

U.S Observer Daily Briefing

Daite February 2, 2026

By Kaswar Klasra

President Donald Trump's second-term governance is increasingly unsettling both markets and institutions. The U.S. dollar has slid more than 10 percent over the past year, battered by investor unease over erratic policy decisions and diplomatic flare-ups, including a recent crisis involving Greenland. Foreign capital is quietly rotating out of U.S. assets as growth prospects improve elsewhere.

Domestically, concerns over authoritarian drift are intensifying. The fatal shooting of a Minneapolis nurse by federal agents while filming law enforcement has fueled warnings of a "dual state" where dissent is met with extrajudicial force.

On Capitol Hill, lawmakers are scrambling to end a partial government shutdown triggered by immigration disputes, while Trump presses ahead with aggressive economic nationalism — including a \$12 billion initiative to counter China's dominance in critical minerals and a tariff deal with India aimed at reshaping global energy flows.

Meanwhile, NATO unity is fraying, even as Washington resumes mediation in Russia-Ukraine talks.

1-- Trump's chaotic governing style is hurting the value of the U.S. dollar

Fallout from the recent Greenland crisis clipped the U.S. dollar, aggravating a year-long decline that has shaved more than 10 percent off the greenback's value since President Donald Trump returned to the White House.

The dollar is under pressure on multiple fronts. After a long period of U.S. financial market outperformance, many foreign investors are rebalancing their portfolios to reduce excessive exposure to the United States and to capitalize on improving prospects elsewhere.

<https://www.washingtonpost.com/business/2026/02/02/trump-economic-policies-dollar-decline/>

2-- In Trump's 'dual state,' dissenters face extrajudicial executions

By the time the sun set yesterday, Minneapolis had become a laboratory for a new kind of American power. The death of Alex Pretti—a 37-year-old ICU nurse who spent his nights caring for veterans at the local VA hospital—was not merely a tactical error or an isolated use of excessive police force. He was shot and killed in broad daylight by federal Border Patrol agents while filming them with his phone, an act of documentation that the state immediately reframed as an act of war.

<https://www.washingtonpost.com/ripple/2026/01/25/in-trumps-dual-state-dissenters-face/>

3-- Will Ted Cruz go anti-Trump in 2028?

President Donald Trump suggested this week that he may put Ted Cruz on the Supreme Court. It was not meant as a compliment, as he explained how it would be easy to get the Texas senator confirmed.

"The Democrats will vote for him because they want to get him the hell out and the Republicans will vote for him because they want to get him the hell out, too," Trump said at a press conference attended by Cruz and many other GOP lawmakers.

4-- US House takes up deal to restore government funding, Tuesday vote expected

The U.S. House of Representatives takes up legislation on Monday that would lift a partial government shutdown that started over the weekend, with a final vote expected on Tuesday.

Funding for the Pentagon, the Department of Transportation and several other agencies expired on Saturday, as a dispute over immigration enforcement complicated efforts to approve spending legislation. So far disruption has been minimal, as workers deemed "essential," such as troops and air traffic controllers, have remained on the job.

<https://www.reuters.com/world/us/us-house-takes-up-deal-restore-government-funding-tuesday-vote-expected-2026-02-02/>

5-- Trump administration plans US\$12 billion push to curb China's grip on critical minerals
Seeking to blunt China's dominance over critical minerals that underpin hi-tech manufacturing, the administration of US President Donald Trump is rolling out a slate of measures this week aimed at reducing US reliance on Beijing.

A White House official has confirmed to the South China Morning Post that Trump will be launching a US\$12 billion public-private initiative to build a large commercial stockpile of critical minerals titled "Project Vault".

<https://www.scmp.com/news/us/economy-trade-business/article/3342151/trump-administration-unveil-12-billion-push-curb-chinas-grip-critical-minerals>

6-- US House takes up deal to restore government funding, Tuesday vote expected

Funding for the Pentagon, the Department of Transportation and several other agencies expired on Saturday, as a dispute over immigration enforcement complicated efforts to approve spending legislation. So far disruption has been minimal, as workers deemed "essential," such as troops and air traffic controllers, have remained on the job.

<https://www.reuters.com/world/us/us-house-takes-up-deal-restore-government-funding-tuesday-vote-expected-2026-02-02/>

7-- Trump tariffs live updates: Trump says US, India agree to deal as Modi pledges to stop buying Russian oil

President Trump on Monday said the US and India had agreed to a trade deal after he spoke with Indian Prime Minister Narendra Modi.

Trump said the baseline US tariff rate on goods from India would drop to 18% from 25%. The US president also claimed that Modi had "agreed to stop buying Russian Oil." India also currently faces an additional 25% "secondary" tariff for its purchases of Russian oil.

<https://uk.finance.yahoo.com/news/trump-tariffs-live-updates-trump-says-us-india-agree-to-deal-as-modi-pledges-to-stop-buying-russian-oil-220551745.html>

8-- NATO's credibility as a unified force under U.S. leadership has taken a hit under Trump

European allies and Canada are pouring billions of dollars into helping Ukraine, and they have pledged to massively boost their budgets to defend their territories.

But despite those efforts, NATO's credibility as a unified force under U.S. leadership has taken a huge hit over the past year as trust within the 32-nation military organization dissolved.

<https://www.pbs.org/newshour/world/natos-credibility-as-a-unified-force-under-u-s-leadership-has-taken-a-hit-under-trump>

9-- A Kremlin official confirms that U.S.-brokered Russia-Ukraine talks are resuming this week

A new round of U.S.-brokered talks on ending Russia's war on Ukraine is set to go ahead this week after a brief postponement, a senior Kremlin official said Monday, with negotiations taking place against a backdrop of continued front-line fighting and deadly long-range attacks on rear areas.

The trilateral talks will take place on Wednesday and Thursday in Abu Dhabi, where a previous meeting was held last month, Kremlin spokesman Dmitry Peskov confirmed.

<https://www.durangoherald.com/articles/a-kremlin-official-confirms-that-u-s-brokered-russia-ukraine-talks-are-resuming-this-week/>

10-- Out With the Old? Young Democrats Are Trying to Convince Voters to Send a New Generation to Congress

Mai Vang wouldn't be born for another seven years when Bob Matsui was first elected to Congress from California in 1978. By the time Matsui died in 2005 and was replaced by his widow, Doris Matsui, Vang was still studying biology and sociology in college.

Now a member of the Sacramento City Council, Vang, 40, is mounting the first serious challenge that 81-year-old Matsui has faced since she began representing the area two decades ago.

<https://www.usnews.com/news/politics/articles/2026-02-02/out-with-the-old-young-democrats-are-trying-to-convince-voters-to-send-a-new-generation-to-congress>

ends