



Minutes of the Foreign Exchange Committee

Meeting: November 20, 2024

Host: Morgan Stanley

FXC Attendees

Yudhveer Chaudhry (Blackrock) - Chair

Maria Douvas (Morgan Stanley) – Vice Chair

Hemant Baijal (Invesco)

Andrew Haning (Jump Trading)

Anna Faustini (Societe Generale)

Akiko Hayata (Payden & Rygel)

Ben Klixbull (XTX Markets)

Dan Lennon (CLS)

Chris Pizzotti (State Street)

Yan Pu (Vanguard)

Ankit Sahni (Element Capital)

Jodi Schenck (Citibank)

Bob Tull (Fifth Third)

Jason Vitale (Bank of NY)

Federal Reserve Bank of New York

(New York Fed)

Michelle Neal

Anna Nordstrom

Roberto Perli

Lisa Chung

Sanja Peros

Pertshuhi Torosyan

Daniella Faura

Shawei Wang

FRS Board of Governors

Alain Chaboud

Other Attendees

Philippe Lintern (Bank of England)

Natalie Lovell (Bank of England)

Samer Oneida (Morgan Stanley)

The Chair opened the Foreign Exchange Committee (FXC) meeting by welcoming members and special guests Samer Oneida, Global Head of FX at Morgan Stanley, as well as Philippe Lintern and Natalie Lovell, representatives of the Bank of England and the London Foreign Exchange Joint Standing Committee (FXJSC).

1. Preparation for the Global Foreign Exchange Committee (“GFXC”) Meeting

Ahead of the GFXC meeting on Dec 5-6 to conclude the Three-Year Review of the 2024 FX Global Code (“Code”), FXC members were asked to provide feedback on the final draft of the Code revisions and disclosure coversheets, which reflected feedback received through the [GFXC’s public consultation](#) process. Members expressed support for the final draft of the Code enhancements, as proposed by the FX settlement and FX data working groups. The new 2024 Code, enhanced disclosure cover sheets, and supporting documentation is expected to be published after the December GFXC meeting. In addition, members were informed the GFXC will look to issue guidance around the renewal of the Statement of Commitment alongside the release of the 2024 Code. The Chair thanked FXC members who participated in the GFXC working groups for their efforts and contributions to the Code review.

2. Bank of England Foreign Exchange Joint Standing Committee (“FXJSC”) Update

Representatives from the Bank of England then shared an overview of the FXJSC, established in 1973, which serves as a forum for market participants, infrastructure providers and relevant U.K. authorities to discuss market developments and structural issues in the U.K. wholesale FX market. Members received an update on the FXJSC’s areas of focus over the year, which included: i) transparency and data availability in FX forwards markets; ii) implications of the decline in volumes on primary venues; iii) evolution of custody FX services; iv) diversity, equity, and inclusion initiatives by the FXJSC and v) impact of accelerated U.S. securities settlement to T+1. The discussion concluded with an update on the GFXC’s new approach to FX settlement risk data collection that the Bank of England has been leading in conjunction with other central banks. The new FX settlement risk survey was adopted by seven central banks for their respective October 2024 FX semi-annual collections and will be used by the Bank for International Settlements (BIS) 2025 FX Triennial Survey.

3. Markets Discussion

The meeting then turned to a discussion of market developments since the September FXC meeting. The discussion primarily focused on members’ views on the outcome and potential implications of U.S. elections and the domestic and international economic and monetary policy outlook.

- Members noted that the rise in U.S. equities, increase in Treasury yields, and appreciation of the U.S. dollar against major currencies in the period since the U.S. election was expected given anticipated trade and immigration policy shifts by the new administration. Members noted that the inflation outlook has become uncertain, noting it is unclear to what extent, for how long, and through what channels tariffs could lead to inflationary pressures.
- On the outlook for U.S. monetary policy, members discussed the recent Federal Open Market Committee (FOMC) decision at the November meeting to reduce the policy rate by 25 basis points. Many members

viewed the decision as an adequate response to recent data releases and consistent with prior Fed officials' communications. Looking ahead, members anticipate fewer rate cuts than previously priced in for 2025, citing risks of higher fiscal spending and inflationary pressures that could stem from potential trade policies.

- With respect to global market developments, members focused on China's recent announcement of a \$1.4 trillion stimulus package, noting that the stimulus is viewed by many market participants as too small and therefore is not expected to provide enough support to stimulate material nominal growth. Alternatively, some members noted that the market would likely react positively if a larger stimulus package was announced, potentially leading to more financial flows into the country.
- Members then discussed recent Japanese elections, which some attributed to the Japanese electorate's discontent with recent rises in inflation after decades of deflation. One committee member suggested that given Japanese demographics more people are dependent on fixed income, making the general public more sensitive to inflation relative to other jurisdictions. Committee members concluded with a discussion of euro area and U.K. economic conditions and the policy outlook, noting that the market is focused on the potential implications of the incoming administration's trade policy on Germany, where economic growth is forecasted to remain sluggish. It was noted that U.K. assets' price response to the U.S. election results was limited, as domestic policy developments, such as the U.K. budget proposal, were seen as more prominent drivers shaping the BoE's perceived path of policy.

The next regularly scheduled FXC meeting will be held on March 5, 2025.