

# FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

## Minutes of the Investor Advisory Committee on Financial Markets

February 13, 2020

Federal Reserve Bank of New York

### Committee Attendees:

William A. Ackman, Pershing Square Capital  
Management, L.P.

James Chanos, Kynikos Associates

Ray Dalio, Bridgewater Associates, LP

Mary Callahan Erdoes, J.P. Morgan Asset  
Management

William H. Heyman, The Travelers Companies,  
Inc.

Bob Jain, Millennium Management

Paul T. Jones, Tudor Investment Corp.

Scott Miner, Guggenheim Partners

Rick Rieder, BlackRock, Inc.

### Federal Reserve Attendees:

John C Williams

Samuel Earl

Michael Held

Beverly Hirtle

Lina Lavitsky

Sandra Lee

Matthew Lieber

Lorie Logan

Meg McConnell

Michael Nelson

William O'Boyle

Jordan Pollinger

Julie Remache

Kevin Stiroh

Michael Strine

Benedict Wensley

Committee attendees reviewed anti-trust guidelines.

### **Discussion of Monetary Policy and Framework Reviews**

Committee attendees discussed factors that could impact the monetary policy framework reviews at major central banks. Some committee attendees noted that these reviews should consider longer-running structural factors, such as demographics and the shift to service-based economies, as they pose downside risks to inflation and interest rates. These attendees also noted that the services and technology sectors appeared less sensitive to changes in interest rates. However, other committee attendees noted that the economy appeared sensitive to changes in financial conditions, which were influenced by monetary policy. Committee attendees also discussed the impact of negative interest rates in Europe. Some thought European rates going further negative would be unlikely to have a stimulative effect, and that fiscal policy options should be the preferred tool of policy makers. Committee attendees also discussed the current stances of monetary and fiscal policies, which some viewed in aggregate as stimulative, and with a few thinking this could pose financial stability risks, given their view that valuations in risk asset markets were elevated.

# FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Committee attendees said forward looking risks to the economic outlook centered on the recent spread of the coronavirus in China. They noted that the virus posed downside risks to growth and that China would likely be particularly impacted. Some also expressed skepticism over the official number of cases being released in China, and thought changes in testing methodology did not engender trust in the numbers. Some attendees thought that share prices of individual U.S. firms and sectors were starting to price in these risks.

## **Impact of Reserve Management Purchases and Repo Operations**

Committee attendees next discussed the impact of the Fed's repo operations and reserve management purchases on broader financial conditions. They noted that these actions had alleviated money market strains experienced in September of 2019, with some thinking the actions could have contributed to risk taking by investors and led to an appreciation in risk asset prices. Others thought a reduction in risks relating to the U.S.-China trade tensions as well as from Brexit, had been the more important forces driving markets over recent months.