

## MNI POLITICAL RISK ANALYSIS - US Daily Brief 30-10-25

by Adam Burrowes

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

15:05 ET 19:05 GMT	President Trump arrives at the White House
17:30 ET 21:30 GMT	President Trump and the First Lady participate in Halloween at the White House

#### 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 will arrive in Washington, DC at around 15:00 ET 19:00 GMT today, after wrapping up his three-country tour of Asia with a high-profile meeting with Chinese President Xi Jinping. In the late afternoon, Trump will attend a Halloween event at the White House.

- Vice President JD Vance will lead a White House roundtable today on the impact of the government shutdown on aviation. Transportation Secretary Sean Duffy, the CEO of Airlines for America, and other industry leaders are expected to join.

### China

Overnight, Trump and Chinese President Xi Jinping held their first face-to-face meeting since 2019. The meeting in Busan, South Korea, lasted roughly 1 hour and 45 minutes, shorter than the three hours Trump predicted earlier in the week.

- The result was broadly in line with expectations, with the leaders confirming a one-year continuation of a trade truce. Trump dropped his threat of an additional 100% on November 1 and agreed to lower the Fentanyl tariff on Chinese exports from 20% to 10%. In return, Xi promised to maintain the flow of rare earth minerals and ramp up purchases of US agricultural products, relieving a political headache for Trump in Republican farm states.

As expected, the meeting failed to deliver a comprehensive trade deal, despite bullish comments from Trump in the lead-up. Consistent with other trade frameworks negotiated by Trump, there is little official documentation on the terms of the agreement. Both leaders affirmed that the diplomacy would continue in the coming months, culminating in reciprocal visits by Trump and Xi to China and the US next year.



The absence of official details will keep markets on edge, although Treasury Secretary Scott Bessent told Fox Business News this morning that signatures on the deal (the 'Kuala Lumpur Agreement') could come as soon as next week.

- Both sides retain their primary source of leverage kept in reserve. On the US side, tariffs and high-tech export controls. On the Chinese side, a [set of rules](#) governing rare earth exports, impacting the entire global supply chain of goods utilising the critical minerals.

The diplomatic track appears to confirm a blueprint detailed by Lingling Wei in [The Wall Street Journal](#), which we flagged in yesterday's edition of his newsletter. "There is more to the agreement than just a temporary cease-fire. It is the first plank in a newly structured, high-level dialogue, intended to lock in a full year of leader-led diplomacy," Wei wrote.

- Unresolved issues: Trump told reporters that Taiwan was not discussed. Nor was there an agreement on Nvidia's powerful Blackwell AI chip. And there was no announcement on the sale of TikTok to a US investment consortium. Ukraine was discussed, but there is little optimism that Beijing will change tack on Russian oil.

Trump wrote in a lengthy post on [Truth Social](#), "I had a truly great meeting with President Xi of China. There is enormous respect between our two Countries, and that will only be enhanced with what just took place. We agreed on many things, with others, even of high importance, being very close to resolved."

- Xi said, per [Xinhua](#): "China and the United States can jointly shoulder our responsibility as major countries, and work together to accomplish more great and concrete things for the good of our two countries and the whole world."
- In a readout of the meeting, per CNN, Xi said: "Both teams should refine and finalize follow-up work as soon as possible, uphold and implement the consensus, and deliver tangible results to reassure both China and the US, as well as the world economy."

The Wall Street Journal [writes](#), "While the detente provides relief to both sides, it does little to address the fundamental divergence between two superpowers whose economies are decoupling in many sectors and who are racing for supremacy in areas such as artificial intelligence."

- The New York Times DealBook writes, "...investors appear underwhelmed. It's unclear whether the two economic powers achieved a true breakthrough, or merely a pause in hostilities from their trade war. Bourses in China and Europe dipped, and S&P 500 futures point to a weak open. Yesterday's Fed decision and Big Tech earnings could be weighing on investors, too."

## Rare Earths

On Truth Social, Trump said, "China has agreed to continue the flow of Rare Earth, Critical Minerals, Magnets, etc., openly and freely."

- Trump signalled that the deal would be up for renegotiation every year. "We have a deal now," Trump told reporters aboard Air Force One shortly after the meeting. "Every year we'll renegotiate the deal, but I think the deal will go on for a long time,

long beyond the year. We'll negotiate at the end of the year. But all of the rare earth has been settled, and that's for the world."

- United States Trade Representative Jamieson Greer, speaking alongside Trump on AF1, said: "They're not going to impose the rare earth controls that they proposed; President Trump and President Xi came to an understanding of that."
- Treasury Secretary Bessent confirmed to Fox that the US is suspending the [new rule](#) on the entity list with regards to export controls for a year in exchange for the Chinese pause on rare earth restrictions.

## Fentanyl Tariffs

Trump's most significant concession was a reduction in the tariff levied in response to China's role in the Fentanyl supply chain. Trump said the tariff would come down to 10% from 20%, based on a promise from Xi to crack down on the precursor chemicals used to produce Fentanyl.

- Trump told reporters aboard AF1, "You know, it's a very complex subject because [precursor chemicals are] used for lots of different reasons... But he's gonna work very hard on it... And based on the statements today, I reduced it by 10%, so it's 10% instead of 20%, effective immediately."
- The reduction brings China's overall tariff rate down to around 47%, from 57%. The decision is significant as it puts China's average tariff rate "closer to those of other trading partners, potentially reducing the price competitiveness of goods manufactured outside of China," as WSJ [noted](#) ahead of the meeting.

## Soybeans

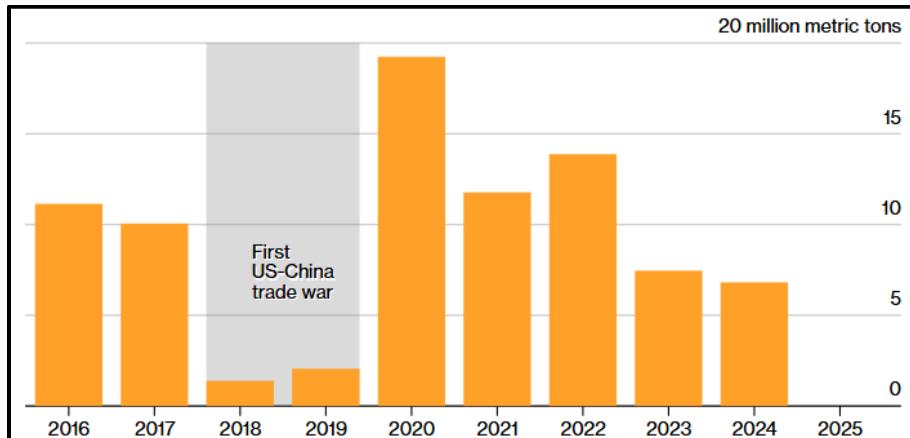
Trump told reporters that China will "immediately" begin purchasing "tremendous amounts of the soybeans and other farm products," without providing additional details.

- Trump added in his Truth Social post that, "Farmers should immediately go out and buy more land and larger tractors," because China will buy "massive amounts of Soybeans, Sorghum, and other Farm products."
- The announcement derisks a domestic political issue for Trump, which has seen Republican lawmakers in agricultural states criticise Trump's trade strategy, including an economic package to Argentina that could bolster its agricultural sector at the expense of US farmers.

As it is unclear if the deal includes firm targets, some farmers may be sceptical that Beijing will follow through after taking steps to diversify its agricultural imports to include a greater proportion of goods from Brazil and Argentina.

- Bloomberg [notes](#) that "Soybeans in Chicago slid as much as 2.2% following the meeting — the biggest intraday decline in almost four months — before clawing back some losses," noting that "the market was looking for commitments to buy 5 million-to-10 million tons to be announced following the summit," according to an expert.

## Figure 1: China's US Soybean Purchases



Source: Bloomberg

## AI Chips

Trump noted to reporters that, while semiconductors were discussed, he did not discuss relaxing restrictions on Nvidia selling its powerful Blackwell AI chip to China. China hawks in Congress may not be happy, as Trump suggested chip deals should be worked out between Beijing and Nvidia.

- Trump: "We did discuss chips... They're gonna be talking to NVIDIA and others about taking chips... I'll be speaking to [CEO] Jensen [Huang] from NVIDIA, but they're gonna be discussing that with NVIDIA to see whether or not that they could do." Trump added: "I said, "That's really between you and NVIDIA," but we're sort of the arbitrator or the referee."
- When pressed on the Blackwell chip, Trump said: "Not the Blackwell. We're not talking about the Blackwell, that just came out yesterday."

Bloomberg [notes](#), "China is the biggest market for semiconductors, and Nvidia's products are the industrial standard for training and running large-language models such as OpenAI's ChatGPT. The Blackwell family of chips is Nvidia's top offering, with capabilities that far exceed those of processors the US effectively banned from sale to China in 2022."

- Bloomberg adds, "Huang has lobbied aggressively against the US restrictions, which he says will only aid the rise of Chinese chip champions like Huawei Technologies Co. Shipping Blackwell chips to China would mark a major win for the tech chief..."

## Port Fees

Trump indicated that he and Xi agreed to postpone tit-for-tat port fees levied on vessels of the other country, which escalated earlier this month to include Chinese sanctions on US units of a major South Korean shipbuilder.

- Trump said, "So we're gonna postpone that while we negotiate with them about that issue. Uh, we're trying to rebuild shipbuilding. The Koreans just agreed to invest \$150 billion in shipbuilding. So we think we have a good path forward to do that."
- The Chinese Ministry of Commerce said in a statement, "Following the US suspension, China will also suspend its countermeasures against the US for one year."

Bloomberg notes, “Washington began charging special fees on China-linked vessels calling at American ports on Oct. 14, amid a wider probe by the Office of the US Trade Representative into China’s maritime and shipbuilding dominance.”

- Treasury Secretary Bessent noted to Fox this morning that [Section 301 restrictions](#) targeting Chinese maritime logistics and shipbuilding have also been suspended for a year. Bessent added that shipbuilding will be integrated with Western allies following deals with South Korea and Japan.

## Energy/Ukraine War

Trump said he and Xi discussed the Ukraine war for a “long time” but “didn’t really discuss the oil.” Trump said, “[Xi has] been buying oil from Russia for a long time. It takes care of a big part of China. I can say India’s been very good, good on that front. But, we didn’t really discuss the oil. We discussed working together to see if we could get that war finished. You know, it doesn’t affect China.”

- Trump noted: “We talked about [Ukraine] for a long time and we’re both gonna work together to see if we can get something done. We agreed the, the sides there, you know, locked in, fighting, and sometimes you have to let him fight, I guess. Crazy. But he’s gonna help us and we’re gonna work together on Ukraine.”

Trump said on Truth Social, “China also agreed that they will begin the process of purchasing American Energy. In fact, a very large scale transaction may take place concerning the purchase of Oil and Gas from the Great State of Alaska. Chris Wright, Doug Burgum, and our respective Energy teams will be meeting to see if such an Energy Deal can be worked out.”

- Meanwhile, in Washington, the Senate will vote today on overturning a Biden-era rule that restricts drilling in Alaska’s National Petroleum Reserve. Voting is expected to begin at midday, with a final vote later in the afternoon.

## Nuclear Testing

Trump wrote on [Truth Social](#) moments before the meeting with Xi, “The United States has more Nuclear Weapons than any other country. This was accomplished, including a complete update and renovation of existing weapons, during my First Term in office. Because of the tremendous destructive power, I HATED to do it, but had no choice! Russia is second, and China is a distant third, but will be even within 5 years. Because of other countries testing programs, I have instructed the Department of War to start testing our Nuclear Weapons on an equal basis. That process will begin immediately.”

- When asked what prompted his message, Trump said: “it had to do with others. They seemed to all be nuclear testing... We have more nuclear weapons than anybody. We don’t do testing. You know, we’ve, uh, halted it years, many years ago. But with others doing testing, I think it’s appropriate that we do also.”
- Axios notes, “there have been no public reports of Russia or China conducting full-fledged nuclear weapons testing. He may have been referencing Russia’s recent test of a new long-range missile... The only country conducting major nuclear tests in recent years has been North Korea.”

- Axios added, “an end to the moratorium on testing could arguably play to China's advantage if Beijing uses the opening to test the weapons it has in development.”

Reuters reports that Russian President Vladimir Putin said yesterday that Russia had successfully tested Poseidon, a nuclear-powered super torpedo. The Poseidon is a new weapon that breaks most of the traditional nuclear deterrence and classification rules, according to arms control experts. There are few confirmed details about the new weapon.

- The Wall Street Journal notes, “The US last conducted a nuclear-weapons test in 1992 and has joined Russia and China in observing a decadeslong moratorium on underground nuclear blasts.”

## Government Shutdown Day 30

The Senate will recess this afternoon without progress towards reopening the government. But, in the past few days, there have been signals that Republicans and Democrats are accelerating efforts to end the impasse as the November 1 cliff for SNAP benefits approaches.

- Politico reports, “bipartisan Senate negotiations around reopening the government have ramped up over the past 36 hours. But it's far from a done deal.”
- Semafor reports, “rank-and-file members are talking about long-term spending bills, and urgency is increasing... Many senators have Tuesday's elections circled — and a scheduled Nov. 10 recess could help motivate a deal after seven weeks in session.”

Punchbowl News reports, “there's been some optimistic talk in the Capitol over the last few days, with rank-and-file senators saying they've restarted bipartisan negotiations over FY2026 spending bills.”

- Punchbowl warns: “A bipartisan appropriations package doesn't solve what's at the heart of this shutdown impasse — a fundamental disagreement over the Covid-era enhanced Obamacare premium subsidies. Democrats have said they won't vote to reopen the government without a concrete deal on these tax credits. And the vast majority of Republicans — including Speaker Mike Johnson and Senate Majority Leader John Thune — have little to no interest in extending them.”
- As noted in previous editions of this newsletter, the White House “has urged GOP leaders not to hold votes on stand-alone proposals to pay other government workers or otherwise lessen the impact of the shutdown, sparking angry words on the Senate floor but also potentially hastening a compromise,” per the Wall Street Journal.

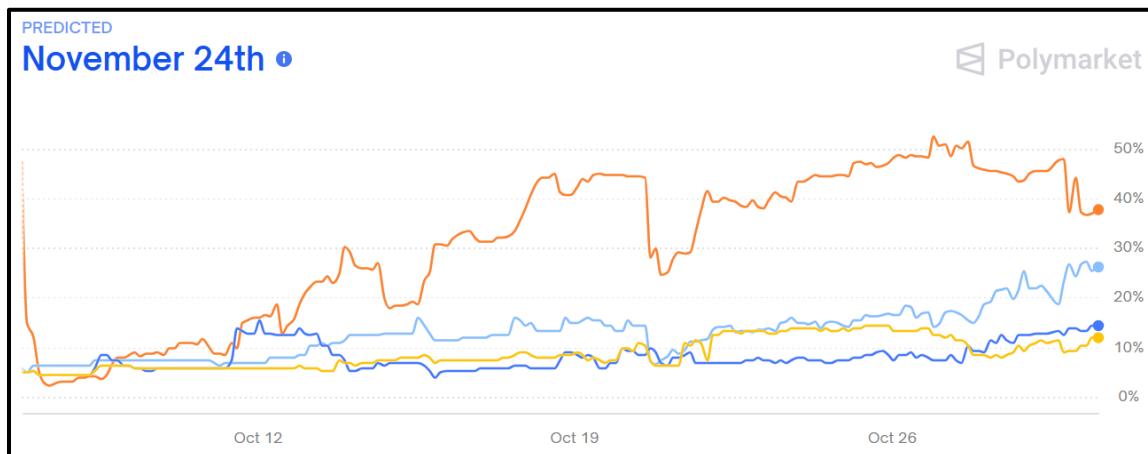
Meanwhile, Axios reports that “Trump's budget team raided three different financial accounts to make sure US troops are paid tomorrow as the government shutdown continues.”

- Axios notes, “As long as military personnel are paid, Trump isn't planning to budge on the nearly month-old shutdown, even with as many as 42 million people set to lose food stamp benefits Saturday.”

The Congressional Budget Office wrote in a new report that the shutdown could cost between USD\$7 billion and USD\$14 billion, depending on if the shutdown lasts one month, six weeks, or two months.

- Politico [notes](#), “the CBO expects economic growth to be back on track after 2026, but some of the real gross domestic product loss resulting from furloughs of federal workers will not be recovered. That permanent loss could be anywhere from \$7 billion, if the shutdown were to end now, and \$14 billion, if it were to drag on for an additional month.”

**Figure 2: When will the Government Shutdown End?**



Source: Polymarket

## Congressional Business

The House is OUT

The Senate is IN

Committee Schedule –

## Chart of the Day

A majority of likely Republican voters support the US providing Ukraine with long-range Tomahawk missiles capable of striking targets deep within Russia, according to a new survey conducted by Public Opinion Strategies for the Ukraine Freedom Project.

- Semafor notes that the Ukraine Freedom Project, which advocates for more congressional funding of Ukraine, “found that 63% of GOP voters support Trump sending these long-range missiles to President Volodymyr Zelenskyy, while 37% disapprove.”
- Semafor notes, “Meanwhile, a majority of Republican voters (53%) still opposes Congress approving more military aid for Ukraine. The poll was conducted Oct. 7-13, ahead of Trump’s most recent meeting with Zelenskyy, during which he rejected the Ukrainian leader’s bid for Tomahawks. Trump has since shifted on Russia with an announcement of new sanctions, which Zelenskyy hopes will be followed by an affirmative decision on the missiles.”

**Figure 3: Likely Republican Voters' Views of US Support for Ukraine**

Strongly approve   Somewhat approve   Somewhat disapprove  
 Strongly disapprove

Selling Tomahawk missiles

21%	42%	25%	13%
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Authorizing new military funding

14%	33%	32%	21%
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Source: Semafor, *Public Opinion Strategies for the Ukraine Freedom Project*

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# POLITICAL RISK

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