FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

July 17, 2026

Federal Reserve Bank of New York

Committee Attendees:

Naïm Abou-Jaoudé, New York Life Investment Management
Dmitry Balyasny, Balyasny Asset Management
Leda Braga, Systematica Investments
Stanley Druckenmiller, Duquesne
Hari Hariharan, NWI Management
Kim Lew, Columbia Investment Management
Holly H. MacDonald, Bessemer Trust
Belita Ong, Dalton Investments
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 R. Kopesky
Eric LeSueur
Matthew Lieber
Rebecca McCaughrin
Timothy C. Nash, Jr.
Anna Nordstrom
Roberto Perli
Suraj Prasanna
Julie Remache
Navya Sharma
Maneesha Shrivastava
Ben Wensley

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

Committee members viewed the U.S. macroeconomic outlook as positive overall, though some had revised their 2026 growth outlook slightly lower. Members saw little possibility of a near- or medium-term recession, in part due to a strong growth tailwind from ongoing AI-related capital investment. Members continued to note risks to the outlook from continued divergence between spending growth for high- and low-wealth consumers. Members observed that the balance of risks had shifted from labor market weakness to persistent inflation, and several saw the potential for a higher policy rate by year-end. Members discussed recent changes to Federal Reserve communications, with some perceiving an extra emphasis on lowering inflation, and generally emphasized the importance of understanding the FOMC's reaction function.

Discussion of the International Economic and Monetary Policy Outlook

Committee members described the outlook for international economies as varying by region, with Asian jurisdictions potentially more exposed to geopolitical and trade-related risks than Europe. Major importers of energy were seen as vulnerable to potential further disruptions in commodity markets. Some members observed that trade policy could be a continued headwind for certain export-oriented economies, and members discussed the sustainability of export-led economic growth in the future. Members expressed some concerns about increased speculation and leverage in Korean equity markets, particularly related to single-name leveraged exchange-traded funds, with comparisons made between recent developments and meme stocks in 2021.

Discussion of AI Investment and U.S. Risk Assets

Members observed that AI-related firms have been the principal driver of recent IPOs and debt issuance, which they noted have driven substantial capital inflows into U.S. markets and thus supported the U.S. dollar. They noted that hyperscalers have increasingly turned to the market for funding due to the high volume of their AI-related capital investment. Some wondered if the increasing share of the corporate debt market accounted for by this issuance was having a “crowding out” effect. Members also acknowledged that potential earnings disappointments and competition from open-source AI models presented risks to the continued growth of the segment. Still, members saw AI-related firms’ valuations as justified in some cases by the rapid pace of revenue growth, particularly given enterprise demand for access to AI models.