

SURVEY OF MARKET PARTICIPANTS DECEMBER 2023

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**, **December 4th 2:00pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

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

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 (e.g. for one percent enter 1.000, not 0.01).

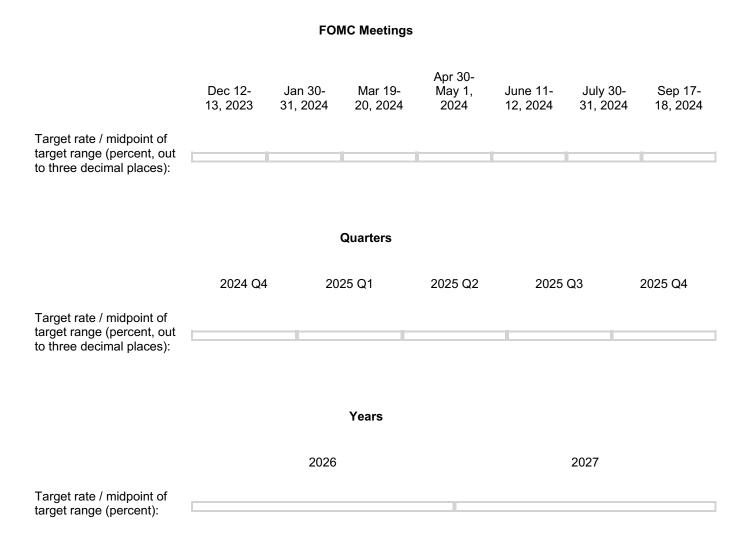
 Year-end 2023
 Year-end 2024
 Year-end 2025
 Year-end 2026
 Longer Run

 Sep-23: 5.625%
 Sep-23: 5.125%
 Sep-23: 3.875%
 Sep-23: 2.875%
 Sep-23: 2.500%

 December SEP median (percent):
 Sep-23: 5.125%
 Sep-23: 3.875%
 Sep-23: 2.875%
 Sep-23: 2.500%

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

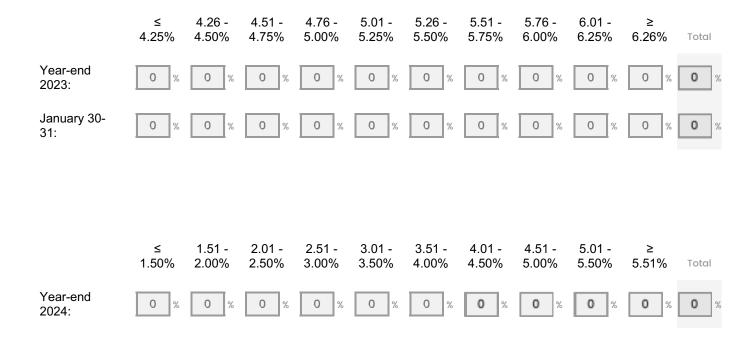
2a) Provide your estimate of the most likely outcome (i.e., the mode) for the target federal funds rate or range, as applicable, immediately following the FOMC meetings and at the end of each of the following quarters and years below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response (e.g. for 1.00-1.25 percent enter 1.125, not 0.0125).



2b) 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. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

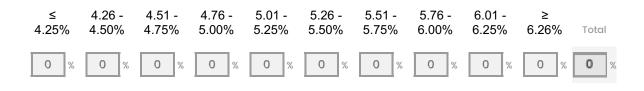
Longer run (percent):

2c) 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 2023, immediately following the January FOMC meeting and at the end of 2024</u>. If you expect a target range, please use the midpoint of that range in providing your response.



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

2d) Please indicate the percent chance* that you attach to the <u>highest level of the target range for the federal funds rate before</u> <u>the target range is next decreased</u> falling in each of the following ranges.



*Responses should add up to 100 percent.

3a) Please provide your modal expectation for the average level of specified assets over each of the periods below. Average level amounts referenced below are in \$ billions.

Average level over each period (\$ billions)

	October 2023 (Actual**)	November 2023	December 2023	January 2024	February 2024	March 2024
U.S. Treasuries:	4926		2020			
Agency MBS:	2478					
Total Assets*:	7999					

<u>Average level</u> over each period (\$ billions)

Note: U.S. Treasuries and Agency MBS do not need to sum to Total Assets*

	2024 Q2	2024 Q3	2024 Q4	2025 Q4
U.S. Treasuries:				
Agency MBS:				
Total Assets*:				

*Refers to total factors supplying reserve funds in H.4.1

**Average of H.4.1 weekly averages of daily figures.

3b) Please indicate the period in which you expect the SOMA portfolio will cease to decline as well as the size of the SOMA portfolio when it ceases to decline. Please also indicate the size of specified liabilities, reserves and take-up at the overnight reverse repurchase facility, when the SOMA portfolio ceases to decline.

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Period in which SOMA portfolio ceases to decline*:

Size of SOMA portfolio when it ceases to decline (\$ billions)**:

Current value: \$7,305bn***

Size of reserves (\$ billions)****:

Current value: \$3,455bn***

Take-up at the overnight reverse repurchase facility (\$ billions)*****:

Current value: \$932bn***

*Dropdown selections: 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 2026, Q1 2027, Q3 2027, Q4 2027, Q1 2028, Q2 2028, Q3 2028, Q4 2028, Q1 2029 or later.

**Dropdown selections: \$0-500bn, \$501-1000bn,\$1001-1500bn, \$1501-2000bn, \$2001-2500bn, \$2501-3000bn, \$3001-3500bn, \$3501-4000bn,

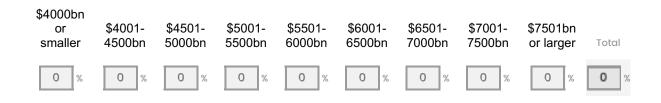
\$4001-4500bn, \$4501-5000bn, \$5001-5500bn, \$5501-6000bn, \$6001-6500bn, \$6501-7000bn, \$7001-7500bn.

***Most recent H.4.1, as of November 22, 2023.

****Dropdown selections: \$1000bn or smaller, \$1001-1250bn, \$1251-1500bn, \$1501-1750bn, \$1751-2000bn, \$2001-2250bn, \$2251-2500bn, \$2501-2750bn, \$2751-3000bn, \$3001-3250bn, \$3251-3500bn, \$3501-3750bn, \$3751-4000bn, \$4001bn or larger

*****Dropdown selections: \$0-250bn, \$251-500bn, \$501-750bn, \$751-1000bn, \$1001-1250bn, \$1251-1500bn, \$1501-1750bn, \$1751-2000bn, \$2001-2250bn, \$2251-2500bn, \$2501bn or larger.

3c) Please indicate the percent chance* that you attach to the size of the SOMA portfolio falling in each of the following ranges when it ceases to decline. For reference, Securities Held Outright in the SOMA portfolio on November 22, 2023 was \$7,305 billion according to the most recent H.4.1 release.



*Responses should add up to 100 percent.

3d) Please provide any additional information or factors behind your <u>baseline expectations</u> for <u>assets</u> on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

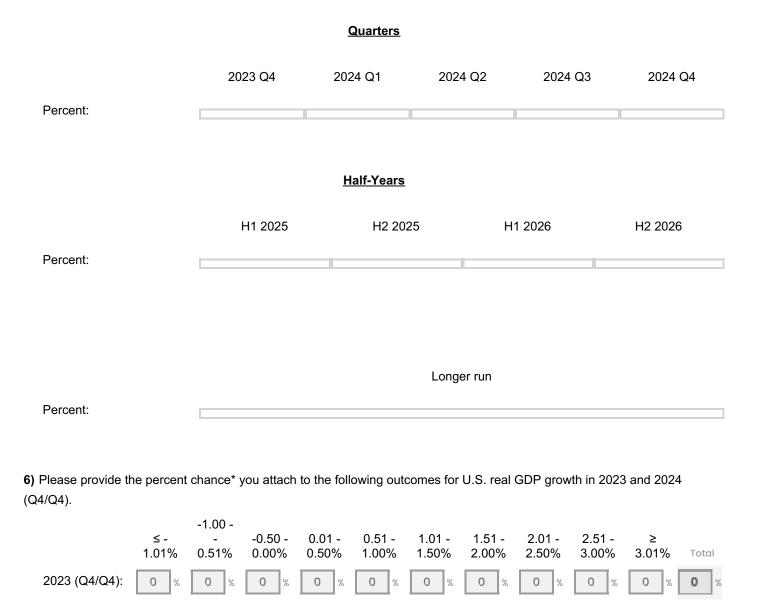
Please provide any additional information or factors behind the <u>distribution of outcomes</u> around your baseline for <u>assets</u> on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

4) 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 November 28 the yield was roughly 4.30 percent. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

Quarters

Percent:				
		Half-Years		
	H1 2025	H2 2025	H1 2026	H2 2026
Percent:				
		Longe	er run	
Percent:				

5) 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 November 28 the rate was roughly 7.30 percent. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).





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

Please also provide your point estimate for the most likely outcome out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

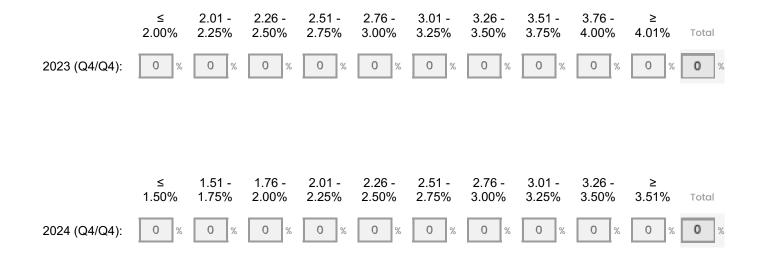
2023 (Q4/Q4, percent):	
2024 (Q4/Q4, percent):	

7) Please indicate your modal projections for headline and core PCE inflation for each of the following quarters.* Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

	Q4 2023 (saar)	Q1 2024 (saar)	Q2 2024 (saar)	Q3 2024 (saar)	Q4 2024 (saar)
Headline PCE inflation (percent): Q3 2023 (saar): 2.9% **					
Core PCE inflation (percent): Q3 2023 (saar): 2.4% **					

*Percent change from the previous quarter at an annualized rate, based on the average of monthly levels (seasonally adjusted) in each quarter **Advance estimate by the Bureau of Economic Analysis

8a) Please provide the percent chance* you attach to the following outcomes for <u>headline PCE inflation</u> in 2023 and 2024 (Q4/Q4).



Please also provide your point estimate for the most likely outcome out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

2023 (Q4/Q4, percent):	
2024 (04/04 mercent);	
2024 (Q4/Q4, percent):	

8b) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from December 1, 2023 - November 30, 2028 falling in each of the following ranges.

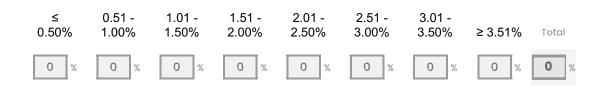


*Responses across each row should add up to 100 percent.

Please also provide your point estimate for the most likely outcome out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

Percent:

8c) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from December 1, 2028 - November 30, 2033 falling in each of the following ranges.



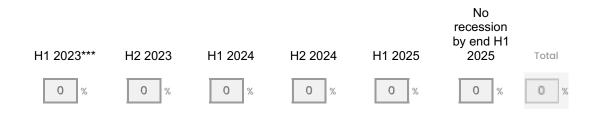
*Responses across each row should add up to 100 percent.

1.0, not 0.01).	
Percent:	
9a) What percent chance do you	u attach to:
the U.S. economy currently being in a recession* (percent)? the U.S. economy being in a recession* <u>in 6</u> <u>months</u> (percent)? the global economy being in a recession** <u>in 6</u> <u>months</u> (percent)?	

*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.

9b) What percent chance* do you attach to the U.S. economy first entering a recession** in each of the following periods?



*Responses should add up to 100 percent.

**NBER-defined recession.

***Percent chance that the economy first entered an NBER-defined recession in H1 2023.