

## **Investor Advisory Committee on Financial Markets**

Chairman: William Dudley

33 Liberty Street, 10<sup>th</sup> Floor

New York, NY 10045

Friday, April 12, 2013; 11:00 am – 2:00pm

### **Meeting Agenda**

#### **Overseas Developments**

- What do members see as the broad implications of recent developments around Cyprus, including for investors in euro-area sovereign and bank debt? Do members perceive greater, the same or less certainty around policy responses to address any future pressures on sovereign or banking sector balance sheets?
- In light of the Bank of Japan's most recent monetary policy announcement, how have members' views on Japanese assets shifted, if at all? Do members believe that the Bank of Japan will be successful in its goal of achieving a 2 percent price stability target within two years?

#### **Domestic Policy**

- What are members' views on the U.S. economic growth outlook? What are current expectations for fiscal tightening and how does this inform the outlook for the U.S. economy and domestic financial asset prices?
- Minutes from the January FOMC meeting stated, "Several participants emphasized that the Committee should be prepared to vary the pace of asset purchases, either in response to changes in the economic outlook or as its evaluation of the efficacy and costs of such purchases evolved." Do members believe the pace of purchases will be adjusted, and if so, would that adjustment be driven largely by the outlook or by efficacy and cost considerations? How would any adjustment to pace impact expectations for policy normalization?
- The January minutes also noted discussion by Committee participants of "providing monetary accommodation by holding securities for a longer period than envisioned in the Committee's exit principles, either as a supplement to, or a replacement for, asset purchases". In his semiannual testimony to Congress, Chairman Bernanke noted that the FOMC "could exit without ever selling" and will have to review its exit strategy "sometime soon". How do members see the exit principles being adjusted? What effect, if any, would such adjustments have on financial conditions?

#### **Financial Landscape**

- What is the current state of investor positioning for a potential rise in interest rates? What might prompt a sharp rise in rates? What types of investors might be particularly vulnerable?
- Governor Stein's recent speech "Overheating in Credit Markets" discussed potential risks associated with loosening of credit terms and conditions. What are members' current views on U.S. credit market conditions? How are investors seeking additional yield given the low rate environment and what are the associated risks?
- Chairman Bernanke has commented on "too big to fail" institutions during recent Congressional testimony and at the March FOMC press conference. Do members view some large financial institutions as too big to fail? If so, what are members' views on the risks around these entities? How might regulators and supervisors best address those risks?