

Congress Out, Fed Minutes Coming



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Congress was not in session this past week and will be out again next week as it celebrates the July 4th holiday.

Traditionally, the Supreme Court waits for the final days of its session to release its biggest decisions, and as the spring term ended this week, the big political news was SCOTUS decisions. The Court's ruling against the student-loan forgiveness program ended a signature initiative of the Biden Administration. On the other hand, the Court ruled in favor of plaintiffs in Louisiana who were challenging the Republican-drawn Congressional map. The Court's decision is likely to lead to a second minority/majority district in Louisiana, which could be pivotal for control of the US House after the 2024 elections.

While Congress may be out of session next week the Federal Reserve is likely to make policy news when it releases the minutes of the Federal Open Markets Committee (FOMC) June meeting. The release is scheduled for Thursday, July 6 at 2:00 p.m. and may provide more insight into the future direction of Fed interest rate policy. As I have often said, Chair Powell knows at the post-FOMC press conference that his remarks will be fact-checked when the minutes of the meeting are released, and that will be the case this coming week.

In the past few weeks Chair Powell has been sounding more hawkish, but the minutes may indicate a more dovish view by some Committee members. On Friday the headline PCE price index, the central bank's preferred inflation gauge, showed a slowdown to 3.8% for the 12 months ended in May.

The next meeting of the FOMC will be at the end of next month – July 25/26.

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