Edward Jones

# CAPITAL CURRENTS

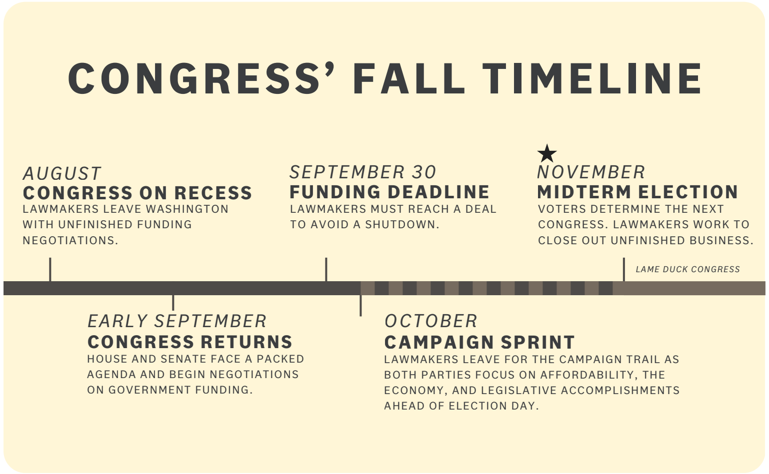
AUGUST 2026

## ONE BIG THING

*News that's driving the day*

### CONGRESS FACES PACKED FALL AGENDA AND SHUTDOWN DEADLINE UPON SEPTEMBER RETURN

**The Big Picture:** Congress will return to Washington in September facing a crowded legislative agenda and a government funding deadline at the end of the month. Bipartisan leaders are working to get ahead of the deadline and avoid another shutdown fight as the midterm campaign season intensifies.




**A Third Shutdown, Potentially:** Before leaving for a month-long break over August, the Senate advanced a bipartisan bill funding the government through December 11. The House and Senate must now reconcile competing proposals before sending final legislation to President Trump in order to keep the government open past September 30.

**Other Priorities:** Beyond keeping the government funded, lawmakers will also look to advance annual defense legislation, address transportation and infrastructure policy, and consider whether to extend expiring Affordable Care Act tax credits.

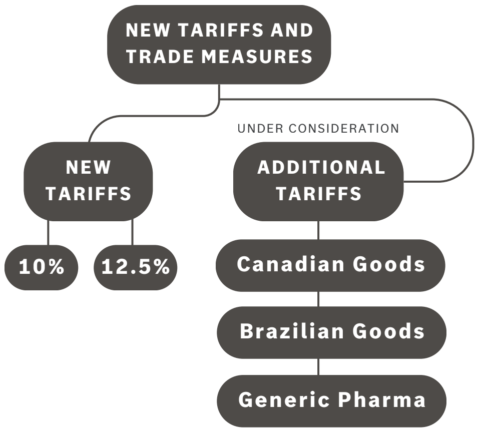
**Why It Matters:** With the midterms approaching and affordability dominating voter concerns, both parties are sharpening their economic messages — House Democrats through their "Fighting for an Affordable America" agenda and Republicans by highlighting legislative wins such as tax relief and a new housing law. An early funding agreement would remove the risk of a politically damaging shutdown and allow lawmakers to focus on issues expected to shape the Fall campaign.

## ABOVE THE FOLD

*The largest currents shaping the policy landscape*

### PRESIDENT TRUMP'S NEW TARIFF PUSH RAISES POLITICAL RISKS AHEAD OF MIDTERMS

**The Big Picture:** President Trump's latest tariff actions are intensifying political headwinds for Republicans ahead of the midterms, as voters remain focused on inflation, energy costs, and affordability.




**State of Play:** A new round of tariffs on more than 80 countries took effect August 1, replacing a temporary global tariff. The measures impose 10% or 12.5% duties on imports, while additional tariffs – such as those targeting Canadian and Brazilian goods and a 100% tariff on generic pharmaceuticals – remain under consideration.

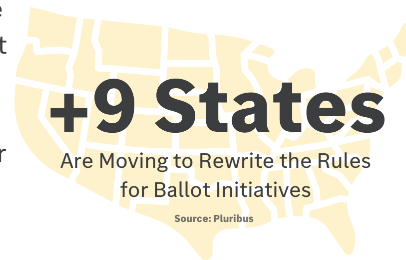
**Why It Matters:** The tariffs come as economic concerns remain a key vulnerability heading into the midterms. Recent polling shows growing dissatisfaction with the economy and opposition to new tariffs, while higher import costs could further fuel affordability concerns for consumers and businesses.

**What's Next:** The Administration has threatened further tariffs on the European Union, escalating trade tensions and raising the possibility of retaliatory measures. The tariffs are also facing legal challenges, with a lawsuit filed by 25 Democratic-led states arguing the Administration's use of trade authorities exceeds Congressional intent.

## BY THE NUMBERS

### AT LEAST 9 STATES ARE CONSIDERING MAJOR CHANGES TO BALLOT INITIATIVES

Fans and critics of the ballot initiative are supporting measures in at least nine states to make serious changes to the initiative process in this year's midterm elections. Supporters of direct democracy are backing measures in Arkansas and Montana to enshrine the right to the initiative process. Republicans are supporting measures in North Dakota, South Dakota, Missouri, and Utah to raise the threshold for passing ballot measures, while Nebraska's similar proposal has bipartisan support. In Colorado, one initiative would require future ballot measures to be written at an 8th-grade reading level for accessibility. Idaho is proposing to prohibit future ballot initiatives relating to drug legalization




## BELOW THE FOLD

*Top headlines you may have missed this month*

### ZELENSKY VISIT BOOSTS UKRAINE SUPPORT IN SENATE, BUT LONG-TERM AID REMAINS UNCERTAIN

**The Big Picture:** More than four years after Russia's full-scale invasion, the war in Ukraine remains at a stalemate in many areas, with Russia continuing large-scale attacks and Ukraine pressuring Russia with successful drone attacks on key supply lines and manufacturing facilities while seeking additional military support from Western allies. During President Volodymyr Zelensky's July visit to Washington, Senators from both parties reaffirmed support for increasing pressure on Russia, even as questions remain about the future of U.S. assistance.

**Support in Congress:** While bipartisan support remains strong for imposing tougher sanctions on Russia, the Pentagon has informed lawmakers that delivery of previously approved U.S. aid will take longer than expected, into fiscal year 2029. The recent death of Sen. Lindsey Graham, one of Ukraine's strongest Republican advocates and a key bridge to President Trump, also removes a major voice in maintaining GOP support for Kyiv.

**Why It Matters:** While there remains bipartisan support for pressuring Moscow, U.S. aid commitments remain uncertain. America's role in the conflict could have broader implications for global energy markets and geopolitical stability given the Russian oil market and continued tensions in the Middle East.

**What's Next:** The Senate passed the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 with strong, bipartisan support before the August break. The bipartisan bill would expand both countries' sanctions and allow tariffs on major buyers of Russian energy. The bill will need to pass the House when it returns in September, and it's not clear whether that chamber will have the motivation to act.

### CRYPTO REGULATION IN QUESTION AS CLARITY ACT STALLS IN THE SENATE

**The Big Picture:** The Senate did not vote on the CLARITY Act before the August break, delaying action on legislation that would create the first comprehensive federal framework for regulating digital assets like cryptocurrencies and stablecoins.

**What the Bill Would Do:** The legislation would establish clearer rules for when digital assets are regulated as securities or commodities, helping determine whether the Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC) oversees them. Supporters say the bill would provide greater regulatory certainty for investors, financial institutions, and crypto companies while establishing clearer rules for trading and custody of digital assets.

**The Debate:** While lawmakers from both parties generally agree that clearer rules are needed, they remain divided over ethics, anti-money laundering and transparency requirements, along with an enforcement provision. Democrats are seeking stronger safeguards to address potential conflicts of interest involving federal officials with crypto holdings and want state attorneys general to play a role in enforcement. Republicans argue those matters should remain under the Department of Justice and have opposed expanding enforcement authority.

**Why It Matters:** The delay means the crypto industry will continue operating under a patchwork of existing regulations while Congress debates a long-term framework. Although SEC Chair Paul Atkins has indicated the agency could pursue some regulatory changes on its own, agency rulemaking can be more easily changed by future administrations than legislation enacted by Congress.

**Looking Forward:** September brings Congress back to Washington, a high-stakes government funding deadline, and a packed legislative agenda as lawmakers race to make progress before the midterm campaign intensifies. Tariffs, Russia sanctions, crypto legislation, a farm bill, and the NDAA will also remain in focus as policymakers navigate a consequential fall. See you next month!

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