

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

April 24, 2025

Federal Reserve Bank of New York

Committee Attendees:

Naïm Abou-Jaoudé, New York Life Investment
Management

William A. Ackman, Pershing Square Capital

Michael Arougheti, Ares Management

Dmitry Balyasny, Balyasny Asset Management

Leda Braga, Systematica

Greg Davis, Vanguard

Stanley Druckenmiller, Duquesne

Hari Hariharan, NWI Management

Kim Lew, Columbia Investment Management

Holly H. MacDonald, Bessemer Trust

Belita Ong, Dalton Investments

Chris Rokos, Rokos Capital Management

Jeffrey Talpins, Element Capital

Anastasia Titarchuk, New York State Common
Retirement Fund

Anne Walsh, Guggenheim Partners Investment
Management

Federal Reserve Attendees:

John C. Williams

Dianne Dobbeck

Suzanne Elio

Tiffany Hewlin

Matthew Lieber

Rebecca McCaughrin

Timothy C. Nash, Jr.

Anna Nordstrom

Roberto Perli

Suraj Prasanna

Julie Remache

Navya Sharma

Maneesha Shrivastava

Alex Thorp

Ben Wensley

Rachel Wilson

Discussion of the U.S. Economic and Monetary Policy Outlook

Committee members were highly attentive to recent U.S. trade policy developments and the implications for the economic outlook. Members viewed these developments, together with ongoing uncertainty about the trajectory of trade policy, as contributing to their expectations for slower economic growth and higher inflation this year. Several members expressed more concern about downside risks to growth and employment than the risk of elevated inflation. Members generally expected the Federal Reserve to keep interest rate policy unchanged, given higher expected inflation in the near term, until economic activity and labor market data potentially started to weaken.

Members noted that despite the elevated volatility and deterioration of liquidity across asset classes in early April, markets continued to function in an orderly fashion. Some members highlighted that the unwinding of swap spread trades may have put upward pressure on longer-dated Treasury yields. Some members perceived downside risks to equity valuations if the proposed tariff rates were to be sustained.

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Overall, members noted an unusual pattern of moves across some markets compared to past risk-off periods, which had typically resulted in more demand for U.S. assets. More generally, members expressed concern that continued uncertainty about trade policy could lead investors to factor in higher risk premia for U.S. assets. Members noted that they also remained attentive to developments related to fiscal policy.

Discussion of the International Economic and Monetary Policy Outlook

Committee members viewed U.S. tariffs as a negative demand shock for foreign economies, likely to result in slower growth and lower inflation. Members noted that the unexpected strength of many local currencies against the U.S. dollar could help offset any upside inflation risks from the increased costs of trade. Moreover, members noted that many foreign jurisdictions would likely have some room to adjust monetary and/or fiscal policies in an effort to offset any negative impacts from tariffs.

Members interpreted the unexpected weakness of the dollar against other currencies in April as reflecting in part the market's expectations for high tariff rates to weigh more on U.S. economic activity relative to foreign economies. Members also noted that shifts in currency risk hedging of U.S. dollar exposures could have contributed to the dollar's depreciation. Committee members noted that the weakness of U.S. assets in response to the trade developments followed several years of inflows into U.S. assets driven primarily by expectations for U.S. economic outperformance, which resulted in a large increase in foreign holdings of U.S. assets.