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BIG WEEK FOR WARSH, DOD BUDGET NEEDS WORK

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The new Federal Reserve Chair Kevin Warsh will appear before the House Banking Committee on Tuesday, and on Wednesday, he will give testimony to the Senate Committee. He intends to hold fewer press conferences, so this semi-annual Congressional testimony could be a key appearance that sets the tone for future policy.

Both appearances will be at 10 a.m. ET, that is shortly after markets open, and they could influence trading on both days. Unlike press conferences, it is harder for a Fed chair to avoid questions from members of the House and Senate, who are free to ask follow-up questions. As a Washington insider, Chair Warsh is familiar with the process, but this will be his first appearance as the chair.

Budget battles

The House and Senate are only in session for three weeks before they take their traditional August break, and during this period, they will need to start work on the budgets for the new fiscal year that begins on Oct. 1. While much of the government is likely to be funded with a Continuing Resolution (CR), that keeps funding at current levels, there is real pressure from the White House to approve funds for the Defense Department that has seen critical weapons systems depleted by the wars in Ukraine and Iran. The White House request is for a record $1.45 trillion, which has met with significant opposition from Democrats. The House is likely to take the lead in working on a DoD bipartisan agreement.

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