

# Financial Sector Advisory Council

## Meeting Minutes



Federal Reserve  
Bank of Dallas

2:00 pm, September 4, 2025

## Financial Sector Advisory Council Meeting

### Council Attendees

Juan Andrade, USAA  
Hayley Boesky, BofA Securities  
Gabriel Casillas, Barclays Capital  
David Finkelstein, Annaly Capital Management  
Dawn Fitzpatrick, Soros Fund Management  
Paul Hamill, ICE Clear Credit  
Britt Harris, On Eagles Wings  
Jarvis Hollingsworth, Irradiant Partners  
Travis Machen, The Bank of Nova Scotia  
Henry McVey, KKR  
Purnima Puri, HPS Investment Partners  
Marc Seidner, PIMCO  
Allison Thacker, Rice University  
Matthew Zames, Zames Group

### Federal Reserve Bank of Dallas Staff in Attendance:

Lorie Logan, Robert Triplett, Sam Schulhofer-Wohl, Seth Searls, Rebecca Zarutskie, David Teeples, Roberto Coronado, Daron Peschel, Donald Bowers, Tommy Alsbrooks, Deborah Kilroe, Christine Docherty, Ally Hoffman, Alessio Saretto, Mark Wynne, Pia Orrenius, Enrique Martinez-Garcia, Saikrishna Nori, Anthony Murphy, Ben Munyan, Garrett Golding, Haoyang Liu, Ali Ozgdali, Srin Ramaswamy, Rosie Levy, Hugo De Vere

### Discussion of U.S. Economic and Fed Policy Outlook

Council members first discussed their expectations for the evolution of the U.S. economy over the next year and how they assess changes in the distribution of risks to the economy. It was noted that household balance sheets remain solid and consumers in aggregate appear resilient, although there is evidence of some divergence in spending behavior and income dynamics between upper- and lower-income segments. Members discussed the impact of changes in immigration policy on labor supply, referencing preliminary evidence of wage inflation in sectors with a high share of foreign-born workers, while noting that labor demand has fallen alongside supply. Members also discussed the housing market, with particular focus on housing affordability, and expectations for the path of mortgage rates.



On inflation, members generally agreed that passthrough from tariffs appeared to be slower than prior expectations, although there was debate about the extent to which passthrough would be delayed or permanently weaker. Some members raised potential drivers of slower passthrough, including preservation of market share, margin compression, fixed costs involved in updating prices and changes in corporate pricing power. Members agreed that corporates generally appear to have signaled intentions to raise prices in the coming months. A few members debated the implications of recent changes in corporate tax policies on the economy, with diverging opinions on how broad the impact would be and when they would most likely be seen.

Members also discussed their outlook for the path of Fed policy, emphasizing uncertainty around the current degree of policy restrictiveness and the neutral rate. Some members also discussed uncertainty around the composition of future Treasury issuance and noted the risk of higher term premiums.

### **Discussion of Public and Private Credit Market Outlook**

Members next discussed their outlook for public and private credit markets, along with expectations for investment and capex. It was noted that recent strength in private credit was expected to continue, given the industry's ability to offer quick financing with favorable terms. A few members observed that larger firms are able to access financing on better terms, similar to the perceived divergence between lower- and higher-income households raised earlier. It was noted that loan covenants are likely to tighten, albeit from levels that currently appear relaxed by historical comparison. A few members highlighted particularly strong demand in the artificial intelligence space, extending to associated data center and power infrastructure.

A few members discussed the interconnections between banks and private credit. One member highlighted elevated concentration in subscription lines and noted that limited visibility into bank commitments could pose a risk in the event of a downturn. On public credit markets, members noted the persistent tight levels of credit spreads and emphasized the backdrop of strong investor demand amid fairly subdued net new supply.

### **Discussion of Other Risks in the Financial System**

Members cited a range of domestic and global risks. Several members discussed recent and future developments in stablecoins and raised a number of associated risks. These included regulatory efforts moving from the federal to state level, the potential for deposit losses at small domestic banks and the possibility of the primary stablecoin issuers existing outside the traditional bank regulatory regime.

Members also highlighted risks associated with artificial intelligence (AI), including growing sophistication of cybercriminals leveraging AI, the possibility that corporates struggle to catch up

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with AI early adopters, and the risk that the current AI investment boom overextends. Members also cited risks related to U.S. fiscal deficits, the dollar, and fiscal discipline in emerging market economies.