United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

August 26, 2026

The Honorable Kevin Warsh
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

Dear Chair Warsh:

This week, you will travel to Jackson Hole, Wyoming for "[t]he world's most exclusive economic get-together."[1] Teton County, home to the Federal Reserve's (Fed) annual economic policy symposium, has been called a "refuge for the rich," where the top 1 percent of households earn an average of $35 million a year, making it the richest county in the country per capita.[2] There, you will gather with central bankers, economists, and financial elites to discuss the U.S. economy – far removed from the grocery store checkout lines and gas pumps where American families are living its realities, sinking deeper into debt and increasingly skipping meals to afford other necessities.[3] I urge you to use your scheduled speech at Jackson Hole to start being transparent with the public and start proving you are not Donald Trump's sock puppet.

The person who leads the central bank that shapes the cost of their mortgages, credit cards, and grocery bills owes them, at minimum, transparency about his own economic judgment. Yet since taking over at the Fed, you have reduced, not enhanced, the transparency of communications provided by the Chair of the Fed on the state of the economy, which has further eroded your credibility in the eyes of the public and market participants. You have also appeared unwilling to say anything that might acknowledge how harmful President Trump's economic agenda has been for American families.

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[1] New York Times, "How Jackson Hole Became an Economic Obsession," Jeanna Smialek, August 24, 2023, https://www.nytimes.com/2023/08/24/business/economy/jackson-hole-economic-conference.html.

[2] New York Times, "Welcome to Wyoming, the Frontier of America's New Gilded Age," Katie Benner, Steven Rich, Mike Baker, and John Branch, March 2, 2026, https://www.nytimes.com/2026/03/02/us/billionaire-boom-jackson-teton-wyoming.html.

[3] ABC News, "Credit card debt rises to $1.26 trillion, nearing all-time record," Elizabeth Schulze, August 11, 2026, https://abcnews.com/US/credit-card-debt-rises-126-trillion-nearing-time/story?id=135556533; The Century Foundation, "The Hidden Costs of Trump's Economy: Skipped Meals, Rising Debt, and the Impossible Choices Facing American Families," Julie Margetta Morgan and Rachel West, July 31, 2025, https://tcf.org/content/report/the-hidden-costs-of-trumps-economy-skipped-meals-rising-debt-and-the-impossible-choices-facing-american-families/.

When the Fed chair lacks credibility with the markets and the American public, it becomes even more difficult to bring inflation under control and interest rates down.

Congress has charged the Fed with a dual mandate: price stability and maximum employment.[4] President Trump's policies are squeezing both sides of that mandate. Year-over-year inflation, as measured by the Personal Consumption Expenditures (PCE) index, has risen from 2.5 percent in January 2025 to 3.7 percent in July 2026.[5] Over the same period, wage growth has slowed, meaning paychecks are losing ground to prices.[6] Indeed, real wages have failed to grow for the past four months.[7] Job growth has slowed sharply as well: the economy has added just 28,000 jobs a month on average since January 2025, compared with 120,000 a month in 2024.[8]

The public deserves to understand what is driving pressure on both sides of the Fed's mandate. Your speech in Jackson Hole is an opportunity to start rebuilding your credibility as an independent Fed Chair by being honest about the Trump economy and about how, during these turbulent economic times, you will ensure the Fed serves families, not the President or the elite. For example:

I. Tariffs

In the early months of 2025, before President Trump imposed any significant tariffs, inflation was trending downward. Year-over-year PCE inflation had fallen to 2.1 percent in April 2025, the lowest rate in four years.[9] But the trend was short-lived, as President Trump announced sweeping tariffs that same month and inflation started rising again.[10] By December 2025, PCE inflation had reached 2.9 percent, and the data showed that consumer goods most likely to be affected by Trump's chaotic tariffs were experiencing higher than usual inflation.[11] Specifically, inflation for core goods like clothes, furniture, and electronics reached 1.5 percent in September

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[4] Board of Governors of the Federal Reserve System, "What economic goals does the Federal Reserve seek to achieve through its monetary policy?," August 22, 2025, https://www.federalreserve.gov/faqs/what-economic-goals-does-federal-reserve-seek-to-achieve-through-monetary-policy.htm.
[5] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, July 2026," news release, August 26, 2026, https://www.bea.gov/news/2026/personal-income-and-outlays-july-2026; U.S. Bureau of Economic Analysis, "Personal Income and Outlays, January 2025," news release, February 28, 2025, https://www.bea.gov/news/2025/personal-income-and-outlays-january-2025.
[6] Federal Reserve Bank of St. Louis, "Average Hourly Earnings of All Employees, Total Private [CES0500000003]," https://fred.stlouisfed.org/series/CES0500000003.
[7] Business Insider, "Wages haven't kept up with inflation for four straight months," Madison Hoff, August 12, 2026, https://www.businessinsider.com/cpi-inflation-july-consumer-price-index-2026-8.
[8] Federal Reserve Bank of St. Louis, "All Employees, Total Nonfarm [PAYEMS]," https://fred.stlouisfed.org/series/PAYEMS.
[9] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, April 2025," news release, May 30, 2025, https://www.bea.gov/news/2025/personal-income-and-outlays-april-2025.
[10] NPR, "Inflation heats up in June as President Trump's tariffs start to bite," Scott Horsley, July 15, 2025, https://www.npr.org/2025/07/15/nx-s1-5468293/inflation-cpi-consumer-prices-tariffs.
[11] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, December 2025," news release, February 20, 2026, https://www.bea.gov/news/2026/personal-income-and-outlays-december-2025; Board of Governors of the Federal Reserve System, "Detecting Tariff Effects on Consumer Prices in Real Time – Part II," Robert Minton, Madeleine Ray, and Mariano Somale, April 8, 2026, https://www.federalreserve.gov/econres/notes/feds-notes/detecting-tariff-effects-on-consumer-prices-in-real-time-part-II-20260408.html.

2025 – an increase from January 2025 when that same measure was -0.08 percent.[12] Outside of the COVID-19 pandemic, that was the highest inflation rate for core goods in more than a decade.[13]

The President's sweeping tariffs have also increased grocery prices. Several of the agricultural products subject to tariffs are not easily produced in the United States, so importers had no immediate domestic alternative to shift to.[14] Coffee is a clear example: the countries the U.S. imports coffee from were hit with high tariff rates, and coffee prices have risen nearly 17 percent since April 2025.[15] Fertilizer tariffs added further cost pressure for American farmers and consumers.[16] As a result, food-at-home prices rose 2.3 percent in 2025, up from 1.2 percent in 2024 – nearly double the prior year's pace – and the increases have continued into 2026, with grocery prices up another 1.2 percent in the first half of the year alone.[17]

Prior to becoming Fed Chair, you argued that "tariffs are not inflationary," despite extensive evidence to the contrary.[18] Since you have taken over as Fed Chair, President Trump has announced additional rounds of tariffs, and businesses continue to report rising costs as a direct result, suggesting that Trump's sweeping tariffs continue to make their way through the economy.[19] Unfortunately, you have not clearly communicated your current views on tariffs to the public.

II. Iran War

President Trump's illegal war with Iran has been another major driver of the inflation squeezing American families this year. After the U.S. and Israel launched strikes on Iran in late February 2026 – closing the Strait of Hormuz and effectively removing roughly a fifth of the world's oil

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[12] Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: Commodities Less Food and Energy Commodities in U.S. City Average [CUSR0000SACL1E]," https://fred.stlouisfed.org/series/CUSR0000SACL1E.
[13] *Id.*
[14] New York Times, "Despite Trump's Claims, Grocery Prices Are Rising," Kevin Draper and Julie Creswell, January 14, 2026, https://www.nytimes.com/2026/01/14/business/food-prices-tariffs-trump.html.
[15] NPR, "U.S. coffee drinkers and businesses will pay the price for Trump's Brazil tariffs," Jaclyn Diaz, July 21, 2025, https://www.npr.org/2025/07/21/nx-s1-5470131/us-coffee-prices-brazil-trump-tariffs; Reuters, "Import tax on coffee pressures US roasters already facing high prices," Marcelo Teixeira, April 3, 2025, https://www.reuters.com/markets/commodities/import-tax-coffee-pressures-us-roasters-already-facing-high-prices-2025-04-03/; Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: Coffee in U.S. City Average [CUSR0000SEFP01]," https://fred.stlouisfed.org/series/CUSR0000SEFP01.
[16] New York Times, "How Tariffs Raise Costs for Farmers, Making Food More Expensive," Kevin Draper, August 1, 2025, https://www.nytimes.com/2025/08/01/business/economy/tariffs-agriculture-costs-farmers-consumers.html.
[17] U.S. Department of Agriculture, Economic Research Service, "Food Price Outlook - Summary Findings," August 25, 2026, https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings; Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: Food at Home in U.S. City Average [CUSR0000SAF11]," https://fred.stlouisfed.org/series/CUSR0000SAF11.
[18] Bloomberg Government, "Warsh Says Fed's Rates Should Be Lower, Tariffs Not Inflationary," Maggie Eastland, July 7, 2025, https://news.bgov.com/bloomberg-government-news/warsh-says-feds-rates-should-be-lower-tariffs-not-inflationary.
[19] Bloomberg, "Tracking Trump's Tariffs Across the Global Economy," August 24, 2026, https://www.bloomberg.com/graphics/trump-tariffs-tracker/; Board of Governors of the Federal Reserve System, "The Beige Book: Summary of Commentary on Current Economic Conditions by Federal Reserve District," July 2026, https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20260715.pdf.

and gas supply from the market[20] – inflation accelerated sharply.[21] Annual PCE inflation climbed for three straight months to a three-year high of 4.1 percent in May 2026, and energy costs alone have jumped by nearly 20 percent over the same period.[22] The national average for a gallon of gas broke $4 for the first time since 2022, and diesel prices spiked more than 25 percent in a single week – the largest weekly jump on record – squeezing the trucking industry that moves much of the country's consumer goods.[23]

The war has also further strained fertilizer and food supply chains, pushing up costs for farmers and consumers just as grocery inflation was already running at roughly double its 2024 pace because of Trump's sweeping tariffs.[24]

Today, PCE inflation remains well above the 2.8 percent it was in February 2026, prior to Trump's starting the war.[25] And renewed fighting and disruptions in the Strait of Hormuz through the summer have kept gas prices elevated above $4 a gallon.[26] The Fed's Beige Book reported in July that businesses have attributed price increases "to the conflict in the Middle East" and "others mentioned tariffs."[27]

During a Senate hearing in July, you downplayed the consequences of President Trump's decision to launch a war with Iran, characterizing the resulting spike in oil prices as a shock outside of the Fed's control. Specifically, when asked directly about the war's role in higher costs, you responded that "particular price shocks happen to particular prices that [the Fed

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[20] Reuters, "How the Strait of Hormuz closure affects global oil supply," Clare Farley, Minami Funakoshi, Pasit Kongkunakornkul, Kripa Jayaram, Sumanta Sen, and Simon Webb, March 11, 2026, https://www.reuters.com/graphics/IRAN-CRISIS/OIL-LNG/mopaokxlypa/.
[21] New York Times, "Inflation Accelerates After Weeks of War in Iran," Lydia DePillis, May 12, 2026, https://www.nytimes.com/2026/05/12/business/economy/cpi-inflation-report-consumer-prices.html.
[22] CBS News, "The Fed's preferred inflation gauge shows prices rising at fastest pace in 3 years," Aimee Picchi, June 25, 2026, https://www.cbsnews.com/news/pce-report-report-may-2026-federal-reserve-inflation/; Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: Energy in U.S. City Average [CPIENGSL]," https://fred.stlouisfed.org/series/CPIENGSL.
[23] AP, "Gas prices eclipse $4 a gallon in the US, the highest since 2022," Wyatte Grantham-Philips, March 31, 2026, https://apnews.com/article/gas-prices-4-gallon-iran-war-de8b7ccea254a1585cab86f336db57a6; Wall Street Journal, "Record Diesel-Price Surge Hits U.S. Truckers, Retailers and Manufacturers," Paul Berger, March 10, 2026, https://www.wsj.com/logistics-report/record-diesel-price-surge-hits-u-s-truckers-retailers-and-manufacturers-76c84eb7.
[24] Washington Post, "Squeezed by tariffs and Iran war, farmers say they face a new crisis," Jarrell Dillard, August 25, 2026, https://www.washingtonpost.com/business/2026/08/25/farmers-say-they-face-new-crisis-trumps-tariffs-iran-war-raise-costs/; U.S. Department of Agriculture, Economic Research Service, "Food Price Outlook - Summary Findings," August 25, 2026, https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings.
[25] Reuters, "US inflation slows in June, but reversal likely amid Middle East conflict," July 30, 2026, https://www.reuters.com/markets/us/us-inflation-slows-june-reversal-likely-amid-middle-east-conflict-2026-07-30/; U.S. Bureau of Economic Analysis, "Personal Income and Outlays, February 2026," news release, April 9, 2026, https://www.bea.gov/news/2026/personal-income-and-outlays-february-2026.
[26] AAA, "National Average Gas Prices," retrieved August 25, 2026, https://gasprices.aaa.com/.
[27] Board of Governors of the Federal Reserve System, "The Beige Book: Summary of Commentary on Current Economic Conditions by Federal Reserve District," July 2026, p. 2, https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20260715.pdf.

doesn't] have control over."[28] It is unclear what you believe the Fed can or should do to address the economic consequences of President Trump's reckless, illegal military campaign.

III. Artificial Intelligence

Artificial Intelligence (AI) is yet another driver of current inflation. The current scale of AI investment is unprecedented. Meta, Amazon, Microsoft, and Alphabet alone are expected to spend approximately $670 billion on capital investments in 2026, equal to 2.1 percent of U.S. GDP.[29] That spending puts upward pressure on inflation, and the broader AI buildout is straining the limited supplies of specialized inputs needed to construct and operate data centers, thereby increasing costs for businesses and households.[30] Consumer prices for computer software and accessories have risen by more than 20 percent over the last year.[31] Apple recently raised prices for some of its staple products by more than 20 percent, citing soaring memory costs caused by AI data-center demand.[32] In addition, General Motors has likewise pointed to memory-chips for increasing costs.[33] These dynamics are making life more expensive for American families that are already struggling to get by.

The AI buildout is also raising electricity costs. For years, electricity inflation tracked closely to overall inflation but now outpaces it in large part because of the surge in electricity demand from AI data centers.[34] According to the Energy Information Administration, residential electricity prices have increased by more than 15 percent since January 2025.[35] Factory electricity costs have also been surging, putting more pressure on manufacturers.[36] And the increasing costs are not slowing anytime soon. Indeed, PJM – the largest electrical grid operator in the United States – announced in July that it would "add $6.3 billion in costs to the bills of millions of households

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[28] CQ Congressional Testimony, "Senate Committee on Banking, Housing, and Urban Affairs Holds Hearing on the Semiannual Monetary Policy Report," July 15, 2026, https://plus.cq.com/doc/congressionaltranscripts-8499336?1.
[29] Wall Street Journal, "Big Tech's AI Push Is Costing a Lot More Than the Moon Landing," Meghan Bobrowsky, Drew An-Pham, and Alana Pipe, February 7, 2026, https://www.wsj.com/tech/ai/ai-spending-tech-companies-compared-02b90046.
[30] New York Times, "Kevin Warsh Is Already Getting It Wrong," Jared Bernstein and Janet L. Yellen, May 12, 2026, https://www.nytimes.com/2026/05/12/opinion/kevin-warsh-fed-ai.html; CNBC, "Inflation inside the electronics you buy may soon become a bit more sticky," Kevin Williams, June 7, 2026, https://www.cnbc.com/2026/06/07/inflation-iran-war-consumer-economy-electronics.html; CNN, "AI is making your life more expensive. Here's how," Alicia Wallace, July 28, 2026, https://www.cnn.com/2026/07/28/economy/ai-boosting-inflation-us.
[31] U.S. Bureau of Labor Statistics, Economic News Release, Consumer Price Index, "Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by detailed expenditure category," July 2026, https://www.bls.gov/news.release/cpi.t02.htm.
[32] Reuters, "Apple raises prices of MacBooks, iPads as memory costs skyrocket," Stephen Nellis and Aditya Soni, June 25, 2026, https://www.reuters.com/world/asia-pacific/apple-raises-prices-macbooks-ipads-memory-costs-skyrocket-2026-06-25/.
[33] Financial Times, "China is not the solution to the US chipflation problem," Chris Miller, July 30, 2026, https://www.ft.com/content/d6df67d4-b8be-4e14-b856-29852e249577.
[34] CNBC, "AI data center 'frenzy' is pushing up your electric bill — here's why," Greg Iacurci, November 26, 2025, https://www.cnbc.com/2025/11/26/ai-data-center-frenzy-is-pushing-up-your-electric-bill-heres-why.html.
[35] Energy Information Administration, "Electric Power Monthly, Table 5.3. Average Price of Electricity to Ultimate Customers," https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=table_5_03.
[36] Reuters, "Big Tech data centers are driving up power bills at America's Rust Belt factories," Laila Kearney, July 7, 2026, https://www.reuters.com/business/energy/big-tech-data-centers-are-driving-up-power-bills-americas-rust-belt-factories-2026-07-07/.

and businesses within the next three years, an increase driven by the power demands of data centers."[37] Estimates show that by 2028, data centers could consume as high as 12 percent of all electricity used in the U.S.[38] Coupled with the increasing electricity demands from cryptocurrency mining, research suggests that by 2030, wholesale electricity prices could rise anywhere between 6 and 29 percent.[39]

Prior to becoming Fed Chair, you argued that AI will be "a significant disinflationary force" because it will, "[increase] productivity and [bolster] American competitiveness."[40] You have continued to make the same argument as Fed Chair – including during a Senate hearing in July 2026.[41] Such productivity gains remain uncertain and may take years to materialize. Your optimistic assertions about AI's potential are no substitute for tangible discussions of what is happening in the economy today as a result of the AI industry.

IV. The Labor Market

The employment side of the Fed's mandate has also deteriorated since January 2025. Annual job growth in 2025 was the weakest in more than two decades, outside of recessions, and recent data suggests that 2026 is not shaping up to be much better.[42] According to the Bureau of Labor Statistics, the economy lost 23,000 jobs in July 2026 and job growth in May and June was weaker than initially reported.[43] Since January 2025, the economy has added only 28,000 jobs per month on average – far below the 120,000 jobs the economy added on average each month in 2024.[44] Analysts have attributed the slow down to the aging population and President Trump's immigration policies, which are resulting in negative net migration.[45] The labor force participation rate is down from 62.6 percent in January 2025 to 61.4 percent in July 2026.[46] The

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[37] New York Times, "Data Centers to Add Billions in Power Costs in 13 States," Ivan Penn, July 14, 2026, https://www.nytimes.com/2026/07/14/business/energy-environment/pjm-electricity-prices-data-centers.html.
[38] Consumer Reports, "AI Data Centers: Big Tech's Impact on Electric Bills, Water, and More," Nicole Greenfield, March 20, 2026, https://www.consumerreports.org/data-centers/ai-data-centers-impact-on-electric-bills-water-and-more-a1040338678/.
[39] Forbes, "Will AI Data Centers Raise Your Electric Bill? These Rules Determine Who Pays," Robert J. Szczerba, August 3, 2026, https://www.forbes.com/sites/robertszczerba/2026/08/03/will-ai-data-centers-raise-your-electric-bill-the-rules-that-decide-who-pays/.
[40] Wall Street Journal, "The Federal Reserve's Broken Leadership," Kevin Warsh, November 16, 2025, https://www.wsj.com/opinion/the-federal-reserves-broken-leadership-43629c87.
[41] CQ Congressional Testimony, "Senate Committee on Banking, Housing, and Urban Affairs Holds Hearing on the Semiannual Monetary Policy Report," July 15, 2026, https://plus.cq.com/doc/congressionaltranscripts-8499336?1.
[42] Bloomberg, "US Wraps Up Worst Non-Recession Year for Hiring Since 2003," Molly Smith and Chris Anstey, February 11, 2026, https://www.bloomberg.com/news/articles/2026-02-11/us-wraps-up-worst-non-recession-year-for-hiring-since-2003.
[43] U.S. Bureau of Labor Statistics, Economic News Release, Employment Situation Summary – July 2026, August 7, 2026, https://www.bls.gov/news.release/empsit.nr0.htm.
[44] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PAYEMS.
[45] Federal Reserve Bank of Kansas City, "Declining Immigration and an Aging Population Are Reducing Breakeven Employment Growth," Yusuf Mercan, October 15, 2025, https://www.kansascityfed.org/research/economic-bulletin/declining-immigration-and-an-aging-population-are-reducing-breakeven-employment-growth/.
[46] U.S. Bureau of Labor Statistics, Labor Force Participation Rate [CIVPART], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CIVPART.

same measure for workers ages 25-54 experienced one of the sharpest monthly drops on record in June.[47]

Perhaps most troubling is that wage growth has been slowing. Year-over-year nominal wage growth was nearly 4 percent in January 2025.[48] In July 2026, that same measure was less than 3.2 percent, its slowest rate in five years.[49] Combined with rising costs, real wages are shrinking.[50] You have recently stated that there is "solid growth in nominal wages" and that the labor market is broadly stable.[51] There is still uncertainty in the labor market that the Fed must continue to grapple with and weigh alongside concerns about costs.

V. Conclusion

Your speech at Jackson Hole is an opportunity for you to start rebuilding your credibility by naming plainly and honestly the pressures facing the economy – including what's driving up costs and shrinking paychecks. Transparency about your own economic judgment – independent of the White House's view – is the minimum American families should expect from the person who is leading America's central bank, which makes decisions that impact the cost of their mortgages, their credit cards, and their grocery bills. In addition, I request your response to the following questions by no later than September 9, 2026:

1. In January 2025, year-over-year PCE inflation was 2.5 percent and year-over-year core PCE was 2.6 percent.[52] In July 2026, those two measures were 3.7 percent and 3.3 percent, respectively.[53]
    a. What has driven the increase in inflation since January 2025?

2. In April 2025, year-over-year PCE inflation was 2.1 percent.[54] By December 2025, PCE inflation had reached 2.9 percent.[55]
    a. What contributed to the 0.8 percentage point increase in inflation between April 2025 and December 2025? Did tariffs contribute to the increase in inflation?

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[47] Post on X by The Kobeissi Letter, July 5, 2026, https://x.com/KobeissiLetter/status/2073796797118484675.
[48] U.S. Bureau of Labor Statistics, Average Hourly Earnings of All Employees, Total Private [CES0500000003], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CES0500000003.
[49] *Id.*
[50] New York Times, "As Inflation Eats Up Pay Gains, Workers Fall Behind," Ben Casselman, August 15, 2026, https://www.nytimes.com/2026/08/15/business/inflation-worker-pay.html.
[51] CQ Congressional Testimony, "Senate Committee on Banking, Housing, and Urban Affairs Holds Hearing on the Semiannual Monetary Policy Report," July 15, 2026, https://plus.cq.com/doc/congressionaltranscripts-8499336?1.
[52] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, January 2025," news release, https://www.bea.gov/news/2025/personal-income-and-outlays-january-2025.
[53] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, July 2026," news release, https://www.bea.gov/news/2026/personal-income-and-outlays-july-2026.
[54] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, April 2025," news release, https://www.bea.gov/news/2025/personal-income-and-outlays-april-2025.
[55] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, December 2025," news release, https://www.bea.gov/news/2026/personal-income-and-outlays-december-2025.

3. In February 2026, year-over-year PCE inflation was 2.8 percent.[56] In July 2026, PCE inflation was 3.7 percent.[57]
    a. What contributed to the 0.9 percentage point increase in inflation between February 2026 and July 2026? Did the war in Iran contribute to the increase in inflation?

4. According to the Fed's July Beige Book, businesses continue to report increased costs and have attributed those increases "to the conflict in the Middle East" and "others mentioned tariffs."[58]
    a. Are you aware of what businesses are reporting to the regional Fed banks, and are you weighing that in your economic outlook?

5. In July 2025, you said that "tariffs are not inflationary."[59]
    a. Do you still stand by that statement? Please explain.

6. Real Gross Domestic Product (GDP) increased by 1.5 percent in the second quarter of 2026,[60] and PCE inflation is more than a percentage point higher today than it was in January 2025.[61] Do you stand by your October 2025 assertion that President Trump's policies are leading to "stronger growth and lower prices."[62]
    a. Please explain.
    b. If yes, which of President Trump's policies are driving stronger growth and decreasing price levels.

7. Year-over-year electricity inflation was 1.8 percent in January 2025.[63] In July 2026, that same measure was 4.2 percent.[64]
    a. What has driven the increase in electricity inflation since January 2025?

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[56] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, February 2026," news release, https://www.bea.gov/news/2026/personal-income-and-outlays-february-2026.
[57] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, July 2026," news release, https://www.bea.gov/news/2026/personal-income-and-outlays-july-2026.
[58] Board of Governors of the Federal Reserve System, "The Beige Book: Summary of Commentary on Current Economic Conditions by Federal Reserve District," July 2026, https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20260715.pdf.
[59] Bloomberg Government, "Warsh Says Fed's Rates Should Be Lower, Tariffs Not Inflationary," Maggie Eastland, July 7, 2025, https://news.bgov.com/bloomberg-government-news/warsh-says-feds-rates-should-be-lower-tariffs-not-inflationary.
[60] U.S. Bureau of Economic Analysis, "GDP (Advance Estimate), 2nd Quarter 2026," https://www.bea.gov/news/2026/gdp-advance-estimate-2nd-quarter-2026.
[61] U.S. Bureau of Economic Analysis, "Personal Income and Outlays, July 2026," news release, https://www.bea.gov/news/2026/personal-income-and-outlays-july-2026; U.S. Bureau of Economic Analysis, "Personal Income and Outlays, January 2025," news release, https://www.bea.gov/news/2025/personal-income-and-outlays-january-2025.
[62] Fox Business, "Trump touts falling prices, strong economic growth despite the Fed's 'fool'," October 24, 2025, https://www.foxbusiness.com/video/6383772990112.
[63] Federal Reserve Bank of St. Louis, "s, Consumer Price Index for All Urban Consumers: Electricity in U.S. City Average," https://fred.stlouisfed.org/series/CUSR0000SEHF01.
[64] *Id.*

8. Year-over-year food-at-home inflation was 1.8 percent in January 2025.[65] In July 2026, that same measure was 2.6 percent.[66]
    a. What has driven the increase in food-at-home inflation since January 2025?

9. Year-over-year nominal wage growth was nearly 4 percent in January 2025.[67] In July 2026, that same measure was 3.2 percent, its slowest rate in five years.[68]
    a. What factors are contributing to slower wage growth?

10. According to data from the BLS, the economy has added just 28,000 jobs a month on average since January 2025, compared with 120,000 a month in 2024. Additionally, job growth in 2025 was the lowest since 2003, outside of recessions.[69]
    a. Do you agree that the labor market weakened in 2025? Please provide empirical evidence to support your claim.
    b. What factors have contributed to lower job growth?

11. The President's immigration policies are reducing labor supply.[70] How are you evaluating the effect of the President's immigration policies on labor market dynamics and employment outcomes?

12. In a speech last year, Federal Reserve Governor Waller said, "[t]ariff effects on households and businesses also will weigh on employment. All of this is consistent with what my business contacts are telling me, which is that they are postponing investment and hiring because of the uncertainty about how tariffs will affect their input costs and demand for their products."[71]
    a. Do you agree that tariffs have deterred businesses from hiring? Please provide empirical evidence to support your claim.

13. Prior to becoming Fed Chair, you argued that AI will be "a significant disinflationary force" because it will, "[increase] productivity and [bolster] American competitiveness."[72] You continue to make the same argument as Fed Chair – including during a Senate hearing in July 2026.
    a. By when do you believe disinflation from AI will take place?

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[65] Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: Food at Home in U.S. City Average," https://fred.stlouisfed.org/series/CUSR0000SAF11.
[66] *Id.*
[67] Federal Reserve Bank of St. Louis, "Average Hourly Earnings of All Employees, Total Private ," ; https://fred.stlouisfed.org/series/CES0500000003.
[68] *Id.*
[69] Bloomberg, "US Wraps Up Worst Non-Recession Year for Hiring Since 2003," Molly Smith and Chris Anstey, February 11, 2026, https://www.bloomberg.com/news/articles/2026-02-11/us-wraps-up-worst-non-recession-year-for-hiring-since-2003.
[70] Forbes, "Lower Immigration And Zero Net Job Creation Dim U.S. Growth Prospects," Stuart Anderson, March 22, 2026, https://www.forbes.com/sites/stuartanderson/2026/03/22/lower-immigration-and-zero-net-job-creation-dim-us-growth-prospects/.
[71] Board of Governors of the Federal Reserve System, "Let's Get On With It," Speech by Governor Waller, August 28, 2025, https://www.federalreserve.gov/newsevents/speech/waller20250828a.htm.
[72] Wall Street Journal Opinion, "The Federal Reserve's Broken Leadership," Kevin Warsh, November 16, 2025, https://www.wsj.com/opinion/the-federal-reserves-broken-leadership-43629c87.

14. At the most recent FOMC press conference in July, you said that the "surge in business capex in and around AI is making that calculation [on productivity and aggregate supply] a little harder to judge."[73]
    a. Do you believe AI currently has a stronger impact on productivity or supply? Explain.

15. Has the Federal Reserve analyzed AI's inflationary impacts?

16. Has the Federal Reserve incorporated AI expenditures into its inflation forecast?

Sincerely,

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

[73] Board of Governors of the Federal Reserve System, "Transcript of Chairman Warsh's Press Conference," July 29, 2026, https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20260729.pdf.