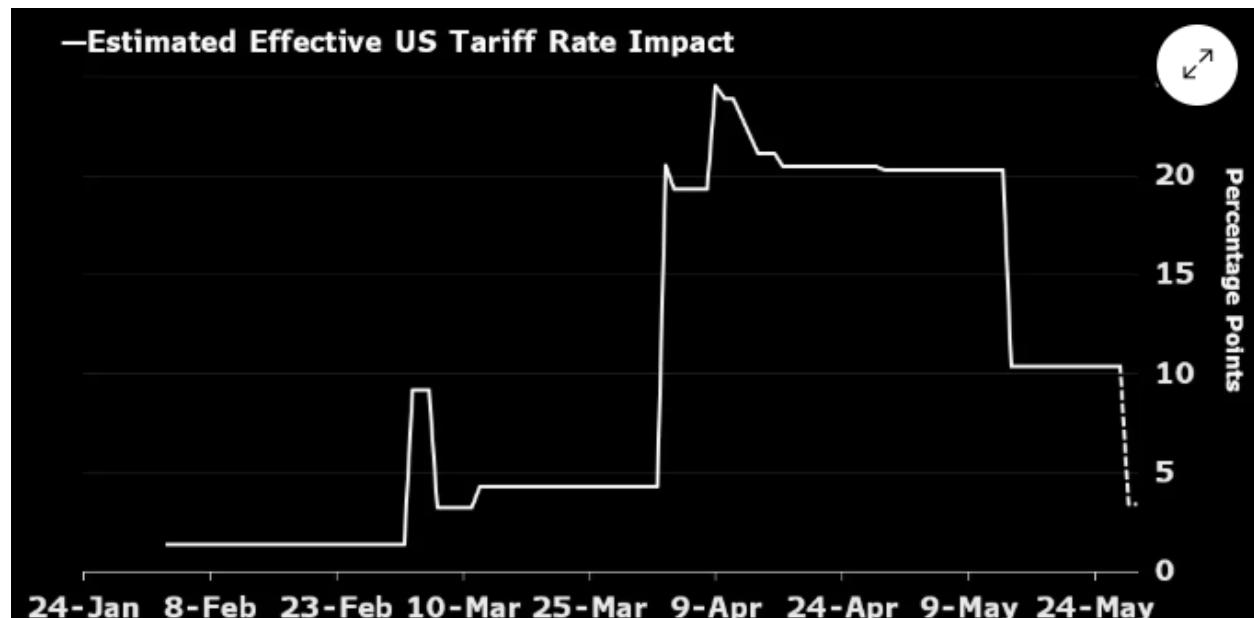
Finally, a second circuit court [ruled](#) that the tariffs were likely illegal, but D.C. District Court Judge Rudolph Contreras stayed his order for 14 days pending an appeal from the Department of Justice.

- Contreras said in a decision ordering a preliminary injunction: "The International Economic Emergency Powers Act does not authorize the President to impose the tariffs set forth" in four executive orders Trump issued earlier this year."

Axios writes: "Two courts have now questioned the legal basis for Trump's signature economic policy. The tariffs can stay in place for now, but we're likely in for another roller coaster of conflicting rulings on yet another hallmark of Trump's second-term agenda."

- Bloomberg notes: "The [trade court] ruling would reduce the effective US tariff rate to below 6% from a high of almost 27% last month, according to Bloomberg Economics calculations, an astronomical level that risked stagflation for the US."

Figure 1: US Effective Tariff Rate



Source: Bloomberg Economics



White House National Economic Council director Kevin Hassett said the administration has alternative routes to keeping tariffs in place: "We're going to see what happens on appeal, and we're very confident in our success there. But the fact is that there are things, measures ... that we could start right now."

- Hassett added: "But we're not planning to pursue those right now because we're very, very confident that this really is incorrect,"
- The Wall Street Journal has a [rundown](#) of potential 'Plan Bs' for Trump, if the rulings are upheld, including a "never-before-used provision of the Trade Act of 1974."

Trump's trade advisor Peter Navarro told reporters, "the emergency there very clearly is the \$1.3 trillion trade deficit a year, which cumulatively has added up to \$18 trillion of wealth transfer into foreign hands. And can you imagine what you can buy with \$18 trillion in this country? You could buy a whole state with that."

- Trump said in a (very) long message on [Truth Social](#) slamming the US Court of International Trade: "Hopefully, the Supreme Court will reverse this horrible, Country threatening decision, QUICKLY and DECISIVELY."
- Semafor reports that Republicans "aren't racing to codify Trump's tariff agenda" in response to the court rulings, with Rep Adrian Smith (R-NE), the chair of the House Ways and Means trade subcommittee, warning that writing tariffs into law now would hinder Trump's negotiating power: "The last thing we would want to do is turn it into a bureaucratic process,"

China

Treasury Secretary Scott Bessent revealed to Fox Business yesterday that trade talks with China are "a bit stalled," suggesting that a call between Trump and Chinese President Xi Jinping might be needed to kickstart negotiations.

- Bessent said: "I think that given the magnitude of the talks, given the complexity, that this is going to require both leaders to weigh in with each other,"
- The last publicly known contact between the two leaders occurred in January. Bloomberg notes that Trump said after the tariff truce struck in Geneva in mid-May that he would speak to Xi "maybe at the end of the week", though the call never materialised.
- Washington has since announced that it will revoke some visas from Chinese students - a move that Beijing has called "discriminatory" - and expanded restrictions on China's access to chip technology.

Beijing has nixed one possible route to dialling down tensions by confirming that Defence Minister Dong Jun will skip this weekend's Shangri-La Dialogue in Singapore – a high-profile security conference that often hosts sideline meetings between nations with strained relations.

- Semafor notes that it will be the first time China has ducked the conference since 2019 and spurs the opportunity for a first meeting between Dong and Defense Secretary Pete Hegseth.
- Reuters notes: "Last year's event resulted in a bilateral meeting between Dong and then-U.S. Defense Secretary Lloyd Austin."

Europe

EU Trade Commissioner Maros Sefcovic said in statement on X: "Another call with US Secretary Howard Lutnick. Our time and effort fully invested, as delivering forward-looking solutions remains a top EU priority. Staying in permanent contact." Earlier in the week, Sefcovic confirmed that direct calls between the two sides would be taking place every other day.

- Lutnick and US Trade Representative Jamieson Greer are expected to meet with the Trade Commissioner in Paris next week. This will take place on the sidelines of the Organisation for Economic Co-operation and Development (OECD) Ministerial Council Meeting running 3-4 June.

Japan

Japanese Prime Minister Shigeru Ishiba "expressed determination today to defend rules-based, free and multilateral trade systems and work on expanding the main Asia-Pacific trade group at a time of tension over U.S. tariffs", per [The Associated Press](#).

- Ishiba told a global forum in Tokyo: "High tariffs will not bring economic prosperity. A prosperity built on sacrifices by someone or another country will not make a strong economy."
- AP notes: "His comment comes as Japan's chief tariff negotiator Ryosei Akazawa travels to Washington, D.C., for a fourth round of talks aiming to convince the U.S. to drop all recent tariff measures. So far Japan has not been successful in gaining U.S. concessions and is reportedly considering purchases of more U.S. farm products and defense equipment as bargaining chips."
- Ishiba said after a call with Trump yesterday to discuss upcoming talks that "[we now] deeper understanding about each other," but noted to reporters there has been no change to Japan's position on the tariffs

Congressional Business

The House is OUT

The Senate is OUT

Committee Schedule –

Big Beautiful Bill

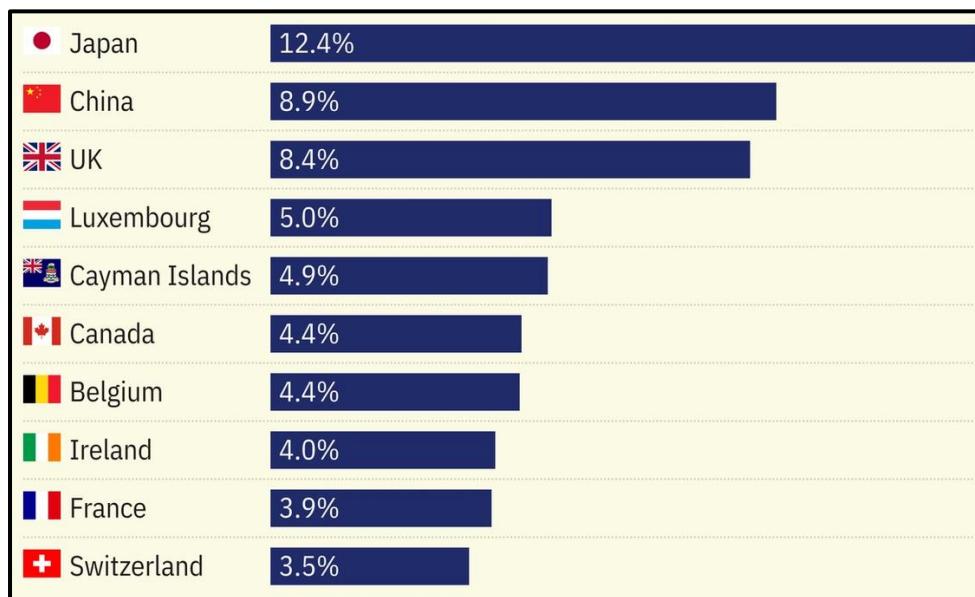
When lawmakers return to Washington D.C. on Tuesday, the House of Representatives has 13 scheduled work days until July 4, the date Senate Majority Leader John Thune (R-SD) has promised to send the 'One Big Beautiful Bill' to President Trump's desk.

- Punchbowl reports: "The Senate will have to move extremely quickly under this timeline. And Johnson will have to work overtime to defend the House's equities in this package – not only from Senate Republicans, but also from Trump, who has expressed openness to changing the House product."

The Financial Times [reports](#) that Wall Street is warning that Section 899, a little-publicised “revenge measure” in the bill “that allows the government to raise taxes on foreign investments”.

- Semafor notes: “The clause would progressively ratchet up financial penalties against people and businesses based in countries that Washington determines have “discriminatory” tax systems.”
- The New York Times notes: “The concern is that the move could chill investment in the United States at a time when investors are already rethinking the “buy America” trade amid President Trump’s tariff war.”
- Bloomberg reports: “Analysts are divided as to whether the clause will make it into law — the bill was narrowly passed by the House of Representatives, and is currently being examined by the Senate — though one expert noted it has broad Republican support, suggesting it will survive.”

Figure 2: Share of Total US Treasuries Held by Major Foreign Owners



Source: Semafor

Senator Ron Johnson (R-WI) is leading a charge in the Senate for more deficit reduction in the bill. The conservative senator, who has hinted he won’t run for re-election in 2028, said in an interview with Semafor that he’s willing to vote against the package if deficit impacts aren’t turned around.

- Semafor writes that Johnson’s “been all over the media this Memorial Day recess and will tell anyone that listens that the House-passed bill is headed in the wrong direction. Currently, there are three like-minded GOP senators who also say they won’t vote for it without more spending cuts.”

Politico reports that Democrats’ strategy for countering the bill appears to be crystallising. Senate Minority Leader Chuck Schumer (R-NY) told the outlet that he is looking to make it “politically untenable” for GOP leadership to gut Biden-era clean energy credits.

- Schumer said: "There are a whole number of Republicans, particularly those that have a lot of clean-energy investments in their states, who really didn't like what the House did. And the question is: Will they be able to put enough pressure on Thune, or even vote [with us] on some amendments?"

Politico notes: "A quartet of GOP senators — Lisa Murkowski, Thom Tillis, John Curtis and Jerry Moran — warned their leadership weeks ago against a "full-scale repeal of current credits." Tillis has already raised concerns about the House language. Schumer said he's spoken privately to "a good number of Republican colleagues" who dislike the House's cuts, but declined to name names."

- Democrats may have an ally in Elon Musk, whose business interests with Tesla align with much of the Biden-era policy. If Democrats can leverage moderate Republicans' concerns with the IRA repeal, they will join deficit hawks like Johnson and Senator Rand Paul (R-KY), as stumbling bloc in the Senate who could potentially tank the megabill.

Russia-Ukraine

Turkish Foreign Minister Hakan Fidan told reporters in Kyiv this morning: "I hope technical talks [on a peace deal] will largely be completed in the next round of talks, and [then] Turkey can host the leaders of the US, Russia, and Ukraine."

- Fidan noted that "Ukraine's NATO membership is an issue of debate within the alliance given the ongoing war", but said "the issue was not brought up during talks in Moscow this week." Fidan added, "Turkey is ready to host the Russian and Ukrainian sides... As long as both sides remain at the negotiating table, there can be progress."

US envoy for Russia and Ukraine, Keith Kellogg, said Trump was becoming "frustrated" with the "unreasonableness" of Russia with regard to a peace deal. However, he also added that Moscow's opposition to Ukrainian NATO membership was a "fair concern".

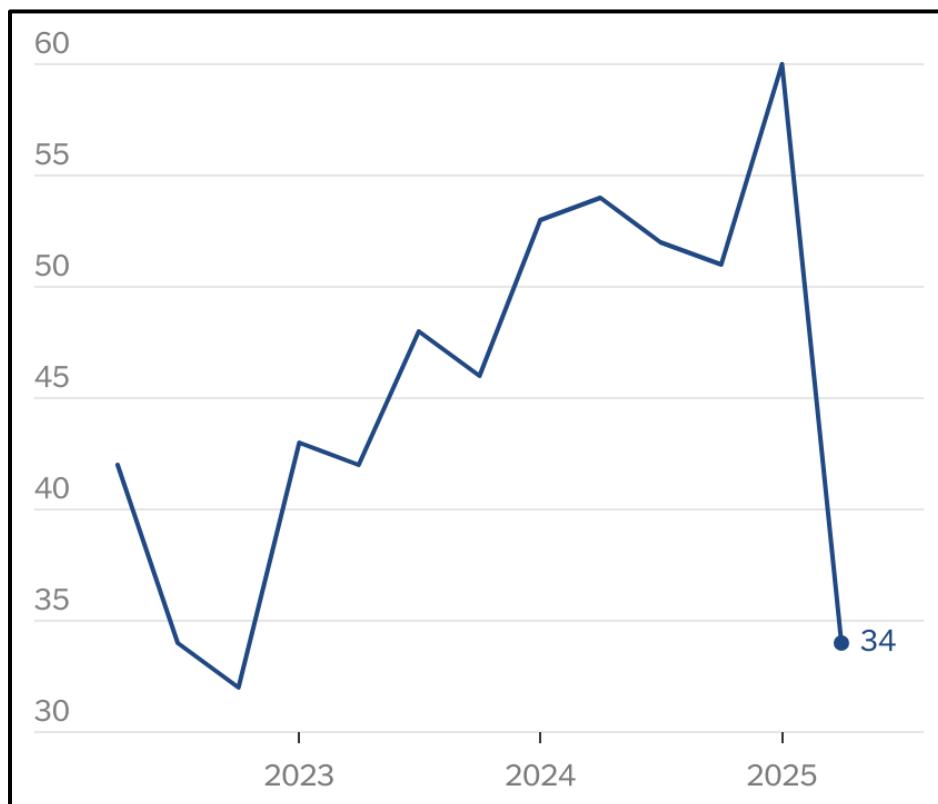
- The US has reiterated its threat of walking away from talks, with acting deputy US ambassador to the UN John Kelley warning Washington could impose further sanctions on Russia if it does not agree to a 30-day ceasefire. "We want to work with Russia, including on this peace initiative and an economic package. There is no military solution to this conflict. The deal on offer now is Russia's best possible outcome. President Putin should take the deal."
- The US is posing its threat of walking away from talks as a detriment to Russia, but Ukraine and its allies have voiced that such a move would give Russia carte blanche to continue, and even escalate, its attacks on Ukraine.

Chart of the Day

The New York Times' DealBook writes: "Even as consumer confidence wavered in recent quarters, American business leaders found reason for optimism. That C-suite exceptionalism appears to have faded though as President Trump's trade war and economic slowdown concerns now predominate."

- “The latest report by the [Conference Board and the Business Council](#) shows one of the biggest drops in C.E.O. confidence on record. The closely followed tally recorded that C.E.O. confidence in the second quarter dropped to 34 — (a score below 50 reflects a pessimistic mood) — from 60 in the previous quarter.”

Figure 3: Measure of CEO Confidence



Source: NYT, The Conference Board

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