

Financial Sector Advisory Council

Meeting Minutes



Federal Reserve
Bank of Dallas

2:00 pm, November 18, 2025

Council Attendees:

Dawn Fitzpatrick, Soros Fund Management (Council Chair)

Juan Andrade, USAA

Jase Auby, Teacher Retirement System of Texas

Hayley Boesky, BofA Securities

Frank Brosens, Taconic Capital

Gabriel Casillas, Barclays Capital

David Finkelstein, Annaly Capital Management

Britt Harris, On Eagles Wings

Jarvis Hollingsworth, Irradiant Partners

Karen Karniol-Tambour, Bridgewater Associates

Travis Machen, The Bank of Nova Scotia

Henry McVey, KKR

Purnima Puri, HPS Investment Partners

Marc Seidner, PIMCO

Matthew Zames, Zames Group

Former Federal Reserve Bank of Dallas Directors in Attendance:

Paul Hobby, Genesis Park

Gerald Smith, Smith, Graham & Co. Investment Advisors

Other Federal Reserve Bank of Dallas Advisory Council Member Attendees:

Gary Petersen, EnCap Investments

Federal Reserve Bank of Dallas Staff Attendees:

Lorie Logan, Seth Searls, Sam Schulhofer-Wohl, Emily Greenwald, Mike Schetzel, Daron Peschel, Lorenzo Garza, Deborah Kilroe, Ally Hoffman, Garrett Golding, Chris Schreck, Seth Dunbar, Anna Crockett, Ron Mau, Marvin Dagg, Jon Prior, Rosie Levy



Discussion of 2026 U.S. Economic Outlook

Council members first discussed recent trends in the U.S. housing market and potential developments in 2026. Discussion focused on challenges to housing affordability, the persistent divergence between median rents and mortgage payments, and the meaningful regional differences in home price changes, which members generally agreed were amplified by the reversal of trends observed immediately following the pandemic. Members also discussed potential housing market policies that could be pursued by national or local governments to address affordability, concluding that supply side measures would likely be most effective.

Members next turned to a discussion of the key trends expected to define the 2026 economic outlook. The discussion first covered potential tailwinds from fiscal policy, with focus on implications for taxes and business investment. Members also discussed recent trends in and expectations for consumer behavior, with focus on the “K-shaped economy” concept in which consumers in aggregate appear resilient while divergence in spending and income dynamics between upper- and lower-income segments continues. On the labor market, some members highlighted recent high-profile layoff announcements at large corporates while noting that the majority of the U.S. workforce is employed by small companies.

Discussion of Productivity Growth

Members next discussed their views on productivity growth over the next one to three years, with particular focus on the implications of artificial intelligence (AI). Members discussed expectations for AI-related capital expenditures, based on recent trends at large technology companies, and considered the level of productivity growth required to justify this spending. One member highlighted the incentives for technology companies to keep pace with competitors’ investments, which may raise the risk of less productive spending.

Members generally viewed boosts to productivity as likely to take time to become apparent, while AI may already be impacting the labor market in some pockets, although members generally agreed this effect was primarily visible in reducing hiring, rather than layoffs. Benefits related to AI could be more concentrated in certain industries, such as banking and insurance, with reliance on manual processes that could be automated. One member emphasized the importance of reskilling segments of the labor force, either to different roles or sectors of the economy, while another highlighted the difficulties in retraining workers further along in their careers.

On risks to the AI and productivity outlook, a few members noted the potential for power availability to constrain AI development and the possibility of increased cyber risk from AI, which could require additional spending. One member highlighted difficulties in diffusing new technology throughout

the economy, based on historical experiences, which is likely to delay productivity gains. A few members discussed the interaction of the Fed's mandate and tools with the potential structural consequences for the labor force.

Discussion of Other Risks in the Financial System

Members cited a range of domestic and global risks. Several members discussed risks associated with AI development and adoption, including competition, both within the U.S. and globally, and the growing exposure of lenders to the industry. Members returned to the K-shaped economy discussion, emphasizing uncertainty around whether official institutions possess the tools to address this dynamic. A few members also highlighted affordability concerns and the potential fiscal and political implications. Within the financial system, risks related to private credit were raised, with focus on the potential for losses in new segments of the market. Members also raised concerns about local credit provision if small banks lose market share to larger institutions and the implications of levered entities as the marginal buyer of Treasury securities. Global risks were cited by several members, including elections, national security and geopolitical concerns.