



USA OUTLOOK

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Photo: NY TIMES

High Gas Prices, Driven Up by the Iran War, Loom Over the Midterms

The war in Ukraine has led to a sharp rise in gas prices, complicating the central midterm election theme of affordability in the United States. While both parties initially planned to campaign on lowering everyday costs, rising fuel prices have forced Republicans to shift their message, arguing that the economic pain is temporary and necessary for national security.

Republican leaders maintain that gas prices will stabilize and ask voters to tolerate short-term increases, but this stance risks weakening their economic credibility. Meanwhile, Democrats see an opportunity to link Trump to both higher living costs and an unpopular foreign conflict, reinforcing their campaign focus on affordability and government accountability.

The issue is politically sensitive because rising gas prices affect the cost of many goods and services, increasing financial pressure on households already facing economic strain. Although the White House has proposed measures to reduce fuel costs, experts doubt these will significantly lower prices in the short term.

Public opinion appears divided: Trump retains strong support among Republicans, but many independents and Democrats oppose the war. Some Republican figures have also expressed concern that the conflict and its economic consequences could hurt the party in the midterms.

Source: <https://www.nytimes.com/2026/03/21/us/politics/gas-prices-republicans-affordability.html>

Powell Says He Will Remain as Fed Chair Until Successor Is Confirmed

Jerome Powell announced that he will remain as head of the Federal Reserve until his successor is confirmed by the Senate, even though his official term as chair ends in May 2026. He may also continue serving as a Fed governor until 2028.

In addition, Powell stated he will not step down from the board until a criminal investigation into **renovations at the Fed's headquarters is fully resolved**, which he has criticized as politically motivated.

His potential successor, Kevin Warsh, has not yet been confirmed due to delays tied to this investigation and political disagreements in the Senate. This increases the likelihood that Powell will remain in his role beyond his term.

The situation adds to tensions with Donald Trump, who has repeatedly criticized Powell for not cutting interest rates more aggressively. Overall, the leadership of the Federal Reserve remains uncertain, influenced by both political pressure and ongoing legal issues.



Photo: NYTIMES

Source: <https://www.nytimes.com/2026/03/18/business/economy/fed-chair-powell-warsh-trump.html>



Photo: NY TIMES

Fed Official Urges Caution on Rate Cuts as Iran War Drags On

A Federal Reserve official, Christopher J. Waller, urged caution on cutting interest rates due to the economic uncertainty caused by the Iran war. While he had previously supported rate cuts, rising energy prices and supply disruptions linked to the conflict have increased concerns about persistent inflation.

Oil prices have surged significantly—up about 50%—raising the cost of gasoline, transportation, and goods, which could spread inflation across the broader economy. As a result, the Federal Reserve is hesitant to lower rates too quickly.

Although the Fed has kept interest rates steady for now, officials remain divided on future policy. Some still expect modest rate cuts later in the year, especially if the labor market weakens, while others prefer no changes until inflation shows clearer signs of declining.

Fed Chair Jerome Powell emphasized the high level of uncertainty, noting that future decisions will depend on how inflation evolves amid the ongoing conflict.

Overall, the Iran war has complicated the Fed's plans, forcing policymakers to balance slowing economic growth against the risk of renewed inflation.

Source: <https://www.nytimes.com/2026/03/20/business/economy/fed-waller-interest-rates.html>

Pentagon Seeks \$200 Billion to Fund Iran War

The Pentagon, led by Pete Hegseth, has requested approximately \$200 billion to fund the ongoing war in Iran, signaling expectations of a prolonged and costly military engagement. The proposal is currently under review by the White House and has not yet been formally submitted to Congress.

The size of the request—nearly a quarter of the annual U.S. defense budget—has already sparked concern among lawmakers, including some Republicans who would be key to approving it. Members of Congress have indicated they need more details and greater consultation before supporting such a large allocation.

The war has already proven expensive, costing over \$11 billion in its first days, and the new funding could significantly escalate total spending. Comparisons to past conflicts, such as Iraq and Ukraine, highlight the scale of the potential financial commitment.

Democrats have strongly criticized the proposal, arguing that such funds could instead be used for domestic priorities like health care and education. Meanwhile, divisions within the Republican Party may also emerge between those who support strong defense spending and those concerned about fiscal discipline.



Source:

<https://www.nytimes.com/2026/03/19/world/middleeast/pentagon-200-billion-iran-war-funding-hegseth.html>



Photo: NYTIMES

U.S. Lifts Sanctions on Some Iranian Oil to Get More to Market

The U.S. Treasury, led by Scott Bessent, temporarily lifted sanctions on Iranian oil already at sea, allowing it to be sold globally between March 20 and April 19. The move is expected to release around 140 million barrels of crude into the market as part of a broader effort by the U.S. Treasury Department to increase global oil supply and ease rising fuel prices.

This decision comes amid political pressure on Donald Trump and Republicans due to high gas prices ahead of midterm elections. It follows similar steps to ease restrictions on Russian oil, signaling a shift from previous **“maximum pressure” policies toward** Iran.

However, experts are skeptical about the real impact. Much of the oil is already accounted for and largely sold—mainly to China through informal channels—so the additional supply may not significantly lower global prices. There are also uncertainties about whether banks will facilitate these transactions.

Despite the temporary relief, the U.S. maintains broader financial restrictions on Iran, limiting its ability to access revenue. Overall, the measure reflects an attempt to stabilize oil markets, but its effectiveness in reducing fuel prices remains uncertain.

► Source:

<https://www.nytimes.com/2026/03/20/world/middleeast/us-sanctions-iran-oil.html>