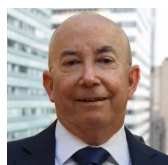


SCOTUS AND FED, WAR TALKS



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The Supreme Court (SCOTUS) usually hands down its most controversial cases at the end of the term before they leave town for the summer.

With the end of the term fast approaching, they may release the decision on whether the president has the authority to fire a Federal Reserve governor.

The SCOTUS heard the arguments on Trump vs Cook back on Jan. 21, and during the arguments, many justices, including some of the more conservative ones, asked questions of the Justice Department that appears to show concern about the Fed's independence if a governor could be fired.

However, it is often difficult to come to conclusions based on the questions asked during arguments before the court. After the decision is heard, the justices gather in a conference room and discuss the cases and handout assignments for writing the decisions.

President Trump will be watching the Cook case carefully as former Chair Jerome Powell continues to serve on the board.

Last week was the first rate-setting meeting of the Fed's Federal Open Markets Committee (FOMC) under new Chair Kevin Warsh.

Chair Warsh unveiled five working groups that will investigate new ways for the Fed to conduct central banking duties. The groups ranged from communications to reliance on existing data sources. Foreshadowing possible future communications policy Chair Warsh quoted one of his old mentors, George Shultz, who said press conferences were good, but only when you have something to say.

Having worked with Chair Warsh when he worked for President George W. Bush, I know firsthand he is a serious and thoughtful person and expect these are skills he will bring to the role of Fed chair.

War with Iran

Vice President JD Vance is in Switzerland to negotiate with the Iranians on critical policies to implement the MoU signed by Washington and Tehran. Vance has been joined by Trump's negotiating team of New York real estate developer Steve Witkoff and son-in-law Jared Kushner. On Monday, the Iranians reported that the weekend talks had gone well and that some progress had been made.

While the future of the Iranian nuclear program is a core issue that they need to discuss, over the weekend, there were contradictory reports on the status of the Strait of Hormuz, with the Trump administration reporting that oil flows through the Strait are increasing each day and the Iranians saying that in retaliation for the Israeli bombing of Lebanon they were again closing the Strait.

Trump in some of his comments in recent days has made clear that he is not completely on the same page as Israeli Prime Minister Benjamin Netanyahu.

The tension that the Iranian War has created with some Republicans has been clear, with comments some have made expressing reservations about the MoU.

Republicans are focused on reducing the risk of confrontations and lowering prices as the critical midterm elections approach. Polls have shown increasing movement towards the Democrats in key races for both the House and Senate.

With their paper-thin majority in the House, most polls have shown a Democratic lead in key House races. In the Senate, there are only 32 of the 100 seats up in 2026, and several are in reliable Republican states.

Democrats have seats up in both Michigan and Georgia, two states Trump carried in 2024. To win control of the Senate, Democrats need a net gain of four seats, a task made more difficult if they lose even one seat they currently control.

The current Senate breakdown is 53 Republicans to 47 Democrats.

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