

Minutes of Financial Markets Advisory Council

November 19, 2025

Federal Reserve Bank of Cleveland

Council Attendees:

Jonathan Bauer, The Progressive Corporation
Laura Chepucavage, Bank of America
Jason Cummins, Brevan Howard, Inc.
Sara Devereux, Vanguard
Jason Granet, BNY
Michael Harris, New York Stock Exchange
Gautam Khanna, DRW
Carey Lathrop, Atlas SP
Christopher Milligan, Millenium Management
Bari Spielfogel, CITI
Ritchie Tuazon, Capital Group

Federal Reserve Bank of Cleveland Attendees:

Beth Hammack
Paola Boel
Dani Carlson
Nicholas Fritsch
Lara Loewenstein
Edward Knotek
Nariman Mansour
Edward Prescott
Grant Rosenberger

Discussion of the Economic Outlook

Participants characterized the labor market as transitioning to a cooler phase, with diminished turnover and employers nearing optimal staffing levels or starting to reduce headcount. Some participants highlighted that headline unemployment figures may warrant nuanced interpretation in light of labor force participation dynamics. Despite these labor market headwinds and housing affordability pressures threatening consumption, GDP and consumer spending remain robust, fueled by stock market wealth effects and productivity gains concentrated in AI and tech sectors.

Inflation Expectations

Participants noted that tariff-related price passthrough has been more modest than initially anticipated. Several factors may be contributing to this dynamic: firms are exploring various cost management strategies, some uncertainty remains regarding the duration of tariff policies, and many businesses are carefully evaluating their pricing power in the current environment. Inflation expectations remain well-anchored according to current market indicators, suggesting confidence in the Fed's policy framework. Looking ahead, participants observed a range of perspectives on inflation trajectories—some emphasizing potential disinflationary pressures from technological advancement, while others highlight considerations around fiscal policy and monetary conditions. Participants also noted that recent data collection challenges have led analysts to supplement traditional metrics with alternative inflation indicators.

Market Functioning

Participants examined operational aspects of the Standing Repo Facility (SRF), including its positioning within the Fed's toolkit and relative accessibility. Participants noted opportunities for enhanced communication regarding the facility's intended use case—specifically, its role as either a contingent backstop or a routinely available resource. Governance requirements for SRF access were observed to differ materially from those of the Reverse Repo Facility, potentially influencing activation decisions. Usage expectations center on episodes of significant rate pressure, with participants suggesting that operational timing aligned with repo market conventions could optimize effectiveness. Proposed technical modifications were viewed as constructive, while participants also emphasized the potential of structural market developments, particularly central clearing infrastructure, to complement facility operations. Participants acknowledged diverse perspectives regarding appropriate balance sheet scale and reserve regime frameworks. Concerning rate relationships, participants delineated the relative significance of key reference rates, with broad agreement that FFR consistency with the target range supports policy credibility.

Capital Markets

Participants identified the term premium as an area warranting continued attention. While certain factors—including trade policy dynamics and regulatory considerations around the Supplementary Leverage Ratio—have contributed to current levels, participants noted that fiscal trajectories could influence the term premium going forward. Regarding technology investment, participants observed that while demand for AI infrastructure remains strong, some reassessment of positioning may occur as the market continues to evaluate monetization pathways. On credit markets, participants saw private and public markets as complementary rather than competing, with private credit offering advantages in scale, execution speed, and structure flexibility, and public markets providing efficiency and liquidity benefits. Equity valuations were characterized as elevated, with recent modest corrections viewed as a natural adjustment. IPO markets were described as healthy.