



Weekly Landscape Report

January 27, 2023

This week on the economy:

The [national economy grew](#) at a healthy annualized rate of 2.9 percent in the fourth quarter of 2022 – in spite of the Federal Reserve’s dramatic rate-hike campaign to cool inflation – to close out a year that began with fears of recession but ended with decent 2.1-percent growth.

This sets up a critical meeting next week of the Federal Reserve’s rate-setting committee. Investors expect the Fed to hike the federal funds rate another 25 basis points, to a range of 4.5-4.75 and [some Fed Governors](#) have given remarks recently to back up that notion. But, beyond that headline news, Fed Chair Jerome Powell has more important questions to answer, such as:

- Does the Fed still expect rates to go above 5 percent and stay there throughout the year? (The market is pricing in a peak below 5 percent, followed by cuts.)
- Does the Fed still believe the unemployment rate will hit 4.6 percent this year, implying possibly 2 million lost jobs? (The current unemployment rate is a record-low 3.5 percent and presently shows no signs of increasing.)
- Does he have an opinion on the risk to the economy of a fight over the debt limit?

His words will have extra weight as they will likely be his last public remarks before he testifies to the House Financial Services Committee and Senate Banking Committee in early March for the semiannual monetary policy report to Congress.

This week in Washington:

New Congressional Caucus to Fight Anti-ESG Attacks – On Wednesday, Representatives Sean Casten (D-Ill.) and Juan Vargas (D-Calif.) announced the launch of the [Congressional Sustainable Investment Caucus](#) (CSIC). The launch of the caucus comes amidst increasing anti-ESG attacks from conservative politicians and right-wing ideological groups against state treasuries considering ESG metrics or investing in funds run by asset managers who consider ESG metrics in their portfolios. [House Republicans](#) are signaling they will scrutinize and attack ESG investing heavily this Congress, including the new Chairman of the House Financial Services Committee, Patrick McHenry (R-N.C.), who has previously expressed his intent to utilize the committee to [conduct oversight relating to](#) the upcoming [SEC climate-related disclosure rule](#). As of 2022, there were [\\$8.4 trillion in U.S. assets](#) under management in funds that prioritize ESG factors. However, states such as Texas, Florida, Arizona, Idaho, Kentucky, North Dakota, Ohio, Oklahoma, Utah, West Virginia, and Wyoming have banned ESG investing outright and withdrawn funds from firms like BlackRock.

Congressional Committee Assignments – Throughout this week, House and Senate leaders have started announcing committee assignments for the 118th Congress.

- [A-tier House Committees \(Democrats\)](#)

- [Freshman House Member Committee Assignments \(Democrats\)](#)
- [Intel, China, and Rules House Committees \(Republicans\)](#)
- [House Administration Committee \(Republicans\)](#)
- [House Select Subcommittees \(Republicans\)](#)
- [Senate Committees \(Democrats\)](#)

Amidst the assignments, however, are three House members whose seats on committees are being revoked or threatened. Reps. Adam Schiff (D-Calif.), Eric Swalwell (D-Calif.) and Ilhan Omar (D-Minn.) are the latest targets of the House Republicans ire. Swalwell and Schiff have been [rejected from the House Intelligence Committee](#) by Speaker Kevin McCarthy, while McCarthy has [vowed to remove Omar from the House Foreign Affairs Committee](#) (which requires a vote from the House). These actions [fulfill a pledge McCarthy made](#) after Democrats removed Reps. Marjorie Taylor Greene (R-Ga.) and Paul A. Gosar (R-Ariz.) from their committee assignments last Congress.

This week on climate & clean energy finance:

Energy Transition Investment Trends – According to a [report](#) released by [BloombergNEF](#) earlier this week, the world reached an unprecedented level of investment in clean-energy technologies last year. For the first time, it surpassed \$1 trillion and roughly matched funding for fossil fuels production in 2022. Although investments in solar, wind, and other forms of renewable energy accounted for \$495 billion, funding in electrified transport accounted for the largest increase at 54%. China invested nearly half of the \$1.1 trillion total at \$546 billion, while the U.S. followed behind at \$141 billion. Though these figures exclude the hundreds of billions of dollars spent on power grids, clean-energy supply chains, and equity financing, they must nearly triple in order to be on track for a “net-zero” CO2 future by 2050.

Global Banks and Climate Change Financing – This week [Politico reported](#) on the Fed’s discussion paper (released earlier this month) titled, “[What are Large Global Banks Doing About Climate Change?](#)” The 28-page paper shines an important light on the progress made in private-sector financing for the energy transition and also the significant work left to do. The paper examines the climate action plans and climate finance (and non-climate finance) of the 2022 Global Systemically Important Banks (G-SIBs) – defined as the 30 largest banks, whose failure would significantly disrupt the financial system. It may come as no surprise that the Fed research found that “green” finance is a major trend, these large banks are still supporting billions of dollars worth of fossil fuels, and more needs to be done to reach mid-century warming targets. More importantly, however, is that the Fed has been forging ahead with these thought pieces aimed at “stimulat[ing] discussion and critical comment” and [potential rulemaking](#), despite backlash from the right.

What else you need to know this week:

CRA Threatens 2-year Pause on Solar Tariffs – On Thursday, a bipartisan group of Congress members, led by Representatives Dan Kildee (D-Mich.) and Bill Posey (R-Fla.), [introduced a resolution of disapproval](#) under the Congressional Review Act to roll back President Joe Biden’s two-year pause on solar import tariffs from four Southeast Asian nations. The Congressional Review Act allows for Congress to reverse rules issued by federal agencies within 60 days of the end of the last legislative session with a simple majority vote. The Commerce Department’s [rule codifying the president’s decision](#) to delay the tariffs for 24 months went into effect Nov. 15. This recent congressional push comes ahead of

the [Commerce Department's final determination](#) (expected to be released in May) to extend existing Chinese solar tariffs to Malaysia, Thailand, Cambodia and Vietnam.

Market and job trends from the past week (at Thursday close):

- Dow Jones Industrial Average: 33,949.41, +875.95 (+2.65%)
- NASDAQ: 11,512.41, +587.75 (+5.38%)
- S&P 500: 4,060.43, +151.39 (+3.87%)
- Weekly initial jobless claims: 186,000 vs. 205,000 expected
- 10-Year Treasury Note yield: 3.497%

Next week: Economic indicators

- [Employment Cost Index](#) (January 31st)
- [Consumer Confidence Index](#) (January 31st)
- [ADP National Employment Report](#) (February 1st)
- [Job Openings and Labor Turnovers \(JOLT\)](#) (February 1st)
- [Weekly Economic Index](#) (February 2nd)

Next week: Hearings to watch

House Transportation and Infrastructure

The State of Transportation and Infrastructure and Supply Chain Challenges
02/01/2023 (10:00 AM EDT), watch [here](#).

House Oversight and Accountability

Federal Pandemic Spending: A Prescription for Waste, Fraud, and Abuse
02/01/2023 (10:00 AM EDT), watch [here](#).

Senate Agriculture, Nutrition, and Forestry

Hearings to examine the 2023 Farm Bill, focusing on trade and horticulture.
02/01/2023 (10:00 AM EDT), watch [here](#).

Inflation Reduction Act Program Trackers

The Pioneer Public Affairs team is working to help our clients stay on top of IRA programs! Please take a look at our new IRA trackers for DOE, EPA and USDA. Please let us know if these are useful and how we can improve them. More importantly, let us know if you see any errors or dated info. If there's enough interest, we'll keep these trackers up to date and consider expanding them. Please send feedback to zoe@pioneerpublicaffairs.com.

[Department of Energy IRA Tracker](#)

[Environmental Protection Agency IRA Tracker](#)

[Department of Agriculture IRA Tracker](#)

www.pioneerpublicaffairs.com



