

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

January 13, 2026

Federal Reserve Bank of New York

Committee Attendees:

Naïm Abou-Jaoudé, New York Life Investment Management
Michael Arougheti, Ares Management
Dmitry Balyasny, Balyasny Asset Management
Greg Davis, Vanguard
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
Shafat Alam
Kartik Athreya
Henry Kopesky
Matthew Lieber
Rebecca McCaughrin
Timothy C. Nash, Jr.

Anna Nordstrom
Roberto Perli
Suraj Prasanna
Julie Remache
Maneesha Shrivastava
Ben Wensley

Committee members reviewed anti-trust guidelines.

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

Committee members anticipated above-trend U.S. economic growth in 2026 amid continued investment in artificial intelligence (AI), tailwinds from fiscal policy, and reduced trade policy uncertainty. Members expected inflation to continue to cool somewhat this year, with residual passthrough of tariffs expected to be subdued. Still, members noted it was likely for inflation to remain above mandate-consistent levels by end-2026. Members generally anticipated a resilient labor market, with slower growth in the labor force likely to place some downward pressure on the unemployment rate. However, many members remained attentive to potential downside risks.

Committee members noted that market pricing for the path of the policy rate had remained relatively stable amid recent developments. Committee members had somewhat mixed views on the likely path of monetary policy, with some stating that their expectations were in alignment with market pricing for one or two rate cuts this year. Others outlined their baseline views for minimal changes to the policy rate this

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year, consistent with their expectations for strong economic growth alongside inflation above the Federal Reserve's mandate. With respect to the balance sheet, some members noted their expectation that the size of reserve management purchases would likely decline to around \$20 billion after mid-April.

Discussion of the International Economic and Monetary Policy Outlook

Committee members viewed most international advanced economies as likely having completed their respective rate cutting cycles. Market pricing for rate hikes across jurisdictions was also noted as limited. Members noted that the growth outlook in Europe had stabilized after a period of reduced momentum. Members anticipated euro-area inflation to be close to the European Central Bank's (ECB) target and for the ECB to keep rates on hold this year. In Japan, members expected the Bank of Japan to raise its policy rate gradually over the next couple of years. Members noted that the common prospect of increased fiscal spending across many advanced economies had pushed up longer-term government bond yields, with risks perceived as tilted toward further increases in some jurisdictions.

Discussion of Risks to the Outlook

Committee members discussed risks to their economic outlooks. Many members noted elevated levels of spending on AI in the U.S. across many sectors, contributing to an important component of the market's expectations for strong U.S. growth. However, several members highlighted uncertainty about the actual magnitude of AI-related boosts to productivity and corporate profitability, as well as how quickly any expected benefits could materialize. Members also noted varied impacts of AI on hiring plans across industries, with reports suggesting that firms may be reducing hiring plans on expected AI-related efficiencies. Members also noted risks that AI could displace segments of the labor force. Finally, Committee members highlighted ongoing risks related to geopolitical tensions, including those related to China.