

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

Held by conference call on April 15, 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

Dawn Fitzpatrick, Soros Fund

Britt Harris, The University of Texas/Texas
A&M Investment Management Company

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.

John Roberts, Ariel Investments

David Rubenstein, The Carlyle Group

Federal Reserve Attendees:

John C. Williams

Michael Held

Beverly Hirtle

Sandra Lee

Lorie Logan

Rebecca McCaughrin

Meg McConnell

Michael Nelson

Matthew D. Raskin

Julie Remache

Maneesha Shrivastava

Daleep Singh

Kevin Stiroh

Benedict Wensley

Patricia Zobel

Discussion of COVID-19 Impact on the Economic Outlook

Committee attendees thought that the shock to the global economy stemming from the rapid spread of the coronavirus (COVID-19) was likely to be severe. The virus and adoption of necessary public health measures were expected to depress consumer and business confidence for a time and could have long-term implications for the labor market.

Committee attendees discussed what they generally saw as the unprecedented nature of the monetary and fiscal policy actions that had been announced. These actions were generally seen as helping meet significant corporate and household liquidity needs to date. Attendees believed these actions had underpinned confidence that the U.S. authorities were committed to supporting the economy. Some also anticipated the need for further fiscal stimulus later this year, particularly with respect to the most adversely affected sectors of the U.S. economy.

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Risks to the Outlook Skewed to the Downside

Committee attendees next discussed risks to the economy and what signals should be taken from recent moves in financial markets. Most Committee attendees noted that the support from U.S. and global monetary and fiscal authorities had bolstered investor confidence and contributed to some of the recovery in risk asset prices. However, many saw downside risks, including of a prolonged economic downturn perhaps from a second wave of infections and/or a shift in consumer behavior. A few thought there still could be issues working their way through financial markets that could surface over time.

Some attendees did not take meaningful signals from the recent increases in the price of equities and thought some investors might not be internalizing the full range of potential adverse outcomes. Committee attendees agreed that COVID-19 posed material risks to areas with less developed health care infrastructure, particularly in some emerging market economies. Additionally, they noted that an extended period of high unemployment could contribute to a rise in social unrest and political tensions in some countries.