RESPONSES TO SURVEY OF PRIMARY DEALERS

Markets Group, Federal Reserve Bank of New York

MARCH 2021

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The **Survey of Primary Dealers** is formulated by the Trading Desk at the Federal Reserve Bank of New York to enhance policymakers' understanding of market expectations on a variety of topics related to the economy, monetary policy and financial markets. The questions involve only topics that are widely discussed in the public domain and never presume any particular policy action. FOMC participants are not involved in the survey's design.

For most questions, median responses across dealers, along with the 25th and 75th percentiles, are reported. For questions that ask respondents to give a probability distribution, the average response across dealers for each potential outcome is reported.[1] Brief summaries of the comments received in free response form are also provided.

Responses were received from 24 primary dealers. Except where noted, all 24 dealers responded to each question. In some cases, dealers may not have provided complete responses (e.g. may not have provided forecasts extending to the same time horizon as requested in the survey). In these instances, the number of respondents who answered all parts of the question is indicated.

[1] Answers may not sum to 100 percent due to rounding.

List of Primary Dealers:
www.newyorkfed.org/markets/primarydealers

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1a) Provide below your expectations for **changes**, if any, to the language referencing each of the following topics in the March FOMC statement. **Please write N/A if you do not expect any changes.**

Current economic conditions:

Many dealers indicated that they expected the Committee to upgrade its assessment of current economic conditions, including many who expected the Committee to note a faster pace of recovery for economic activity and/or employment. Several dealers also indicated that they expected the Committee to note an improvement in recent economic data.

Economic outlook and communication on the expected path of the target federal funds rate:

Most dealers indicated that they did not expect any changes to statement language on the economic outlook or communication on the expected path of the federal funds rate.

Communication on tools other than the target federal funds rate:

Most dealers indicated that they did not expect any changes to statement language on tools other than the target federal funds rate.

Other:
(13 responses)

Dealers did not provide significant commentary in this section.

1b) What are your expectations for the most likely levels of the medians of FOMC participants' target federal funds rate projections in the SEP? Please provide your responses out to three decimal places.

	Year-End 2021	Year-End 2022	Year-End 2023	Longer Run
25th Pctl	**0.13%**	**0.13%**	**0.13%**	**2.50%**
Median	**0.13%**	**0.13%**	**0.13%**	**2.50%**
75th Pctl	**0.13%**	**0.13%**	**0.38%**	**2.50%**

1c) What are your expectations for the Chair's press conference?

Some dealers indicated that they expected the Chair to discuss recent moves in Treasury yields. More specifically, several of them noted that they expected the Chair's remarks to be similar to recent communications by Federal Reserve officials, such as noting that the recent steepening in the Treasury yield curve reflected a strengthening in the economic outlook and that they would be concerned with disorderly conditions in markets or persistent tightening in financial conditions that would threaten achieving the Federal Reserve's goals. Some dealers also indicated that they expected the Chair to note that the economy has a long way to go to

reach the Committee's goals or maximum employment in particular, with several suggesting he would emphasize that it will take some time before "substantial further progress" has been made. In addition, some dealers indicated that they expected the Chair to mention recent fiscal policy developments and/or vaccine progress as being positive for the economic outlook. Several dealers indicated that they expected the Chair's remarks to be broadly similar to his recent communications, several indicated that they expected him to reiterate that the Committee would remain patient, and several indicated that they expected him to reiterate that policy would remain accommodative. Finally, several dealers indicated that they expected the Chair to note near-term increases in inflation as likely to be transitory, several indicated that they expected the Chair to discuss the Committee's Statement of Economic Projections, and several noted that they expected him to recognize improvement in recent economic data.

2a) Provide your estimate of the most likely outcome (i.e., the mode) for the target federal funds rate or range, as applicable, immediately following the FOMC meetings and at the end of each of the following quarters and years below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

	Mar. 16-17	Apr. 27-28	Jun. 15-16	Jul. 27-28	Sep. 21-22	Nov. 2-3	Dec. 14-15
25th Pctl	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**
Median	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**
75th Pctl	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**
# of Responses	**24**	**24**	**24**	**24**	**24**	**24**	**24**

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
25th Pctl	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**
Median	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.38%**	**0.38%**
75th Pctl	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**	**0.38%**	**0.38%**	**0.63%**
# of Responses	**24**	**24**	**24**	**24**	**21**	**21**	**21**	**21**

	2024	2025	2026	2027
25th Pctl	**0.75%**	**1.38%**	**1.88%**	**2.13%**
Median	**1.13%**	**1.63%**	**2.00%**	**2.38%**
75th Pctl	**1.63%**	**2.13%**	**2.50%**	**2.50%**
# of Responses	**19**	**19**	**19**	**19**

If your responses **through year-end 2023** above do not reflect an increase from the current target range at any point, please provide the earliest quarter in which your modal expectation for the level of the target range is higher than the current level.

	Earliest quarter*
25th Pctl	**Q1 2024**
Median	**Q1 2024**
75th Pctl	**Q2 2024**
# of Responses	**8**

** Dropdown selections: Q1 2024, Q2 2024, Q3 2024, Q4 2024, Q1 2025, Q2 2025, Q3 2025, Q4 2025, Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027 or later.*

2b) Provide your estimate for the most likely value for the following indicators at the time of the next increase in the target range for the federal funds rate.
(22 responses)

Most Likely Value of Economic Indicator at Time of First Increase in Target Range				
	Unemployment rate (%)	Labor force participation rate (%)	Total change in the level of real GDP since 2019 Q4 (%)	Headline 12-month PCE inflation (%)
25th Pctl	**3.5%**	**62.5%**	**6.7%**	**2.0%**
Median	**3.8%**	**63.0%**	**8.0%**	**2.2%**
75th Pctl	**4.0%**	**63.1%**	**9.7%**	**2.4%**

2c) In addition, provide your estimate of the longer run target federal funds rate and your expectation for the average federal funds rate over the next 10 years.

	Longer Run	10-yr Average FF Rate
25th Pctl	**2.13%**	**1.25%**
Median	**2.25%**	**1.50%**
75th Pctl	**2.50%**	**1.79%**

2d) Please indicate the percent chance that you attach to the target federal funds rate or range falling in each of the following ranges at the end of 2021, 2022, and 2023. If you expect a target range, please use the midpoint of that range in providing your response.
(22 responses)

Federal Funds Rate or Range at the End of 2021										
	< 0.00%	0.00 - 0.25%	0.26 - 0.50%	0.51 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	≥ 2.01%
Average	**1%**	**92%**	**6%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

Federal Funds Rate or Range at the End of 2022										
	< 0.00%	0.00 - 0.25%	0.26 - 0.50%	0.51 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	≥ 2.01%
Average	**1%**	**65%**	**20%**	**8%**	**3%**	**1%**	**1%**	**1%**	**0%**	**0%**

Federal Funds Rate or Range at the End of 2023										
	< 0.00%	0.00 - 0.25%	0.26 - 0.50%	0.51 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	≥ 2.01%
Average	**1%**	**32%**	**22%**	**21%**	**10%**	**7%**	**4%**	**2%**	**1%**	**1%**

2e) What is your estimate of the target federal funds rate or range at the effective lower bound?

	Level of Target Federal Funds Rate or Range at ELB
25th Pctl	**0.00%**
Median	**0.13%**
75th Pctl	**0.13%**

2f) For parts a-e, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.
(22 responses)

Some dealers cited expectations for additional fiscal stimulus as a factor behind changes to their policy rate expectations since the previous survey, with several specifying that they now expected, or assigned a higher probability to, an earlier increase in the target range. Several dealers indicated that they had upgraded their growth outlook, while several others noted that they did not make any material changes to their policy rate expectations.

3a) Provide your estimate of the most likely outcome for the 10-year Treasury yield at the end of each period below. In addition, provide your estimate of the longer-run level of the 10-year Treasury yield. For reference, as of March 3 the yield was roughly 1.45 percent.

	2021 Q1	2021 Q2	2021 Q3	2021 Q4
25th Pctl	**1.47%**	**1.50%**	**1.60%**	**1.70%**
Median	**1.50%**	**1.55%**	**1.73%**	**1.81%**
75th Pctl	**1.55%**	**1.70%**	**1.85%**	**2.00%**
# of Responses	**22**	**23**	**22**	**22**

	2022 H1	2022 H2	2023 H1	2023 H2	Longer Run
25th Pctl	**1.80%**	**2.00%**	**2.15%**	**2.25%**	**2.50%**
Median	**2.00%**	**2.20%**	**2.33%**	**2.45%**	**2.60%**
75th Pctl	**2.20%**	**2.40%**	**2.70%**	**2.75%**	**2.75%**
# of Responses	**22**	**21**	**18**	**18**	**21**

3b) Provide your estimate of the most likely outcome for the 30-year fixed primary mortgage rate at the end of each period below. In addition, provide your estimate of the longer-run level of the 30-year fixed primary mortgage rate. For reference, as of March 3 the rate was roughly 3.00 percent.

	2021 Q1	2021 Q2	2021 Q3	2021 Q4
25th Pctl	**3.00%**	**3.10%**	**3.10%**	**3.20%**
Median	**3.11%**	**3.25%**	**3.30%**	**3.43%**
75th Pctl	**3.25%**	**3.40%**	**3.50%**	**3.65%**
# of Responses	**18**	**18**	**18**	**18**

	2022 H1	2022 H2	2023 H1	2023 H2	Longer Run
25th Pctl	**3.35%**	**3.50%**	**3.58%**	**3.68%**	**4.00%**
Median	**3.53%**	**3.64%**	**3.75%**	**3.94%**	**4.13%**
75th Pctl	**3.90%**	**4.10%**	**4.35%**	**4.40%**	**4.50%**
# of Responses	**18**	**18**	**16**	**16**	**17**

4a) Please provide your modal expectation for the amount of purchases, net of reinvestments, of U.S. Treasury securities, agency mortgage-backed securities (MBS), and agency commercial mortgage-backed securities (CMBS) the Desk will conduct for each month listed below and the total over each of the quarters below. If you expect any of these amounts to be zero in a given period, please enter 0.
(20 responses)

Net purchases of U.S. Treasury securities ($ billions)								
	Mar. 2021	Apr. 2021	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	2021 Q4
25th Pctl	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**240**
Median	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**240**
75th Pctl	**80**	**80**	**80**	**80**	**80**	**80**	**80**	**240**
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
25th Pctl	**173**	**98**	**15**	**0**	**0**	**0**	**0**	**0**
Median	**185**	**125**	**65**	**30**	**0**	**0**	**0**	**0**
75th Pctl	**218**	**175**	**120**	**83**	**0**	**0**	**0**	**0**

Net purchases of agency MBS ($ billions)								
	Mar. 2021	Apr. 2021	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	2021 Q4
25th Pctl	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**113**
Median	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**120**
75th Pctl	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**120**
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
25th Pctl	**60**	**23**	**0**	**0**	**0**	**0**	**0**	**0**
Median	**90**	**60**	**33**	**3**	**0**	**0**	**0**	**0**
75th Pctl	**105**	**82**	**53**	**25**	**0**	**0**	**0**	**0**

Net purchases of agency CMBS ($ millions)								
	Mar. 2021	Apr. 2021	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	2021 Q4
25th Pctl	**15**	**15**	**15**	**15**	**15**	**15**	**13**	**33**
Median	**95**	**90**	**85**	**80**	**75**	**75**	**65**	**125**
75th Pctl	**171**	**171**	**171**	**171**	**171**	**171**	**171**	**513**
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
25th Pctl	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Median	**88**	**55**	**28**	**0**	**0**	**0**	**0**	**0**
75th Pctl	**325**	**275**	**138**	**88**	**0**	**0**	**0**	**0**

If your responses above do not reflect a period in which the combined pace of net purchases of Treasury securities and agency mortgage-backed securities (MBS) falls to zero, please provide the earliest quarter in which your modal expectation for the combined pace of net purchases of these securities falls to zero.

Responses were limited to one respondent. *

** Dropdown selections: Q1 2024, Q2 2024, Q3 2024, Q4 2024, Q1 2025, Q2 2025, Q3 2025, Q4 2025, Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027 or later.*

In addition, please also provide your modal expectation for the earliest quarter in which the SOMA portfolio declines.

	Earliest quarter*
25th Pctl	**Q4 2024**
Median	**Q2 2025**
75th Pctl	**Q1 2026**
# of Responses	**22**

** Dropdown selections: Q1 2021, Q2 2021, Q3 2021, Q4 2021, Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023, Q2 2023, Q3 2023, Q4 2023, Q1 2024, Q2 2024, Q3 2024, Q4 2024, Q1 2025, Q2 2025, Q3 2025, Q4 2025, Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027 or later.*

If applicable, please describe your expectations for any changes to key elements of and/or the communications regarding asset purchases going forward.
(20 responses)

Several dealers indicated that they expected an announcement regarding the tapering of asset purchases to be made by the end of 2021.

4b) The January 2021 FOMC statement noted that "the Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals."

Please provide your views on the most likely economic and financial conditions prevailing at the time that the Committee judges "substantial further progress" has been made toward its goals. If your views have changed since the last policy survey, please describe the factors behind those changes.

At the time that the Committee judges "substantial further progress" has been made toward its goals, several dealers indicated a level of inflation between 1.5 and 1.9 percent and several indicated a level of inflation to be approaching 2 percent. In addition, some dealers indicated that they expected the unemployment rate to be below 5 percent, and several indicated that they expected improvement in the labor market, such as improvement according to more broad-based or inclusive metrics. Finally, several dealers indicated that they expected the level of GDP to reach its level prior to the onset of the COVID-19 pandemic, while several others indicated that they expected the level to exceed the pre-pandemic level.

5) The table below lists the average spreads of selected money market rates* over the past week. Please provide your expectation for each of these rate spreads for the day after each of the FOMC meetings. **Please ensure your signs are correct.**

	Top of target range** minus IOER (in bps)		
	Mar. 16-17	Apr. 27-28	Jun. 15-16
25th Pctl	**15.0**	**10.0**	**10.0**
Median	**15.0**	**15.0**	**10.0**
75th Pctl	**15.0**	**15.0**	**15.0**
# of Responses	**24**	**24**	**24**

	EFFR minus IOER (in bps)		
	Mar. 16-17	Apr. 27-28	Jun. 15-16
25th Pctl	**-3.0**	**-4.3**	**-5.0**
Median	**-3.0**	**-3.0**	**-3.0**
75th Pctl	**-3.0**	**-3.0**	**-2.0**
# of Responses	**24**	**24**	**24**

	SOFR minus IOER (in bps)		
	Mar. 16-17	Apr. 27-28	Jun. 15-16
25th Pctl	**-8.0**	**-9.0**	**-8.5**
Median	**-8.0**	**-6.5**	**-6.5**
75th Pctl	**-7.0**	**-5.0**	**-5.0**
# of Responses	**24**	**24**	**24**

	Bottom of target range** minus ON RRP rate (in bps)		
	Mar. 16-17	Apr. 27-28	Jun. 15-16
25th Pctl	**0.0**	**-5.0**	**-5.0**
Median	**0.0**	**0.0**	**0.0**
75th Pctl	**0.0**	**0.0**	**0.0**
# of Responses	**24**	**24**	**24**

	3-Month U.S. Treasury bill yield minus 3-Month OIS (in bps)		
	Mar. 16-17	Apr. 27-28	Jun. 15-16
25th Pctl	**-5.0**	**-5.5**	**-5.0**
Median	**-5.0**	**-5.0**	**-4.5**
75th Pctl	**-4.0**	**-2.5**	**0.0**
# of Responses	**24**	**24**	**24**

** Listed rates include the interest on excess reserves (IOER) rate, effective federal funds rate (EFFR), Secured Overnight Financing Rate (SOFR), overnight reverse repurchase (ON RRP) rate, and 3-month overnight index swap rate (3m OIS).*
*** Target range for the federal funds rate.*

6) Beyond your responses provided in the questions above, please describe your expectations for any additional actions or monetary policy measures, or modifications to those previously announced, by the Federal Reserve through year-end 2021.
(22 responses)

Several dealers indicated that they did not expect substantial further actions or measures to be implemented through year-end 2021 beyond what was reported in responses to previous questions, and several indicated that they expected an upward adjustment to the interest on excess reserves (IOER) rate at some point this year.

7a) As of March 3, the 10-year Treasury yield increased by approximately 40 basis points on net since the January FOMC meeting. Please decompose this change into the following components. Please ensure that your sum matches the approximate observed change over the time period. **Please ensure that your signs are correct.**

	10-Year U.S. Treasury Yield 40 bp increase (as of March 3)		
	Change in Market Expectations for Average Real Policy Rate	Change in Market Expectations for Average Inflation Rate	Change in Market-Implied Term Premium
Average (bps)	**13**	**10**	**18**

7b) In addition, please rate the importance of the following factors in explaining changes in the 10-year Treasury yield since the January FOMC meeting. **(5=very important, 1=not important)**

Factors Explaining the Change in the 10-Year Treasury Yield						
	Changes To Expectations for Fiscal Policy	Changes to Expectations for the Course of the Pandemic	Changes to Perceptions of the FOMC's Reaction Function	Changes in Uncertainty Around Interest Rates	Changes in Actual or Expected Treasury Supply and Treasury Liquidity	Other (Please Explain)
1-Not Important	**0**	**0**	**3**	**0**	**1**	**0**
2	**0**	**2**	**6**	**10**	**5**	**0**
3	**1**	**5**	**9**	**10**	**8**	**4**
4	**13**	**8**	**3**	**4**	**7**	**1**
5-Very Important	**10**	**9**	**3**	**0**	**3**	**1**
# of Responses	**24**	**24**	**24**	**24**	**24**	**6**

If “Other”, please explain:
(7 responses)

Dealers did not provide significant commentary in this section.

8) What percent chance do you attach to any additional U.S. federal fiscal policy measures being signed into law over the first half of 2021 to support the economy? Please provide your estimate of the most likely total amount over this period, conditional on there being such additional measures.

Additional U.S. Federal Fiscal Policy Measures 2021 H1		
	Probability	Estimate of most likely total amount ($ billions)
25th Pctl	**98%**	**1800**
Median	**99%**	**1900**
75th Pctl	**100%**	**1900**

Assuming your most likely scenario for fiscal measures over the first half of 2021, what percent chance do you attach to any additional U.S. federal fiscal policy measures being signed into law over the second half of 2021 to support the economy? Please provide your estimate of the most likely total amount over this period, conditional on there being such additional measures.

Additional U.S. Federal Fiscal Policy Measures 2021 H2		
	Probability	Estimate of most likely total amount ($ billions)
25th Pctl	**38%**	**900**
Median	**55%**	**1500**
75th Pctl	**65%**	**2000**

Please describe any assumptions underlying your H1 and H2 2021 estimates above.
(23 responses)

In describing assumptions underlying their estimates, many dealers indicated that they expected any fiscal measures in H2 2021 would

be focused on infrastructure spending. Some dealers expressed uncertainty around the passage of any H2 2021 fiscal package.

9a) Please indicate your modal projections for U.S. real GDP growth for each of the following quarters (seasonally adjusted annual rate).

Modal Projection for U.S. Real GDP Growth (percent)				
	Q1 2021 (saar)	Q2 2021 (saar)	Q3 2021 (saar)	Q4 2021 (saar)
25th Pctl	4.4%	5.5%	5.4%	4.0%
Median	5.0%	8.2%	7.5%	5.0%
75th Pctl	6.6%	9.3%	8.5%	6.0%

9b) Please provide the percent chance you attach to the following outcomes for U.S. real GDP growth in 2021 and 2022 (Q4/Q4).

Probability Distribution of U.S. Real GDP Growth in 2021 (Q4/Q4)						
	< 0%	0.00 - 2.00%	2.01 - 4.00%	4.01 - 6.00%	6.01 - 8.00%	≥ 8.01%
Average	1%	4%	12%	32%	38%	13%

Probability Distribution of U.S. Real GDP Growth in 2022 (Q4/Q4)							
	< 0%	0.00 - 1.00%	1.01 - 2.00%	2.01 - 3.00%	3.01 - 4.00%	4.01 - 5.00%	≥ 5.01%
Average	3%	7%	15%	29%	29%	11%	5%

10a) For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from March 1, 2021 – February 28, 2026 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

	≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%
Average	4%	12%	29%	35%	17%	4%

	Most Likely Outcome
25th Pctl	2.00%
Median	2.13%
75th Pctl	2.20%

10b) For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from March 1, 2026 – February 28, 2031 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

	≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%
Average	**4%**	**10%**	**27%**	**37%**	**17%**	**4%**

	Most Likely Outcome
25th Pctl	**2.05%**
Median	**2.23%**
75th Pctl	**2.40%**

11a) What percent chance do you attach to:

the U.S. economy currently being in a recession*?
the U.S. economy being in a recession* **in 6 months**?
the global economy being in a recession** **in 6 months**?

	Currently in U.S. Recession		U.S. Recession in 6 Months		Global Recession in 6 Months
25th Pctl	**5%**	25th Pctl	**5%**	25th Pctl	**9%**
Median	**5%**	Median	**10%**	Median	**14%**
75th Pctl	**10%**	75th Pctl	**15%**	75th Pctl	**20%**

NBER-defined recession
**Previous IMF staff work has suggested that a "global recession" can be characterized as a period during which there is a decline in annual per-capita real global GDP, backed up by a decline or worsening in one or more of the following global macroeconomic indicators: industrial production, trade, capital flows, oil consumption and unemployment.*

11b) Please explain the factors behind any change to your expectations in part a since the last policy survey.
(23 responses)

In explaining changes to their recession probabilities, many dealers cited recently enacted or proposed fiscal stimulus measures, some cited the rollout of vaccines or other positive pandemic-related developments, and several cited recent positive economic data. In addition, several dealers indicated that there were no significant changes to their recession probabilities.

12a) Provide your estimate of the most likely outcome for output, inflation, and unemployment.
(15 responses)

		2021	2022	2023	Longer Run
Real GDP (Q4/Q4 Growth)	25th Pctl	**5.80%**	**2.45%**	**1.90%**	**1.80%**
	Median	**6.45%**	**2.95%**	**2.25%**	**1.95%**
	75th Pctl	**7.30%**	**3.55%**	**2.40%**	**2.00%**
Core PCE Inflation (Q4/Q4)	25th Pctl	**1.70%**	**1.80%**	**2.00%**	**-**
	Median	**1.95%**	**2.00%**	**2.10%**	**-**
	75th Pctl	**2.14%**	**2.10%**	**2.23%**	**-**
Headline PCE Inflation (Q4/Q4)	25th Pctl	**1.95%**	**1.75%**	**2.00%**	**2.00%**
	Median	**2.23%**	**1.90%**	**2.00%**	**2.00%**
	75th Pctl	**2.45%**	**2.10%**	**2.20%**	**2.00%**
Unemployment Rate (Q4 Average Level)	25th Pctl	**4.55%**	**3.65%**	**3.40%**	**3.80%**
	Median	**4.80%**	**4.00%**	**3.75%**	**4.00%**
	75th Pctl	**5.10%**	**4.50%**	**4.10%**	**4.50%**

12b) Please explain changes, if any, to your estimates in part a since the last policy survey.
(22 responses)

Most dealers cited expectations for additional fiscal stimulus measures as a factor behind revisions to their estimates. In addition, several respondents cited positive vaccine developments, and several cited recent positive economic data. Most dealers indicated that they had revised estimates for both GDP growth and inflation upward. In addition, some dealers indicated that that they had revised one or more estimates for the unemployment rate downward.