

USA OUTLOOK

WEEKLY NEWSLETTER
OCTOBER 26 TO OCTOBER 30

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OCTOBER 26, 2026

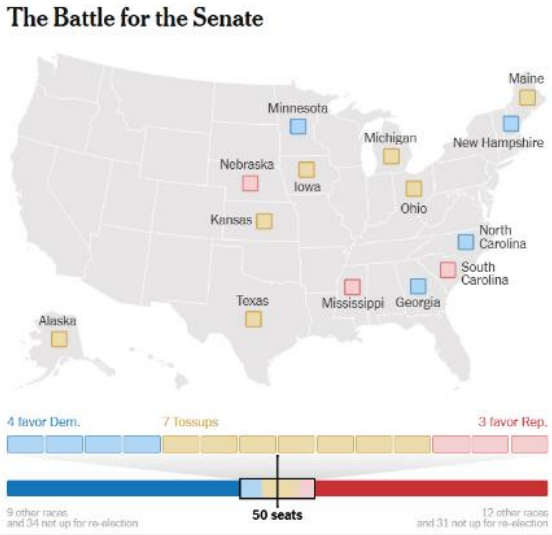


Photo: NY TIMES

Who's winning the race for Congress?

Eight days before the 2026 midterm elections, Democrats are gaining ground in the race for the House, while the Senate remains highly competitive. The Cook Political Report shifted 19 House races toward Democrats, leaving Republicans unable to retain control even if they win all 17 tossup contests. In the Senate, seven races remain tossups, with Republicans outspending Democrats on advertising. President Trump has focused his campaign events on states where Republican support has weakened, while avoiding some competitive states where his unpopularity could affect Republican candidates.

Democratic candidates have raised more money in competitive races, although Republican-aligned groups continue to outspend their counterparts. In Maine, Senator Susan Collins and Democratic challenger Troy Jackson are tied at 49% in a recent poll. Florida has also become more competitive, with former Presidents Barack Obama and Bill Clinton supporting Democratic candidates. Meanwhile, rising oil prices linked to the Iran war are adding to economic concerns, with Brent crude reaching $116.72 per barrel and average gasoline prices climbing to $4.29 per gallon. Control of the Senate remains uncertain.

Source:
https://www.nytimes.com/2026/10/26/us/politics/whos-winning-the-race-for-congress.html

OCTOBER 27, 2026

The Fed Is Expected to Hold Rates Steady. Warsh Will Have to Explain Why.

The Federal Reserve is expected to keep interest rates unchanged at 3.75% to 4% at its October meeting, despite rising inflationary pressures. Higher energy costs, tariffs and strong AI-related investment continue to push prices up, while the labor market remains stable. Several policymakers have signaled support for another rate increase in December, putting Chairman Kevin Warsh under pressure to explain the decision to delay further action as inflation moves away from the Fed's 2% target.

Economists remain divided on the need for tighter monetary policy. Some expect inflation to ease as energy and tariff pressures fade, while others argue that demand must slow to contain rising prices. Higher Treasury yields and stock market gains have also influenced financial conditions and consumer spending. However, persistent inflation could become more entrenched, increasing pressure on the Fed to reinforce its commitment to price stability.



Photo: NYTIMES

Source:
https://www.nytimes.com/2026/10/27/business/fed-interest-rates-warsh.html

OCTOBER 28, 2026



Photo: NY TIMES

From Senate Candidates, Surprising Stances on Fixing Social Security

As the 2026 midterm elections approach, Social Security's financial future has become a key issue in Senate campaigns. The retirement trust fund is projected to run short of reserves by late 2032, potentially reducing benefits by at least 22% unless Congress acts. A recent analysis found that 20 of 41 candidates in competitive Senate races support raising or eliminating the $184,500 income cap on payroll taxes. The proposal has gained support from both parties, including Republican candidates in Kansas, Maine and Massachusetts.

Raising the income cap is one of several options to address the shortfall, alongside increasing payroll tax rates, adjusting benefits or raising the retirement age. Eliminating the cap could cover approximately 58% of the projected 75-year funding gap, but would not fully resolve it. The debate remains particularly relevant in competitive races in Iowa, Nebraska and Ohio, where candidates have differing positions. Ultimately, the proposals highlight the challenge of preserving Social Security while determining how the financial burden should be distributed among workers and future retirees.

Source:
https://www.nytimes.com/2026/10/28/business/social-security-senate.html

OCTOBER 29, 2026

Consumers and A.I. Spending Push U.S. Economic Growth Higher

The U.S. economy grew at an annual rate of 3.4% in the third quarter of 2026, its fastest pace in a year, driven by strong consumer spending and a surge in artificial intelligence investment. Consumer spending rose 3.8%, while business investment increased 12.7%, accounting for more than half of GDP growth. However, strong economic figures contrast with growing public dissatisfaction over the cost of living, as inflation reached 3.5% and households increasingly rely on savings to sustain spending.

AI-related investment has supported growth through data center construction, infrastructure and technology demand, while stock market gains have boosted spending among wealthier households. However, this concentration creates risks if investor confidence weakens, and high interest rates continue to weigh on the housing sector. With inflation remaining elevated, the Federal Reserve faces challenges in balancing economic growth with price stability. Despite the strong headline figures, the benefits of growth remain unevenly distributed across households and businesses.

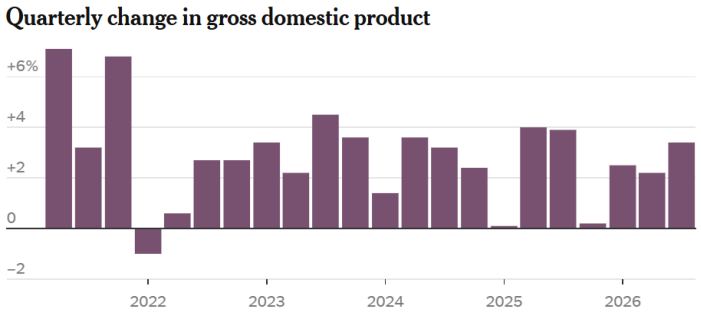


Photo: NYTIMES

Source:
https://www.nytimes.com/2026/10/29/business/economy/us-economy-gdp.html

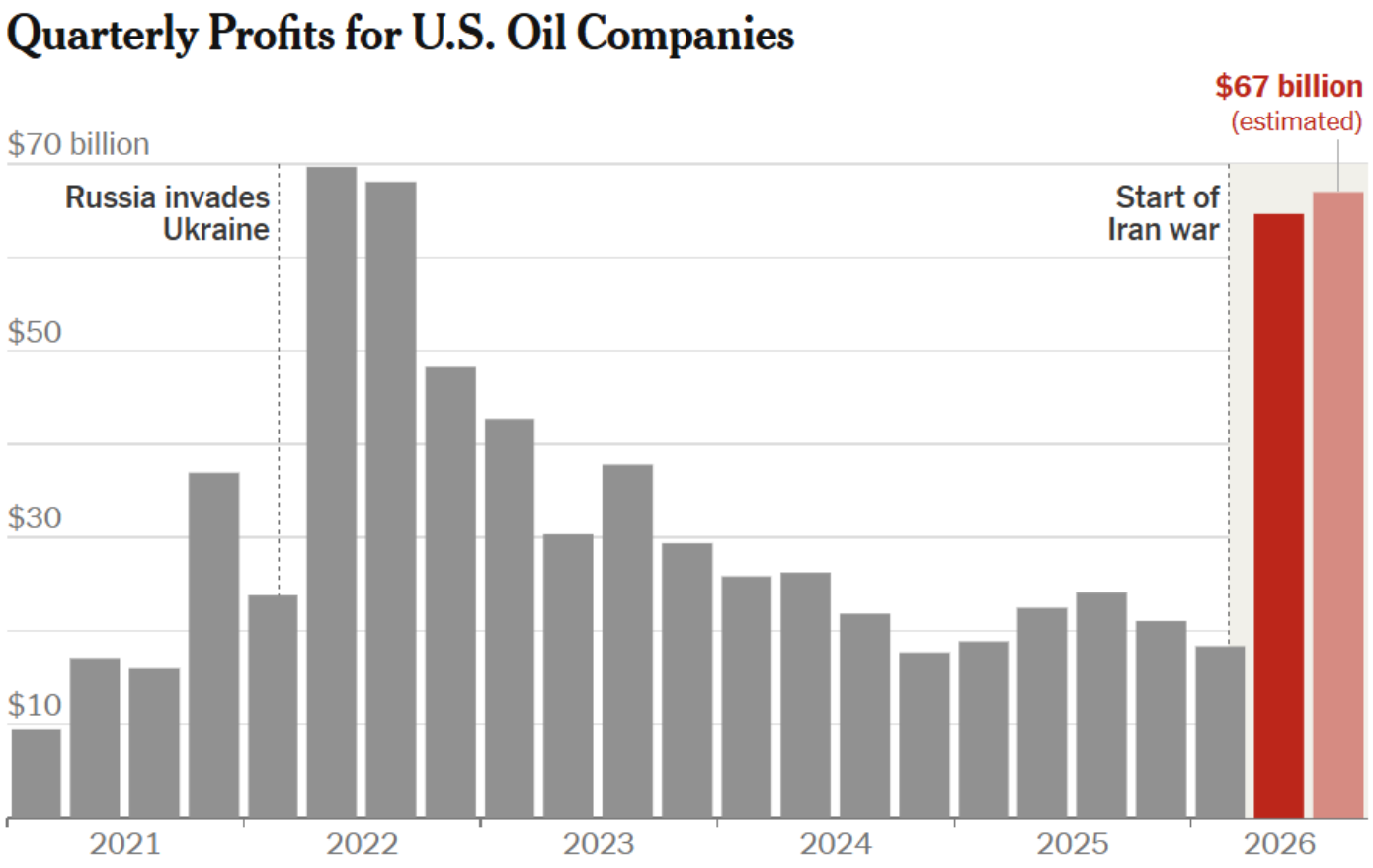


Photo: NYTIMES

U.S. Oil Industry Earned Over $130 Billion in Profit During Iran War

U.S. oil and gas companies generated more than $130 billion in profits between April and September 2026, nearly three times their earnings during the same period in 2025, as the war with Iran drove up global fuel prices. Refiners benefited particularly from damaged facilities in the Middle East and Russia, which reduced global processing capacity and increased profit margins. Exxon Mobil and Chevron reported their strongest third-quarter earnings in years, while Valero's profits increased more than sixfold. Meanwhile, U.S. households have spent an additional $147 billion on gasoline and diesel since the conflict began.

Despite these exceptional earnings, most companies are prioritizing debt reduction, cash reserves, dividends and stock buybacks rather than expanding production or refining capacity. Higher oil prices have allowed U.S. producers to benefit without facing the operational risks of working in conflict zones, while domestic refiners have been further protected by pipeline-based supply. The surge in profits has renewed debate over how geopolitical conflicts distribute economic gains and costs, as consumers face higher fuel expenses while energy companies accumulate substantial financial returns.

Source:

https://www.nytimes.com/2026/10/30/business/energy-environment/exxon-chevron-oil-profits-iran-war.html