



Minutes of the Foreign Exchange Committee Meeting

Meeting: February 6, 2024

Host: Federal Reserve Bank of New York

FXC Attendees

Yudhveer Chaudhry (Blackrock) - Chair

Maria Douvas (Morgan Stanley) – Vice Chair

Hemant Bajjal (Invesco)

Chris Chattaway (Goldman Sachs)

Anna Faustini (Societe Generale)

Andrew Haning (Jump Trading)

Akiko Hayata (Payden & Rygel)

Paul Houston (CME Group)

Ben Klixbull (XTX Markets)

Robert Kim (JPMorgan Chase)

David Leigh (Deutsche Bank)

Dan Lennon (CLS)

Chris Pizzotti (State Street)

Yan Pu (Vanguard)

Ankit Sahni (Element Capital)

Jodi Schenck (Citibank)

Jill Sigelbaum (LSEG)

Chris Taendler (Barclays)

Bob Tull (Fifth Third)

Jason Vitale (BNY Mellon)

Aaron Wells (Coca-Cola)

Federal Reserve Bank of New York

(New York Fed)

Michelle Neal

Roberto Perli

Anna Nordstrom

Lisa Chung

Pertshuhi Torosyan

Thomas Noone

Shawei Wang

Sanja Peros

Patrick Douglass

Daniella Faura

FRS Board of Governors

Alain Chaboud

The Chair opened the meeting by welcoming members and announcing FXC membership changes. The Chair announced that Maria Douvas (Morgan Stanley) has been selected to serve as the new FXC Vice Chair. He noted the departure of Michael Eyre (Vanguard), thanking him for his service and welcomed six new FXC members, Andrew Haning (Jump Trading), Paul Houston (CME Group), David Leigh (Deutsche Bank), Yan Pu (Vanguard), Ankit Sahni (Element Capital) and Jason Vitale (BNY Mellon).

1. Annual Review of the FXC Charter & Antitrust Guidelines

New York Fed staff then conducted the annual review of the FXC Charter and Antitrust Guidelines. The FXC Charter has been revised to include references to the FX Global Code. The charter now specifies that FXC leadership can be nominated to additional terms, a reference that was previously unspecified, and revises references to the Operations Manager Working Group, which was stood down in 2023. New York Fed staff reminded members (i) not to share non-public, competitively sensitive information in FXC discussions, and (ii) to raise any concerns about anticompetitive conduct to their own attorneys, directly to New York Fed staff, or through the Bank's integrity hotline (1-877-52-FRBNY or 1-877-523-7269).

2. Global Foreign Exchange Committee ("GFXC") Meeting Update

The FXC received an update on the GFXC's virtual meeting, which took place on November 30 and December 1. The GFXC meeting focused on the upcoming 2024 FX Global Code Three-Year Review. A New York Fed ex-officio member reminded members that there are three primary channels through which the GFXC receives input that helps shape the Three-Year Review Priorities: (i) the Bank for International Settlements ("BIS") Markets Committee Letter to the GFXC; (ii) the GFXC survey of market participants; and (iii) feedback from local foreign exchange committees (LFXCs). Feedback through these channels suggests the FX Global Code remains fit for purpose and the bar should remain high to reopen the current principles. To solicit more detailed feedback on potential topics for review, the GFXC Chair requested that LFXCs participate in a survey to help finalize the 2024 FX Global Code Three-Year Review Priorities. Members discussed the preliminary LFXC survey results and offered views on which topics should remain focal points for the upcoming Code Review. All LFXCs have submitted their responses to the GFXC and the finalized FX Global Code Three-Year Review Priorities are expected to be publicized by the end of March. Additional details from the December GFXC meeting are available in the [meeting minutes](#).

3. 2024 FXC Priorities

The Committee then discussed the FXC's 2024 strategic priorities, beyond topics related to the Three-Year Review of the Code. Members shared views on broader topical issues and FX market themes that are of interest for further exploration. These topics included, but were not limited to, the FX implications of the U.S. securities transition to T+1 settlement and the evolution of FX market structure.

4. Markets Discussion

The meeting then transitioned to a discussion of market developments since the November FXC meeting. The discussion primarily focused on members' views on the U.S. macroeconomic and monetary policy outlook, global market developments, and key watchpoints for FX markets in 2024.

- With respect to the outlook for the U.S. economy and monetary policy, members perceived the January FOMC meeting communications as reflecting the FOMC's shift to a more data-dependent stance. FXC members had differing views on the timing of U.S. rate cuts, the number of expected cuts by year-end, and the level of the longer-term neutral rate. Many members viewed the U.S. economy as more resilient when compared to the global growth outlook. Against this backdrop, members suggested the U.S. dollar could appreciate further in the near term due to the potential for several major foreign central banks to cut rates ahead of the Federal Reserve, resulting in a widening of rate differentials.
- With respect to Japan, members generally expect the Bank of Japan to raise its policy rate around mid-year, sometime after Spring wage negotiations. Members also noted that depreciation pressure on the Japanese yen has lessened relative to last year and that yen positioning and flows have been quite light. With respect to China, members generally agreed that (i) China's growth outlook remains challenged as household spending and consumer confidence appear to remain low, and (ii) the market perceives the government appears to be disinclined to take measures to stimulate consumption. One member highlighted that, while Chinese government measures could possibly help stimulate the Chinese economy, the recovery could be more protracted than prior cycles. Members also noted that, to the extent that Chinese growth continues to slow, this could have negative spillovers to other major economies that have substantial exports to China, such as Germany and Japan.
- Members noted that the upcoming U.S. election will be a key watchpoint in 2024, given the possibility of changes to trade policy, such as new tariffs. Other issues to monitor this year include a significant volume of maturities of high yield debt and further geopolitical uncertainty.

The next FXC meeting will be held virtually on March 27, 2024.