

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

January 10, 2018

Federal Reserve Bank of New York

Committee attendees:

William A. Ackman, Pershing Square Capital Management, L.P.	Joshua Harris, Apollo Management
Tim Buckley, Vanguard	William H. Heyman, The Travelers Companies, Inc.
James Chanos, Kynikos Associates	Bob Jain, Millennium Management
Ray Dalio, Bridgewater Associates LP	Paul T. Jones, Tudor Investment Corp.
Mary Callahan Erdoes, J.P. Morgan Asset Management	Scott Miner, Guggenheim Partners
Dawn Fitzpatrick, Soros Fund Management	Rick Rieder, BlackRock, Inc.
Britt Harris, The University of Texas/Texas A&M Investment Management Company	David M. Rubenstein, The Carlyle Group
	David Tepper, Appaloosa Management L.P.

FRBNY and Federal Reserve Board attendees:

William Dudley, Chair	Meg McConnell
Sarah Bell	Michael Nelson
Michelle Ezer	William O'Boyle
Michael Held	Simon Potter
Beverly Hirtle	Matthew Raskin
Sandra Lee	Kevin Stiroh
Matthew Lieber	Michael Strine
Lorie Logan	Benedict Wensley

Global Developments

Committee attendees discussed the December 2017 FOMC statement, press conference, and Summary of Economic Projections, as well as expectations for Federal Reserve policy over 2018. Several attendees noted that market participants believe the FOMC will proceed with gradual increases in the target federal funds rate while normalizing the Federal Reserve's balance sheet. A few attendees indicated that, with continued labor market strength and inflation moving up towards the FOMC's 2-percent objective, it will become increasingly difficult for the FOMC to determine the appropriate policy rate setting. Committee attendees also discussed how recent changes to the composition of the FOMC have affected market participants' policy expectations, with several indicating that the changes to the FOMC's composition suggest continuity in its policy approach.

Committee attendees discussed their views on the impact of the Tax Cut and Jobs Act of 2017 on the U.S. economy and financial markets. Several suggested that the act will lead to increases in the rate of growth of output, corporate profits and wages, while others noted that certain provisions of the act may negatively impact firms with high levels of leverage. Committee attendees also discussed the implications of the new law for the supply of Treasury securities in coming years, and the level of longer-term interest rates.

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Committee attendees discussed their investment outlooks for 2018. Several highlighted an optimistic outlook for the economy and financial markets over the near-term, driven by developments on taxes, regulation, global growth, and Fed policy. Committee attendees also discussed the attractiveness of valuations across a number of asset classes. Committee attendees discussed their views on key market drivers and the main upside and downside risks to the global economy and financial markets in the year ahead, and highlighted a number of risks, including geopolitical risks and the removal of monetary policy accommodation across advanced economy central banks.

At the end of the meeting a discussion about the FRBNY presidential search, including the key attributes of the position, occurred between the IACFM members; Sara Horowitz, FRBNY Board of Directors; Glenn Hutchins, FRBNY Board of Directors; John Harpole and Tom Daniels, from executive search firm Spencer Stuart; and Shawn Phillips, FRBNY Vice President and Corporate Secretary.