| SURVEY OF MARKET PARTICIPAL<br>APRIL 2020<br>This survey is formulated by the Trading Desk at the Federal Reserve Ba<br>policymakers' understanding of market expectations on a variety of topic<br>monetary policy and financial markets. The questions involve only topics<br>the public domain and never presume any particular policy action. FOMO<br>in the survey's design. | ank of New York to enhance<br>s related to the economy,<br>that are widely discussed in                             |
|---|---|
| Please respond by <b>Monday, April 20th at 2:00pm East</b><br>and input are greatly appreciated.<br>Type of Respondent: Market Participant Respo  | ern Time to the questions below. Your time  |
| <b>1a)</b> Provide below your expectations for <b>changes</b> , if any, from the M referencing each of the following topics in the April FOMC state <b>changes</b> .  | <i>l</i> larch 15 and March 23 statements to the language<br>ment. <b>Please write N/A if you do not expect any</b> |
| Current economic conditions:  |   |
| Economic outlook and communication on the expected path of the target federal funds rate:   |   |
| Communication on tools other than<br>the target federal funds rate:   |   |
| Other:  |   |

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

2) How would you grade the Federal Reserve System's communication with the markets and with the public since the last policy survey? Please provide a rating between 1 and 5, with 1 indicating ineffectiveness and 5 indicating effectiveness.

| Please explain: | Rating: |  |
|-----------------|---------|--|
|                 |         |  |

**3a)** 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 half-year below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

|  |           |          | 2020 FOM  | C meetings |         |           | 2021<br>FOMC<br>meeting |
|--|-----------|----------|-----------|------------|---------|-----------|-------------------------|
|  | Apr 28-29 | Jun 9-10 | Jul 28-29 | Sep 15-16  | Nov 4-5 | Dec 15-16 | Jan 26-27               |
| Target rate / midpoint of<br>target range: |           |          |           |            |         |           |                         |
|  |           |          | Qua       | rters      |         |           | Half-Year               |
|  | 2021 Q1   | 2021 Q2  | 2021 Q3   | 2021 Q4    | 2022 Q1 | 2022 Q2   | 2022 H2                 |
| Target rate / midpoint of<br>target range: |           |          |           |            |         |           |                         |

3b) Please describe what conditions or developments you expect will lead the FOMC to next change the target range.

**3c)** 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 |
|-------------|---------------------------------------|
| Longer run: | rate over next 10 years               |
|             |                                       |



**3d)** 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 2020, 2021, and 2022</u>. If you expect a target range, please use the midpoint of that range in providing your response.

|                   | < 0.00% | 0.00 -<br>0.25% | 0.26 -<br>0.50% | 0.51 -<br>0.75% | 0.76 -<br>1.00% | 1.01 -<br>1.25% | 1.26 -<br>1.50% | 1.51 -<br>1.75% | 1.76 -<br>2.00% | ≥ 2.01% | Sum   |
|-------------------|---------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------|-------|
| Year-end<br>2020: |         |                 |                 |                 |                 |                 |                 |                 |                 |         | 0.00% |
| Year-end<br>2021: |         |                 |                 |                 |                 |                 |                 |                 |                 |         | 0.00% |
| Year-end<br>2022: |         |                 |                 |                 |                 |                 |                 |                 |                 |         | 0.00% |

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

3e) 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):

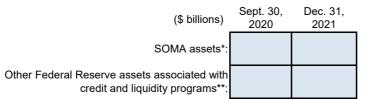
**3f)** For parts a-e, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.

**4a)** Please provide your expectation (\$ billions) for the amount of purchases, <u>net of reinvestment purchases</u>, 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 through the end of the year. If you expect any of these amounts to be zero in a given period, please enter 0.

| Purchases net of           | May  | June | July | August | September | October | November | December |
|----------------------------|------|------|------|--------|-----------|---------|----------|----------|
| reinvestment (\$ billions) | 2020 | 2020 | 2020 | 2020   | 2020      | 2020    | 2020     | 2020     |
| U.S. Treasury securities:  |      |      |      |        |           |         |          |          |
| Agency MBS:                |      |      |      |        |           |         |          |          |
| Agency CMBS:               |      |      |      |        |           |         |          |          |

4b) Please indicate your expectations for the most likely level (\$ billions) of SOMA assets on September 30, 2020 as well as on December 31, 2021. For reference, the approximate\* level of SOMA assets on April 8, 2020 was \$5,903 billion.

In addition, please indicate your expectations for the most likely level (\$ billions) of other Federal Reserve assets associated with <u>credit and liquidity programs</u> on September 30, 2020 as well as on December 31, 2021. In providing your response, please include your expectations for previously-announced programs\*\* as well as expectations for future programs, if any.



\*According to the most recent H.4.1 release, the sum of the following SOMA assets totaled \$5,903 billion: securities held outright (including inflation compensation), unamortized premiums and discounts on securities held outright, repurchase agreements (including those conducted through the FIMA Repo Facility and those conducted with primary dealers), central bank liquidity swaps, and foreign currency denominated assets. This approximation excludes accrued interest receivable. Please see H.4.1 releases at https://www.federalreserve.gov/releases/h41

\*\*As of April 15, these include Discount Window, Primary Dealer Credit Facility (PDCF), Money Market Mutual Fund Liquidity Facility (MMLF), Commercial Paper Funding Facility (CPFF), Main Street New Loan Facility (MSNLF), Main Street Expanded Loan Facility (MSELF), Municipal Liquidity Facility (MLF), Primary Market Corporate Credit Facility (PMCCF), Secondary Market Corporate Credit Facility (SMCCF), Term Asset-Backed Securities Loan Facility (TALF), Paycheck Protection Program Liquidity Facility (PPPLF).

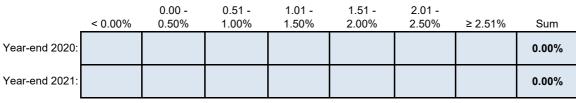
**4c)** If you have formed expectations for the most likely level (\$ billions) of Federal Reserve assets associated with any of the following, please provide your expectations for their levels on September 30, 2020 below. If you expect any of these amounts to be zero on this date, please enter 0.

| (\$ billions)  | Sept. 30,<br>2020 | (\$ billions)  | Sept. 30,<br>2020 |
|--|-------------------|--|-------------------|
| Discount Window:                                       |                   | Term Asset-Backed Securities Loan Facility<br>(TALF):                                      |                   |
| Primary Dealer Credit Facility (PDCF):                 |                   | Primary Market Corporate Credit Facility<br>(PMCCF):                                       |                   |
| Money Market Mutual Fund Liquidity Facility<br>(MMLF): |                   | Secondary Market Corporate Credit Facility<br>(SMCCF):                                     |                   |
| Commercial Paper Funding Facility (CPFF):              |                   | Paycheck Protection Program Liquidity Facility<br>(PPPLF):                                 |                   |
| Main Street New Loan Facility (MSNLF):                 |                   | Central bank liquidity swaps:  |                   |
| Main Street Expanded Loan Facility (MSELF):            |                   | Temporary repo facility for foreign and<br>international monetary authorities (FIMA repo): |                   |
| Municipal Liquidity Facility (MLF):                    |                   | Repurchase agreements with primary dealers:  |                   |
|  |                   | Any additional programs:   |                   |

| 4d) | Please describe any views you have on the eventual effectiveness of specific programs listed in part c in achieving their stated goals. |
|-----|---|
| -ω, | their stated goals.   |

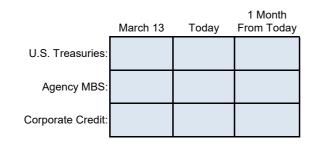
5) If applicable, please describe your expectations for the Federal Reserve to announce additional actions, or modifications to those previously announced, through year-end 2020.

6) 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 2020 and 2021.



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

7) <u>Relative to January 2020</u>, please rate or provide your expectation for market functioning in each of the below markets at the following timeframes. (1 = significantly worse, 10 = significantly better)



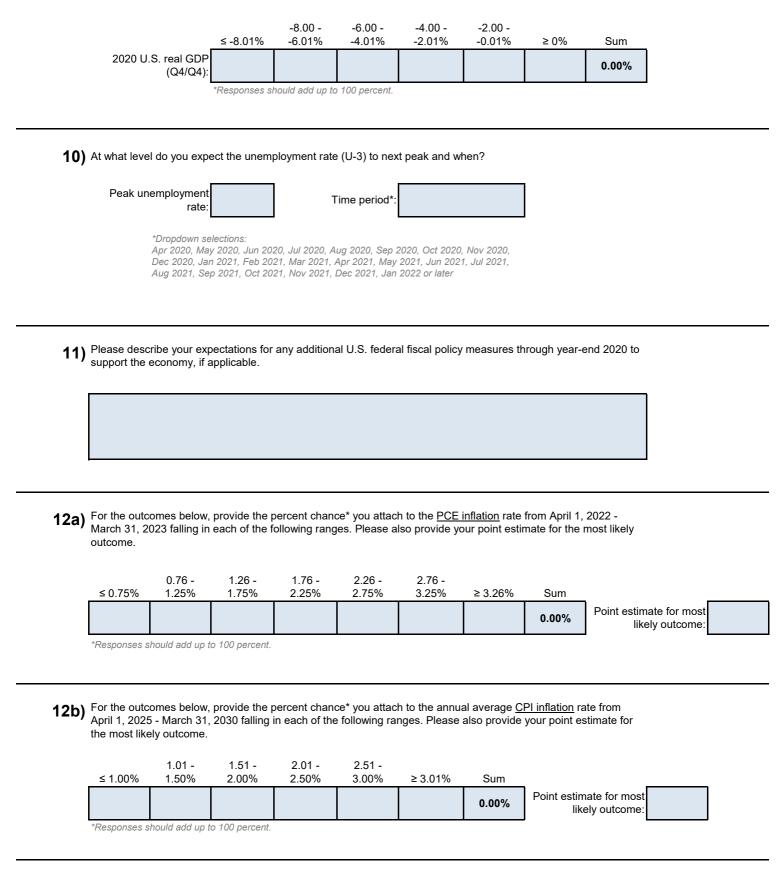
8) The table below lists the average spreads of selected money market rates\* over the past week. Please provide your expectation for each of these rate spreads for the day after each of the FOMC meetings. **Please ensure** your signs are correct.

|   | Average<br>over   | 2020 FOMC meetings                                 |   |                                     |   |
|---|---|--|---|-------------------------------------|---|
|   | past week   | Apr 28-29**  | Jun 9-10  | Jul 28-29                           |   |
| Top of target range***<br>minus IOER (in bps):        | +15   |  |   |                                     |   |
| EFFR minus IOER (in bps):                             | -5  |  |   |                                     |   |
| SOFR minus IOER (in bps):                             | -9  |  |   |                                     |   |
| Bottom of target range***<br>minus ON RRP (in bps):   | 0   |  |   |                                     |   |
| 3m U.S. Treasury bill yield minus<br>3m OIS (in bps): | +9<br>*Listed rates in<br>funds rate (EF<br>repurchase (O<br>**Please provi<br>period-end rep | FR), Secured (<br>N RRP) rate, a<br>de your respon | Dvernight Fina<br>nd 3-month ov<br>se as of May 1 | ncing Rate (SOI<br>ernight index sv | ) rate, effective federal<br>FR), overnight reverse<br>vap rate (3m OIS).<br>FOMC day that is not a |

**9a)** Please indicate your modal projections for U.S. real GDP growth for each quarter (seasonally adjusted annual rate).

|  | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 |
|--|---------|---------|---------|---------|
|  | (saar)  | (saar)  | (saar)  | (saar)  |
| Modal projection for U.S. real GDP<br>(percent): |         |         |         |         |

**9b)** Please provide the percent chance\* you attach to the following outcomes for U.S. real GDP growth in 2020 (Q4/Q4).



| 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 percapita 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.

13b) 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