SURVEY OF PRIMARY DEALERS

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, June 4th at 5:00 pm** to the questions below. Your time and input are greatly appreciated.

Type of Respondent: Primary Dealer Respondent Name:

1a) Provide below your expectations for changes, if any, to the language referencing each of the following topics in the June FOMC statement.

Current economic conditions:	
Economic outlook:	
Communication on the expected path of the target federal funds rate:	
Other:	

1b) What are your expectations for the medians of FOMC participants' <u>economic</u> projections in the Summary of Economic Projections (SEP)?

1c) What are your expectations for the most likely levels of the medians of FOMC participants' target federal funds.

 Year-end
 Year-end

 2018:
 Year-end

 Please comment on the balance of risks around your expectations.

1e)	What are your expectation	ons for the Ch	airman's pre	ess conferen	ce?				
2a)	Provide your estimate of applicable, immediately f	ollowing the F		ings and at tr	he end of eac	in of the follo	wing quarters	s delow. For	
	the time periods at which response.	i you expect a	a target rang	e, please inc	licate the mic	ipoint of that	range in prov	naing your	
			201 8 Jul 31 -	B FOMC mee	tings		2019 FOM	C meetings	
	Target rate / midpoint of	Jun 12-13	Aug 1	Sep 25-26	Nov 7-8	Dec 18-19	Jan 29-30	Mar 19-20	
	target range:								
		2019 Q2	2019 Q3	2019 Q4	Quarters 2020 Q1	2020 Q2	2020 Q3	2020 Q4	
	Target rate / midpoint of target range:		2010 00	2010 Q.1			2020 00	2020 Q	
2h)	In addition, provide your	estimate of th	ne longer rur	n target feder	al funds rate	and your exp	ectation for t	the average	
_~,	federal funds rate over th	ne next 10 yea	ars.						
	Longer run:					tation for ave s rate over ne			
2c)	Please indicate the perce	ent chance* th	hat you attac	ch to the follo	wing possible	e outcomes f	or the Comm	ittee's next	
,	policy action <u>between no</u>	w and the end	<u>d of 2018</u> .						
	Increase in	nange is Target Rate ange	Decrease	hange is e in Target r Range	Rate or Rar	e in Target nge Through l of 2018			
			to 100 percen						

2d) Conditional on the Committee's next policy action <u>between now and the end of 2018</u> being an <u>increase</u> in the target federal funds rate or range, please indicate the percent chance* that you attach to the following possible outcomes for the timing of such a change. Only fill out this conditional probability distribution if you assigned a non-zero probability to the Committee's next policy action between now and the end of 2018 being an increase.

Increase Occurs at June FOMC meeting	Increase Occurs at July/August FOMC meeting	Increase Occurs at September FOMC meeting or later

*Responses should add up to 100 percent.

2e) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2018</u>, conditional on the following possible scenarios for the direction and timing of the Committee's next policy action <u>between now and the end of 2018</u>. Only fill out the conditional probability distributions for which you assigned a non-zero probability to the conditioning event occurring. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 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%
Next change is an increase, occurs at Jul./Aug. FOMC meeting or earlier:								
Next change is an increase, occurs at Sep. FOMC meeting or later:								
	< 0.0%	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%
Next change is a decrease:								

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

2f-i) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2019 and 2020</u>, <u>conditional on **not** moving to the zero lower bound (ZLB) at any point between now and the end of 2020</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	3.01 - 3.50%	≥ 3.51%
Year-end 2019:							
Year-end 2020:							

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

2f-ii) Please indicate the percent chance that you attach to moving to the ZLB at some point between now and the end of 2020.

Probability of moving to the ZLB at some point between now and the end of 2020:

2f_iii)	Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the
<u> </u>	following ranges at the end of 2019 and 2020, conditional on moving to the ZLB at some point between now and
	the end of 2020. Only fill out these conditional probability distributions if you assigned a non-zero probability to
	moving to the ZLB at some point between now and the end of 2020. 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 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	≥ 2.51%
Year-end 2019:								
Year-end 2020:								

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

2f-iv) 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):

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

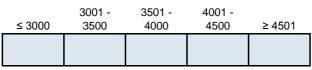
3a) Provide your estimate of the most likely outcome for the 10-year Treasury yield at the end of each period below. In addition, provide your estimate of the longer-run level of the 10-year Treasury yield.

		Quarters				Half Years		_
2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 H2	2020 H1	2020 H2	
								Longer run:

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.

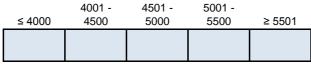
		Quarters				Half Years			
2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 H2	2020 H1	2020 H2		
								Longer run:	

4a) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio <u>at the end of 2020</u>, <u>conditional on **not** moving to the ZLB at any point between now and the end of 2020</u>. For reference, the level of the SOMA portfolio on May 23rd, 2018 was \$4143 billion, including inflation compensation and settled and unsettled agency MBS, according to the most recent H.4.1 release. Levels referenced below are in \$ billions.



*Responses should add up to 100 percent.

4b) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio <u>at the end of 2020</u>, <u>conditional on moving to the ZLB at any point between now and the end of 2020</u>. Only fill out this conditional probability distribution if you assigned a non-zero probability to moving to the ZLB at some point between now and the end of 2020 in question 2. Levels referenced below are in \$ billions.



*Responses should add up to 100 percent.

5a) During 2018 to date, the average size of the Federal Reserve System's balance sheet was \$4398 billion, and was composed roughly as follows:

	Assets*			Liabilities a	nd Capital*
	Level of Assets (\$ billions)	Share of Total Assets (%)		Level of Liabilities and Capital (\$ billions)	Share of Total Liabilities and Capital (%)
US Treasuries:	2422	55%	Federal Reserve Notes:	1583	36%
Agency MBS:	1759	40%	Reserves:	2145	49%
All Other Assets**:	217	5%	Deposits in Treasury General Account (TGA):	271	6%
Total Assets:	4398	100%	Reverse repos with private counterparties:	28	1%
			Reverse repos with foreign official accounts:	239	5%
			Other deposits***:	85	2%
			All Other Liabilities and Capital:	46	1%
			Total Liabilities and Capital:	4398	100%

*Individual categories rounded to the nearest \$ billion.

**Includes net unamortized premiums and discounts on securities held outright, repos, and other assets.

***Includes balances held by designated financial market utilities (DFMUs), government sponsored entities (GSEs) and international and multilateral organizations.

The figures above refer to averages of Wednesday levels from 2018 H.4.1 releases through 5/24.

Please indicate your expectations for the composition of the Federal Reserve System's balance sheet, on average, in 2025, <u>conditional on **not** moving to the ZLB at any point between now and the end of 2025</u>. Please provide your responses in levels (\$ billions); the total levels and shares will automatically populate so as to aid responding. Please ensure total assets are equal to total liabilities plus capital.

	Assets			Liabilities a	and Capital
	Level of Assets (\$ billions)	Share of Total Assets (%)		Level of Liabilities and Capital (\$ billions)	Share of Total Liabilities and Capital (%)
US Treasuries:		0.00%	Federal Reserve Notes:		0.00%
Agency MBS:		0.00%	Reserves:		0.00%
All Other Assets*:		0.00%	Deposits in Treasury General Account (TGA):		0.00%
Total Assets:	0	0.00%	Reverse repos with private counterparties:		0.00%
			Reverse repos with foreign official accounts:		0.00%
			Other deposits**:		0.00%
			All Other Liabilities and Capital:		0.00%
			Total Liabilities and Capital:	0	0.00%

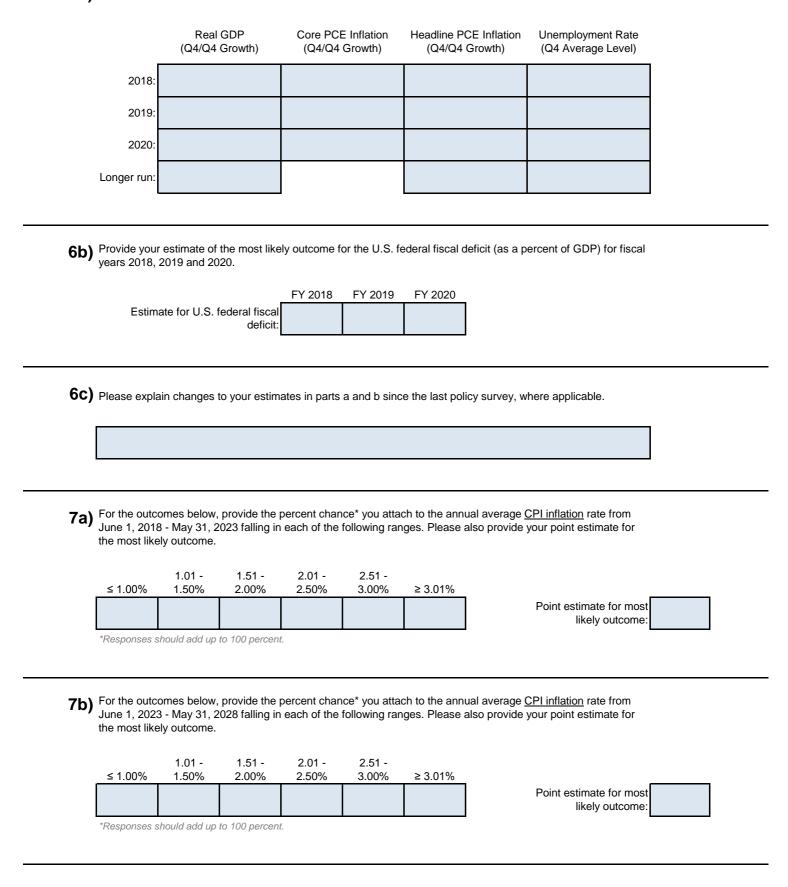
*Includes net unamortized premiums and discounts on securities held outright, repos, and other assets.

**Includes balances held by designated financial market utilities (DFMUs), government sponsored entities (GSEs) and international and multilateral organizations.

5b) Please describe the assumptions that underlie your expectations in part a, including any regarding the Committee's long-run operating framework.

5c) Please explain changes to your expectations in part a since the policy survey on December 4, 2017, where applicable.

6a) Provide your estimate of the most likely outcome for output, inflation, and unemployment.



7c) For the outcomes below, provide the percent chance* you attach to the <u>PCE inflation</u> rate from June 1, 2020 - May 31, 2021 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

≤ 0.75%	0.76 - 1.25%	1.26 - 1.75%	1.76 - 2.25%	2.26 - 2.75%	2.76 - 3.25%	≥ 3.26%		
							Point estimate for most likely outcome:	
*Responses should add up to 100 percent.								
8a) What percent chance do you attach to the U.S. economy currently being in a recession*?								
Recession currently:								
8b) What percent chance do you attach to the U.S. economy being in a recession* in 6 months?								
Recession in 6 months:								
8c) What percent chance do you attach to the global economy being in a recession** in 6 months?								
Global recession in 6 months:								
8d) Please explain the factors behind any change to your expectations in parts a-c since the last policy survey.								
*NBER-defined recession								
per-capita rea	**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.							

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