

CAPITAL CURRENTS

June 2026

ONE BIG THING *News that's driving the day*

2026 GOVERNORS' PRIMARIES TAKE SHAPE, WITH KEY BATTLEGROUND STATES EMERGING AHEAD OF NOVEMBER

The Big Picture: June's primary elections offered one of the clearest looks yet at the political landscape heading into the 2026 midterms, particularly in the 36 states electing governors this year. Several key races in Arizona, Michigan, Nevada, and Wisconsin are already shaping up as competitive contests that could influence policy well beyond Election Day.

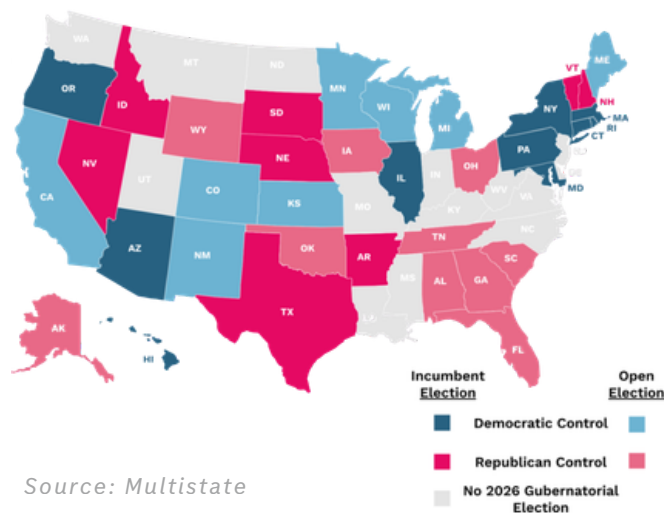
Where Things Stand: Democrats see some of their best pickup opportunities in open-seat races where Republican governors are term-limited and unable to seek reelection. At the same time, Democrats must defend open seats of their own in states including Michigan and Arizona. Political analysts broadly view the current environment as slightly favorable to Democrats, driven by economic concerns and voter unease about the direction of the country.

A Trend to Watch: President Trump's influence remains a defining force in Republican primaries. In Arizona, Rep. Andy Biggs, a President Trump-endorsed member of the House Freedom Caucus, is competing against Rep. David Schweikert, who has taken a more independent approach. Meanwhile, in Georgia, President Trump's preferred candidate was defeated by healthcare entrepreneur Rick Jackson, underscoring that Republican voters are not always following the White House's lead.

Why it matters: Governors play a major role in shaping state tax policy, economic development, housing policy, and business regulation. The officials elected this year will also help oversee preparations for the next round of congressional redistricting following the 2030 Census. In many states, governors have veto authority over legislative maps, giving these races the potential to influence political representation for years to come.

What's Next: Major primaries remain ahead in Arizona, Michigan, Wisconsin, Florida, Massachusetts, and New Hampshire. With more than two dozen nominating contests still to come, the political map for November remains far from settled.

2026 GUBERNATORIAL ELECTION LANDSCAPE

ABOVE THE FOLD *The largest currents shaping the policy landscape.*

U.S. AND IRAN REACH AGREEMENT TO END HOSTILITIES

The Big Picture: President Trump announced on June 14 that the U.S. and Iran have reached an agreement to end more than three months of conflict and reopen the Strait of Hormuz. Under the framework announced by both countries, the United States would ease certain sanctions and remove restrictions affecting Iranian shipping, while Iran would participate in future negotiations regarding its nuclear program.

Why the Strait Matters: Concerns about disruptions to shipping contributed to volatility in energy markets throughout the conflict and raised fears of higher fuel costs and renewed inflation pressures. The reopening of the waterway is widely viewed as the most immediate economic benefit of the agreement.

The Hard Part: While the agreement halts the immediate conflict, it leaves the core dispute over Iran's nuclear program unresolved and sets the stage for further negotiations rather than a final settlement.

What's Next: Congress is expected to seek additional details on the agreement, particularly regarding Iran's nuclear program and the enforcement mechanisms supporting the deal. Future negotiations could prove just as consequential as the ceasefire itself, particularly if discussions stall over sanctions relief or uranium enrichment limits.

BY THE NUMBERS

OVER HALF OF AMERICANS HAVE MIXED EMOTIONS ON THEIR FINANCIAL STATE

According to research conducted by **Edward Jones** and **Gallup**, 51% of Americans report feeling financially conflicted. This is defined as a state in which financial decisions evoke mixed emotions, moderate confidence, and one's financial situation requires occasional sacrifices with other life priorities.

51%

Financially Conflicted

Source: Gallup, Edward Jones 2026

BELOW THE FOLD

Top headlines you may have missed this month

CONGRESS REACHES DEAL ON MAJOR HOUSING BILL

The Big Picture: After months of negotiations, Congressional leaders have reached a bipartisan agreement on the *21st Century ROAD to Housing Act*, a major housing affordability package aimed at boosting housing supply, reducing barriers to construction, and expanding access to homeownership. A bicameral deal announced June 16 could pave the way for final passage.

The Bill: The package modernizes federal housing programs, streamlines development rules, and incentivizes new construction. It expands affordable housing financing, updates federal assistance, limits large institutional investors in the single-family market, and strengthens community banking and mortgage access.

What's Next: The Senate began considering the bill on June 16, with the House expected to act quickly after. The White House has supported earlier versions, setting up potential enactment later this summer.

STATES MOVE AHEAD ON AI REGULATION AS WASHINGTON SEARCHES FOR A PATH FORWARD

The Big Picture: As Congress debates a national AI framework, states are moving ahead with their own rules, creating a growing patchwork of AI regulations.

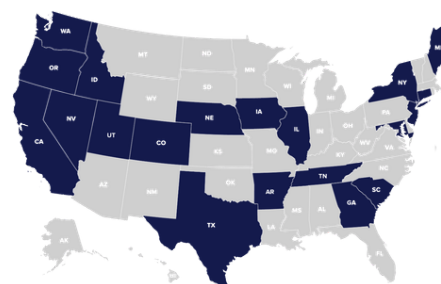
What's Happening: States are advancing AI rules on hiring, housing, banking, and consumer protections, including requirements for AI audits, transparency, and limits on AI-only employment decisions.

Meanwhile in Washington: The federal government is taking a more aggressive stance on AI companies, including directing Anthropic to suspend access to two advanced models over national security concerns, signaling greater willingness to intervene in AI development and deployment.

Why It Matters: For businesses, investors, and consumers, the lack of a single national standard is creating uncertainty about how AI can be used and governed. Companies operating across multiple states may soon face different compliance requirements depending on where they do business, while policymakers continue to weigh how to balance innovation, consumer protection, and national security concerns.

What's Next: State lawmakers are pushing back on efforts to limit state AI regulations, setting up a broader debate over whether AI oversight should be led by states or the federal government.

STATE AI REGULATION SNAPSHOT - 2026



Source: Troutman, Pepper, Locke

Looking Forward: July brings the final stretch of midterm primaries, a significant student loan overhaul, and a mad dash on Capitol Hill before August recess and campaign season fully take over. See you next month, and happy 250th America!

Edward Jones