SURVEY OF MARKET PARTICIPANTS

SEPTEMBER 2021

This survey 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.

Please respond by **Monday, September 13th at 2:00pm Eastern Time** to the questions below.
Your time and input are greatly appreciated.

Type of Respondent:	**Market Participant**	Respondent Name:	

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

Current economic conditions:	
Economic outlook and communication on the expected path of the target federal funds rate:	
Communication on tools other than the target federal funds rate:	
Other:	

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	Year-end 2024	Longer run
June SEP median:	**0.125%**	**0.125%**	**0.625%**		**2.500%**
September SEP median:					

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

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.

	2021 FOMC meetings			2022 FOMC meetings			
	Sep 21-22	Nov 2-3	Dec 14-15	Jan 25-26	Mar 15-16	May 3-4	June 14-15
Target rate / midpoint of target range:							

	Quarters					
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Target rate / midpoint of target range:						

	Quarters			
	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Target rate / midpoint of target range:				

	Years			
	2025	2026	2027	2028
Target rate / midpoint of target range:				

If your responses **through year-end 2024** 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*:

**Dropdown selections: Q1 2025, Q2 2025, Q3 2025, Q4 2025, Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027, Q2 2027, Q3 2027, Q4 2027, Q1 2028 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.

Unemployment rate (%):	
Labor force participation rate (%):	
Total change in the level of real GDP since 2019 Q4 (%):	
Headline 12-month PCE inflation (%):	

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:		Expectation for average federal funds rate over next 10 years:	

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, 2023, and 2024. If you expect a target range, please use the midpoint of that range in providing your response.

	< 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%	Sum
Year-end 2021:											**0.00%**
Year-end 2022:											**0.00%**
Year-end 2023:											**0.00%**
Year-end 2024:											**0.00%**

**Responses across each row should add up to 100 percent.*

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

Level of the target federal funds rate or range at the effective lower bound (in percent):	

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

3a) Please provide your modal expectation for the amount of purchases, net of reinvestments, of U.S. Treasury securities and agency mortgage-backed securities (MBS) 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.

Purchases net of reinvestments:	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
U.S. Treasuries ($ billions):									
Agency MBS ($ billions):									

Purchases net of reinvestments:	**Total over each quarter**					
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
U.S. Treasuries ($ billions):						
Agency MBS ($ billions):						

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.

Earliest quarter in which pace falls to zero*:	

**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, Q2 2027, Q3 2027, Q4 2027, Q1 2028 or later.*

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

Earliest quarter in which SOMA portfolio declines**:	

***Dropdown selections: 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, Q2 2027, Q3 2027, Q4 2027, Q1 2028 or later.*

3b) If applicable, please describe your expectations for communications regarding asset purchases going forward, including the timing and form of such communications (if any).

3c) Please indicate the percent chance* that you attach to the first reduction in the pace of asset purchases occurring in each of the following periods.

August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	
0%						
February 2022	**March 2022**	**April 2022**	**May 2022**	**June 2022**	**July 2022 or later**	**Sum**
						0.00%

Responses should add up to 100 percent.

Please indicate the percent chance* that you attach to the length of time (in months) between the month with the first reduction in the pace of purchases and the earliest month in which the combined pace falls to zero.

	3 or fewer	4 to 6	7 to 9	10 to 12	13 to 15	16 to 18	19 or more	Sum
Number of months:								**0.00%**

Responses should add up to 100 percent.

Please describe any assumptions underlying your expectations, including regarding the composition of asset purchases.

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4) Please indicate the percent chance* that you attach to the 10-year Treasury yield falling in each of the following ranges at the end of 2021 and 2022.

	< 0.00%	0.00 - 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%	Sum
Year-end 2021:									**0.00%**
Year-end 2022:									**0.00%**

Responses across each row should add up to 100 percent.

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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.**

	Average over past week	2021 FOMC meetings		
		Sep 21-22	Nov 2-3	Dec 14-15
Top of target range** minus IOER (in bps):	**+10**			
EFFR minus IOER (in bps):	**-8**			
SOFR minus IOER (in bps):	**-10**			
Bottom of target range** minus ON RRP (in bps):	**-5**			

3m U.S. Treasury bill yield minus 3m OIS (in bps):	**-4**			

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

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6) What percent chance do you attach to any additional U.S. federal fiscal policy measures being signed into law over the remainder of 2021?

Probability:

If you assigned a non-zero probability above, please provide your estimate of the most likely total amount of additional U.S. federal fiscal policy spending and revenue measures to be signed into law over the remainder of 2021, conditional on there being such additional measures.

Additional spending estimate (**$ billions**):

Additional revenue estimate (**$ billions**):

7a) Please indicate your modal projections for U.S. real GDP growth for each of the following quarters (seasonally adjusted annual rate).

	Q1 2021 (saar)*	Q2 2021 (saar)**	Q3 2021 (saar)	Q4 2021 (saar)
Modal projection for U.S. real GDP (percent):	**6.3%**	**6.6%**		

**Third estimate released by the Bureau of Economic Analysis.*

***Second estimate released by the Bureau of Economic Analysis.*

7b) Please provide the percent chance* you attach to the following outcomes for U.S. real GDP growth in 2021 and 2022 (Q4/Q4).

	< 0%	0.00 - 2.00%	2.01 - 4.00%	4.01 - 6.00%	6.01 - 8.00%	8.01 - 10.00%	≥ 10.01%	Sum
2021 U.S. real GDP (Q4/Q4):								**0.00%**

	< 0%	0.00 - 1.00%	1.01 - 2.00%	2.01 - 3.00%	3.01 - 4.00%	4.01 - 5.00%	≥ 5.01%	Sum
2022 U.S. real GDP (Q4/Q4):								**0.00%**

**Responses across each row should add up to 100 percent.*

8a) Please provide the percent chance* you attach to the following outcomes for headline PCE inflation in 2022 and 2023 (Q4/Q4).

	≤ 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	2.01 - 2.25%	2.26 - 2.50%	2.51 - 2.75%	2.76 - 3.00%	≥ 3.01%	Sum
2022 (Q4/Q4):											**0.00%**
2023 (Q4/Q4):											**0.00%**

**Responses across each row should add up to 100 percent.*

8b) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from September 1, 2021 - August 31, 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%	Sum	Point estimate for most likely outcome:
						0.00%	

**Responses should add up to 100 percent.*

8c) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from September 1, 2026 - August 31, 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%	Sum	Point estimate for most likely outcome:
						0.00%	

**Responses should add up to 100 percent.*

9a) 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**?	

**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.*

9b) Please explain the factors behind any change to your expectations in part a since the last policy survey.

Thank you for your time and input. Please send survey responses to **ny.mktpolicysurvey@ny.frb.org**