# Minutes of the Financial Markets Advisory Council[1]

April 16, 2026

Federal Reserve Bank of Cleveland

Council Members:

Jonathan Bauer, The Progressive Corporation
Laura Chepucavage, Bank of America
Matthew D. Franklin-Lyons, JP Morgan
Jason Granet, BNY
Marc Giannoni, Barclays
Michael Harris, New York Stock Exchange
Gautam Khanna, DRW
Carey Lathrop, Atlas SP
Brian Sack, Balyasny Asset Management
Bari Speilfogel, CITI
Ritchie Tuazon, Capital Group

Federal Reserve Bank of Cleveland Attendees:

Beth Hammack
Lisa Barrow
Paola Boel
Nicholas Fritsch
Lara Loewenstein
Edward Knotek
Nariman Mansour
Grant Rosenberger

**Economic Outlook**

The discussion highlighted AI's contribution to economic growth. Most council members expected that AI investment would continue expanding through 2027-2028. A few council members also commented that the US economy is in AI build-up phase without yet realizing productivity gains. Some council members noted that the US labor market was experiencing an unusual dynamic where payroll decreases had not translated into increases in unemployment. On the consumption side, several council members noted that 2026 benefited from wealth effects that supported spending.

[1] *The views expressed in these minutes are those of the Financial Markets Advisory Council members and do not represent the views of the Federal Reserve Bank of Cleveland or the Federal Reserve System.*

## Inflation Expectations

Several council members discussed the increase in headline inflation. Most noted that, despite these pressures, inflation expectations remained anchored in the long run. A few council members noted PCE (Personal Consumption Expenditure) inflation being higher than CPI (Consumer Price Index) inflation, but the expectation was for a convergence of the PCE-CPI gap. Most members expected no cuts for the remainder of the year and noted that the cost of being on hold remained low.

## Market Functioning

Most council members viewed Reserve Management Purchases (RMPs) as successful. Some council members highlighted that clear communication about RMPs was critical to avoid confusion with Quantitative Easing. Some members also discussed modest volatility in money market pricing. Some council members described the System Open Market Account (SOMA) portfolio as still long dated relative to the market, though the expectation was that it would get shorter.

## Capital Markets

Some council members argued that private credit did not pose a systemic risk, as potential losses from poor underwriting were unlikely to be amplified throughout the financial system. Some members described private credit as a complement to public markets, providing better financing for certain sectors. Some members also commented on strong demand for tokenized assets and Treasuries, driven particularly by appetite for 24/7 trading and settlement capabilities.