

# Financial Sector Advisory Council

## Meeting Minutes



Federal Reserve  
Bank of Dallas

2:00 pm, May 13, 2026

### **Council Attendees:**

Dawn Fitzpatrick, Soros Fund Management (Council Chair)

Juan Andrade, USAA

Jase Auby, Teacher Retirement System of Texas

Hayley Boesky, BofA Securities

Jake Carney, Castle Hook Partners

Gabriel Casillas, Barclays Capital

David Finkelstein, Annaly Capital Management

Josh Friedman, Canyon Partners

Karen Karniol-Tambour, Bridgewater Associates

Travis Machen, The Bank of Nova Scotia

Drew McKnight, Fortress Investment Group

Daleep Singh, PGIM

Matthew Zames, Zames Group

### **Federal Reserve Bank of Dallas Board of Directors Attendees:**

Hunter Hunt, Hunt Consolidated

### **Federal Reserve Bank of Dallas Attendees:**

Lorie Logan, Seth Searls, Mike Schetzel, Sam Schulhofer-Wohl, Karel Mertens, Emily Greenwald, Heidi Mitchell, Rebecca Zarutskie, Mark Wynne, Daron Peschel, Jim Dolmas, Amy Chapel, Enrique Martinez-Garcia, Pia Orrenius, Donald Bowers, Deborah Kilroe, Ally Hoffman, Lorenzo Garza, Matthew McCormick, Ron Mau, Tyler Atkinson, Selena Munoz, Alejandro Dieguez, Paul Wheeler, Michael Troxell, Grace Horn, Rosie Levy

### **Discussion of U.S. Economic Outlook**

Council members first discussed the outlook for the U.S. economy, including the impact of geopolitical and artificial intelligence (AI) developments. Members agreed that the Middle East conflict introduced additional upside risk to inflation in the near term and debated the potential implications for U.S. growth. A few members discussed the potential for second-round inflation effects, particularly if commodity prices remain elevated for a prolonged period. Members generally agreed that the AI investment boom is also exerting near-term upward pressure on inflation, even as AI-driven productivity growth could result in disinflationary pressure over a longer period. Some



members discussed the implications of successive supply shocks on the economy and inflation expectations.

Members generally agreed that consumers in aggregate still appeared resilient, supported by strong household balance sheets and fiscal tailwinds, but some members noted evidence of weakening within the lower-income segment. Members discussed expectations for fiscal and trade policy and highlighted uncertainty around the impact of monetary policy on structural and less rate-sensitive trends, such as AI investment. A few members emphasized the importance of monitoring financial conditions in assessing monetary policy and the trajectory of the economy.

### **Discussion of Private Credit**

Members next discussed the outlook for private credit. Members generally agreed that recent developments at business development companies (BDCs) did not present systemic risk concerns. Restructurings and elevated losses were likely in some sectors, particularly software, but broader deterioration in credit quality was not visible and institutional inflows were expected to continue, to both BDCs and other private credit vehicles. Members noted growth in asset-based lending and discussed comparisons with other investment vehicles, such as collateralized loan obligations. A few members discussed BDC fee structures and the role of investment advisors in the growth of retail participation, along with bank involvement in the private credit space. Some members highlighted linkages with insurers as a potential channel for private credit stress to impact consumers.

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

Members cited a range of domestic and global risks. A few members observed the potential for additional supply shocks, including further trade fragmentation and supply chain disruptions amid ongoing geopolitical risks. Several members raised risks related to AI, such as cybersecurity, impact on the labor market, and the importance of AI investment to financial markets and the economy, including concentration in U.S. equity markets. Others highlighted risks related to banks, including consolidation and potential regulatory changes. Members also noted that the K-shaped economy could pose challenges for monetary policy and cited fiscal risks at both the state and national level.