

RESPONSES TO THE SURVEY OF MARKET EXPECTATIONS

Markets Group, Federal Reserve Bank of New York



DECEMBER 2025

Distributed: 11/25/2025 – Received by: 12/01/2025

The **Survey of Market Expectations** 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, the 25th, median, and 75th percentiles across respondents are reported. For questions that ask respondents to give a probability distribution, the average across respondents for each potential outcome is reported.¹ Brief summaries of the comments received in free response form are also provided.

The survey was sent to 55 respondents, and 53 responded. Except where noted, all 53 responded to each question. In some cases, respondents may not have provided complete forecasts (e.g. forecasts may not extend 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.

The survey was distributed to the following respondents:

- AGNC Investment Corp.
- Annaly Capital Management, Inc.
- Apollo Management
- Appaloosa Management L.P.
- ASL Capital Markets Inc.
- Bank of Montreal, Chicago Branch
- Bank of Nova Scotia, New York Agency
- Barclays Capital Inc.
- Bessemer Investment Management
- BlackRock
- BNP Paribas Securities Corp.
- BofA Securities, Inc.
- Cantor Fitzgerald & Co.
- Caxton Associates LP
- Citadel LLC
- Citigroup Global Markets Inc.
- D. E. Shaw & Co., L.P.
- Daiwa Capital Markets America Inc.
- Deutsche Bank Securities Inc.
- Dreyfus
- Federated Investment Management Company
- Fidelity Management and Research
- Goldman Sachs & Co. LLC
- Guggenheim Partners
- HSBC Securities (USA) Inc.
- Invesco Ltd. (formerly Oppenheimer Funds)
- J.P. Morgan Asset Management
- J.P. Morgan Securities LLC
- Jefferies LLC
- Kynikos Associates
- Microsoft Corporation
- Millennium Management, LLC
- Mizuho Securities USA LLC
- Moore Capital Management LLC
- Morgan Stanley & Co. LLC
- NatWest Markets Securities Inc.
- Nomura Securities International, Inc.
- PIMCO
- RBC Capital Markets, LLC
- Santander US Capital Markets LLC
- Schonfeld Strategic Advisors LLC
- SMBC Nikko Securities America, Inc.
- Societe Generale, New York Branch
- State Street Global Advisors Trust Company
- TD Securities (USA) LLC
- Teacher Retirement System of Texas
- The Carlyle Group
- The Travelers Companies, Inc.
- The University of Texas/Texas A&M Investment Management Company
- Tudor Investment Corporation
- UBS Asset Management (Americas) LLC
- UBS Securities LLC.
- Vanguard
- Wellington Management
- Wells Fargo Securities, LLC

Table of Contents

| | |
|-------|--|
| Q-1) | FOMC Meeting Expectations |
| Q-2) | Target Federal Funds Rate/Range |
| Q-3) | Expectations for Balance Sheet Components |
| Q-4) | Money Market Spreads |
| Q-5) | U.S. Real GDP Growth Probability Distributions |
| Q-6) | Unemployment Probability Distributions |
| Q-7) | Quarterly PCE Projections |
| Q-8) | Inflation Probability Distributions |
| Q-9) | U.S. and Global Recession Probabilities |
| Q-10) | Estimates of Economic Indicators |

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

Current economic conditions:

(45 responses)

Some respondents indicated they expected little or no change. Some respondents expected or saw risk of an adjustment in language to reflect a softer labor market. In particular, some respondents expected a removal of language noting the unemployment rate “remained low.” Several respondents anticipated a reference to the lack of data caused by the government shutdown, and several respondents explicitly expected a continued reference to job gains slowing.

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

(41 responses)

Some respondents explicitly indicated they expected an update to reflect a reduction in the policy rate. Some respondents indicated they expected little or no change. Some respondents expected an update to language to suggest a pause in easing or a cautious and careful approach to any future easing. In particular, several respondents expected a reference to the “extent and timing” of additional cuts and several respondents expected a reference to the proximity to the neutral rate.

Communication on tools other than the target federal funds rate:

(30 responses)

Many respondents indicated they expected little or no change. Some respondents explicitly indicated that they expected an update to reflect the realized end of runoff. Some respondents expected or saw risk of a reference to reserve management purchases.

Other:

(15 responses)

Most respondents indicated they expected little or no change. Some respondents indicated they expected at least one dissent in favor of no easing. Several respondents expected a dissent in favor of additional easing.

- 1b)** What are your expectations for the most likely levels of the medians of FOMC participants' projections in the December SEP?

| Median Real GDP Growth Estimates in the SEP | | | | | |
|---|------------------|------------------|------------------|------------------|---------------|
| | Year-end 2025 | Year-end 2026 | Year-end 2027 | Year-end 2028 | Longer Run |
| 25th Percentile | 1.6% | 1.8% | 1.9% | 1.8% | 1.8% |
| Median | 1.7% | 1.8% | 1.9% | 1.8% | 1.8% |
| 75th Percentile | 1.8% | 1.9% | 1.9% | 1.8% | 1.8% |
| # of Respondents | 51 | 51 | 51 | 51 | 51 |

| Median Unemployment Rate Estimates in the SEP | | | | | |
|---|------------------|------------------|------------------|------------------|---------------|
| | Year-end 2025 | Year-end 2026 | Year-end 2027 | Year-end 2028 | Longer Run |
| 25th Percentile | 4.5% | 4.4% | 4.3% | 4.2% | 4.2% |
| Median | 4.5% | 4.4% | 4.3% | 4.2% | 4.2% |
| 75th Percentile | 4.5% | 4.5% | 4.3% | 4.2% | 4.2% |
| # of Respondents | 51 | 51 | 51 | 51 | 51 |

| Median Headline PCE Estimates in the SEP | | | | | |
|--|------------------|------------------|------------------|------------------|---------------|
| | Year-end 2025 | Year-end 2026 | Year-end 2027 | Year-end 2028 | Longer Run |
| 25th Percentile | 2.9% | 2.6% | 2.1% | 2.0% | 2.0% |
| Median | 2.9% | 2.6% | 2.1% | 2.0% | 2.0% |
| 75th Percentile | 3.0% | 2.6% | 2.1% | 2.0% | 2.0% |
| # of Respondents | 51 | 51 | 51 | 51 | 51 |

| Median Core PCE Estimates in the SEP | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | Year-end 2025 | Year-end 2026 | Year-end 2027 | Year-end 2028 |
| 25th Percentile | 3.0% | 2.5% | 2.1% | 2.0% |
| Median | 3.0% | 2.6% | 2.1% | 2.0% |
| 75th Percentile | 3.1% | 2.6% | 2.1% | 2.0% |
| # of Respondents | 51 | 51 | 51 | 51 |

| Median Federal Funds Estimates in the SEP | | | | | |
|---|------------------|------------------|------------------|------------------|---------------|
| | Year-end 2025 | Year-end 2026 | Year-end 2027 | Year-end 2028 | Longer Run |
| 25th Percentile | 3.63% | 3.38% | 3.13% | 3.13% | 3.00% |
| Median | 3.63% | 3.38% | 3.13% | 3.13% | 3.00% |
| 75th Percentile | 3.63% | 3.38% | 3.13% | 3.13% | 3.13% |
| # of Respondents | 51 | 51 | 51 | 51 | 51 |

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

Many respondents indicated they expected the Chair to suggest a pause in easing or a cautious and careful approach to any future easing. In particular, some respondents expected a reference to the proximity to the neutral rate. Some respondents indicated they expected the Chair to reiterate that any future adjustments in the target range for the federal funds rate would remain dependent on incoming economic data. Some expected the Chair to note the range of views on the Committee, and several expected the Chair to note that the December decision was a close call. Several respondents expected the Chair to discuss reserve management purchases.

Some respondents indicated they expected the Chair to reference downside risks to the labor market. Some expected the Chair to note the lack of data caused by the government shutdown. Several respondents expected the Chair to reference risks to both sides of the dual mandate.

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.

| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 | Jun. 16-17 | Jul. 28-29 | Sep. 15-16 |
|------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 25th Percentile | 3.63% | 3.63% | 3.38% | 3.38% | 3.13% | 3.13% | 3.13% |
| Median | 3.63% | 3.63% | 3.38% | 3.38% | 3.38% | 3.38% | 3.13% |
| 75th Percentile | 3.63% | 3.63% | 3.63% | 3.63% | 3.38% | 3.38% | 3.38% |
| # of Respondents | 53 | 53 | 53 | 53 | 53 | 53 | 53 |

| | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 | 2029 |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 25th Percentile | 2.88% | 2.88% | 2.88% | 2.88% | 2.88% | 2.88% | 2.88% |
| Median | 3.13% | 3.13% | 3.13% | 3.13% | 3.13% | 3.13% | 3.13% |
| 75th Percentile | 3.38% | 3.38% | 3.25% | 3.38% | 3.38% | 3.38% | 3.38% |
| # of Respondents | 53 | 52 | 51 | 51 | 51 | 47 | 47 |

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.

| | 10-yr Average FF Rate | Longer Run |
|------------------|--------------------------|--------------|
| 25th Percentile | 3.00% | 2.88% |
| Median | 3.13% | 3.13% |
| 75th Percentile | 3.40% | 3.38% |
| # of Respondents | 53 | 53 |

- 2c)** 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 2025, immediately following the January FOMC meeting and at the end of 2026. If you expect a target range, please use the midpoint of that range in providing your response.

| Federal Funds Rate or Range at the End of 2025 | | | | | | | | | | |
|--|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| | <= 2.50% | 2.51 - 2.75% | 2.76 - 3.00% | 3.01 - 3.25% | 3.26 - 3.50% | 3.51 - 3.75% | 3.76 - 4.00% | 4.01 - 4.25% | 4.26 - 4.50% | >= 4.51% |
| Average | 0% | 0% | 0% | 0% | 1% | 75% | 23% | 1% | 0% | 0% |

| Federal Funds Rate or Range after the January 2026 FOMC Meeting | | | | | | | | | | |
|---|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| | <= 2.50% | 2.51 - 2.75% | 2.76 - 3.00% | 3.01 - 3.25% | 3.26 - 3.50% | 3.51 - 3.75% | 3.76 - 4.00% | 4.01 - 4.25% | 4.26 - 4.50% | >= 4.51% |
| Average | 0% | 0% | 0% | 3% | 27% | 57% | 12% | 1% | 0% | 0% |

| Federal Funds Rate or Range at the End of 2026 | | | | | | | | | | |
|--|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| | <= 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | 3.01 - 3.50% | 3.51 - 4.00% | 4.01 - 4.50% | >= 4.51% |
| Average | 2% | 1% | 2% | 5% | 8% | 23% | 33% | 19% | 4% | 3% |

- 2d)** Please indicate the percent chance that you attach to the lowest level of the target range for the federal funds rate before the target range is next increased falling in each of the following ranges.

| | <= 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | 3.01 - 3.50% | 3.51 - 4.00% | 4.01 - 4.50% | >= 4.51% |
|---------|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| Average | 4% | 2% | 4% | 6% | 13% | 28% | 29% | 14% | 0% | 0% |

- 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.

| Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions) | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Nov. 2025 | Dec. 2025 | Jan. 2026 | Feb. 2026 | Mar. 2026 |
| 25th Percentile | 4,192 | 4,205 | 4,221 | 4,237 | 4,260 |
| Median | 4,192 | 4,208 | 4,226 | 4,251 | 4,279 |
| 75th Percentile | 4,192 | 4,210 | 4,236 | 4,267 | 4,304 |
| # of Respondents | 42 | 42 | 42 | 42 | 42 |

| Expectations for the Average Level of MBS in the SOMA Portfolio (\$ billions) | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Nov. 2025 | Dec. 2025 | Jan. 2026 | Feb. 2026 | Mar. 2026 |
| 25th Percentile | 2,063 | 2,045 | 2,029 | 2,011 | 1,993 |
| Median | 2,067 | 2,050 | 2,034 | 2,017 | 2,000 |
| 75th Percentile | 2,068 | 2,053 | 2,038 | 2,023 | 2,008 |
| # of Respondents | 42 | 42 | 42 | 42 | 42 |

| Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions) | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Nov. 2025 | Dec. 2025 | Jan. 2026 | Feb. 2026 | Mar. 2026 |
| 25th Percentile | 6,612 | 6,603 | 6,609 | 6,615 | 6,619 |
| Median | 6,620 | 6,619 | 6,620 | 6,622 | 6,637 |
| 75th Percentile | 6,624 | 6,622 | 6,627 | 6,644 | 6,660 |
| # of Respondents | 42 | 42 | 42 | 42 | 42 |

| Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions) | | | | |
|---|--------------|--------------|--------------|--------------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 4,325 | 4,403 | 4,491 | 4,773 |
| Median | 4,347 | 4,452 | 4,558 | 4,905 |
| 75th Percentile | 4,387 | 4,487 | 4,583 | 5,010 |
| # of Respondents | 41 | 41 | 41 | 41 |

| Expectations for the Average Level of MBS in the SOMA Portfolio (\$ billions) | | | | |
|---|--------------|--------------|--------------|--------------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 1,946 | 1,895 | 1,841 | 1,633 |
| Median | 1,961 | 1,912 | 1,862 | 1,683 |
| 75th Percentile | 1,974 | 1,931 | 1,884 | 1,708 |
| # of Respondents | 41 | 41 | 41 | 41 |

| Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions) | | | | |
|---|--------------|--------------|--------------|--------------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 6,650 | 6,680 | 6,711 | 6,815 |
| Median | 6,669 | 6,721 | 6,772 | 6,955 |
| 75th Percentile | 6,694 | 6,742 | 6,796 | 7,034 |
| # of Respondents | 41 | 41 | 41 | 41 |

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

| Expectations for the Average Level of Reserves (\$ billions) | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 2,899 | 2,915 | 2,910 | 2,930 | 2,944 | 3,024 |
| Median | 2,922 | 2,946 | 2,962 | 2,985 | 3,000 | 3,112 |
| 75th Percentile | 2,945 | 2,974 | 3,006 | 3,029 | 3,060 | 3,196 |
| # of Respondents | 36 | 36 | 36 | 36 | 36 | 36 |

| Expectations for the Average Level of Currency in Circulation (\$ billions) | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 2,420 | 2,435 | 2,450 | 2,464 | 2,480 | 2,528 |
| Median | 2,422 | 2,440 | 2,457 | 2,475 | 2,496 | 2,572 |
| 75th Percentile | 2,428 | 2,447 | 2,469 | 2,492 | 2,525 | 2,606 |
| # of Respondents | 36 | 36 | 36 | 36 | 36 | 36 |

| Expectations for the Average Level of Overnight Reverse Repo Take-up (\$ billions) | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 5 | 2 | 2 | 2 | 2 | 2 |
| Median | 10 | 8 | 10 | 10 | 10 | 10 |
| 75th Percentile | 25 | 20 | 20 | 20 | 21 | 21 |
| # of Respondents | 36 | 36 | 36 | 36 | 36 | 36 |

| Expectations for the Average Level of the Treasury General Account Balance (\$ billions) | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q4 |
| 25th Percentile | 850 | 847 | 850 | 850 | 850 | 850 |
| Median | 873 | 850 | 850 | 850 | 850 | 850 |
| 75th Percentile | 896 | 850 | 869 | 876 | 889 | 929 |
| # of Respondents | 36 | 36 | 36 | 36 | 36 | 36 |

- 3c)** Conditional on SOMA next increasing in order to maintain ample reserves over time, as outlined in the May 2022 Plans for Reducing the Size of the Federal Reserve's Balance Sheet, please indicate the period and the level of reserves when you expect SOMA to increase through reserve management purchases. Please also provide the monthly size of reserve management purchases in excess of MBS reinvestments you expect in that first month as well as the aggregate reserve management purchases (in excess of MBS reinvestments) you expect over the first 12 months of purchases.

| | Period in which you expect the first reserve management purchases*† | Level of reserves you expect when reserve management purchases begin (\$ billions)**† |
|------------------|---|---|
| 25th Percentile | Jan. '26 | 2,938 |
| Median | Feb. '26 | 2,938 |
| 75th Percentile | Apr. '26 | 2,938 |
| # of Respondents | 44 | 44 |

*Dropdown selections: December 2025, January 2026, February 2026, March 2026, April 2026, May 2026, June 2026, July 2026, August 2026, September 2026, October 2026, November 2026, December 2026, Q1 2027, Q2 2027, Q3 2027, Q4 2027, Q1 2028, Q2 2028, Q3 2028, Q4 2028, Q1 2029 or later.

**Dropdown selections: \$1000bn or smaller, \$1001-1125bn, \$1126-1250bn, \$1251-1375bn, \$1376-1500bn, \$1501-1625bn, \$1626-1750bn, \$1751-1875bn, \$1876-2000bn, \$2001-2125bn, \$2126-2250bn, \$2251-2375bn, \$2376-2500bn, \$2501-2625bn, \$2626-2750bn, \$2751-2875bn, \$2876-3000bn, \$3001-3125bn, \$3126-3250bn, \$3251-3375bn, \$3376-3500bn, \$3501-3625bn, \$3626-3750bn, \$3751-3875bn, \$3876-4000bn, \$4001bn or larger.

† Conditional on SOMA next increasing in order to maintain ample reserves over time.

| | Size of reserve management purchases (in excess of MBS reinvestments) in that first month (\$ billions) | Aggregate reserve management purchases (in excess of MBS reinvestments) in the first 12 months of purchases (\$ billions) |
|------------------|---|---|
| 25th Percentile | 10 | 134 |
| Median | 17 | 199 |
| 75th Percentile | 22 | 258 |
| # of Respondents | 43 | 43 |

- 3d)** Please discuss factors behind your baseline expectation for when the SOMA portfolio next increases in order to maintain ample reserves over time and your expectation for the composition of reserve management purchases. Please also discuss the distribution of outcomes around your baseline. (42 responses)

Some respondents expected the start of reserve management purchases to be determined by the evolution of money market indicators. Some respondents cited certain reserve levels or thresholds of reserves as a share of nominal GDP or bank assets in considering when they expect purchases to begin. Additionally, several cited Federal Reserve communications over the intermeeting period as a determining factor for their estimate.

Some respondents viewed the distribution of outcomes as skewed toward an earlier start to reserve management purchases relative to their baseline. In explaining these risks of an earlier start, several cited money market conditions. Several respondents indicated that risks were skewed toward a later start of reserve management purchases versus their baseline expectations.

Many respondents expected that purchases would be composed of exclusively Treasury bills, with several noting that bill purchases would come within the context of the Committee's goal of the balance sheet composition matching the maturity profile of Treasuries outstanding. In considering the

size of reserve management purchases respondents expect, several cited their estimates of trend growth of currency or GDP as supporting factors.

- 4a) Please provide your expectation for each of the selected money market rate spreads* for the day after each of the FOMC meetings.

| Top of target range** minus IORB (in bps) | | | | |
|---|--------------|---------------|---------------|---------------|
| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 |
| 25th Percentile | 10.0 | 10.0 | 10.0 | 10.0 |
| Median | 10.0 | 10.0 | 10.0 | 10.0 |
| 75th Percentile | 10.0 | 10.0 | 10.5 | 10.5 |
| # of Respondents | 40 | 40 | 40 | 40 |

| EFFR minus IORB (in bps) | | | | |
|--------------------------|--------------|---------------|---------------|---------------|
| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 |
| 25th Percentile | -2.0 | -2.3 | -3.0 | -3.0 |
| Median | -2.0 | -2.0 | -1.5 | -2.0 |
| 75th Percentile | -1.0 | 0.0 | 0.0 | 0.0 |
| # of Respondents | 40 | 40 | 40 | 40 |

| SOFR minus IORB (in bps) | | | | |
|--------------------------|--------------|---------------|---------------|---------------|
| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 |
| 25th Percentile | 4.0 | 3.0 | 2.0 | 1.0 |
| Median | 5.0 | 5.0 | 4.0 | 4.0 |
| 75th Percentile | 8.0 | 7.0 | 5.5 | 6.0 |
| # of Respondents | 39 | 39 | 39 | 39 |

| Bottom of target range** minus ON RRP rate (in bps) | | | | |
|---|--------------|---------------|---------------|---------------|
| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 |
| 25th Percentile | 0.0 | 0.0 | 0.0 | 0.0 |
| Median | 0.0 | 0.0 | 0.0 | 0.0 |
| 75th Percentile | 0.0 | 0.0 | 0.0 | 0.0 |
| # of Respondents | 40 | 40 | 40 | 40 |

| 3m U.S. Treasury bill yield minus 3m OIS (in bps) | | | | |
|---|--------------|---------------|---------------|---------------|
| | Dec. 9-10 | Jan. 27-28 | Mar. 17-18 | Apr. 28-29 |
| 25th Percentile | 5.0 | 5.0 | 4.5 | 4.0 |
| Median | 7.0 | 7.0 | 6.0 | 5.0 |
| 75th Percentile | 8.0 | 7.0 | 7.0 | 7.0 |
| # of Respondents | 39 | 39 | 39 | 39 |

**Listed rates include the interest on reserve balances (IORB) rate, effective federal funds rate (EFFR), Secured Overnight Financing Rate (SOFR), overnight reverse repurchase agreement (ON RRP) rate, and 3-month fed funds overnight index swap rate (3m OIS).*

***Target range for the federal funds rate.*

- 4b)** Please provide the percent chance you attach to the following outcomes for the spread between the Secured Overnight Financing Rate (SOFR) and the Interest on Reserve Balances (IORB) rate (i.e., SOFR minus IORB) as of December 15th, 2025 and December 31st, 2025.
(37 responses)

| SOFR minus IORB (in bps) as of December 15th, 2025 | | | | | | | | |
|--|-----------|--------------|-------------|--------------|--------------|--------------|--------------|----------|
| | < -10 bps | -10 to 0 bps | 1 to 10 bps | 11 to 20 bps | 21 to 30 bps | 31 to 40 bps | 41 to 50 bps | > 50 bps |
| Average | 1% | 7% | 31% | 35% | 19% | 5% | 2% | 1% |

| SOFR minus IORB (in bps) as of December 31st, 2025 | | | | | | | | |
|--|-----------|--------------|-------------|--------------|--------------|--------------|--------------|----------|
| | < -10 bps | -10 to 0 bps | 1 to 10 bps | 11 to 20 bps | 21 to 30 bps | 31 to 40 bps | 41 to 50 bps | > 50 bps |
| Average | 0% | 5% | 15% | 24% | 25% | 18% | 9% | 4% |

- 4c)** Please discuss the factors and assumptions behind your expectations for funding market conditions around year-end 2025.
(39 responses)

Many respondents expected funding pressure to continue through December. Some respondents cited typical year-end intermediation and balance sheet capacity constraints while some cited Treasury settlement and tax payment flows as driving the continued pressure. Some respondents expected declines in the TGA from elevated levels, bill paydowns, and lower net issuance throughout the month to act as a moderating force to potential funding pressures. Several respondents expected stability in money market spreads around year-end; several noted reserve levels were still viewed as being at a level that provides sufficient liquidity for funding markets. Several respondents noted they did not view the Standing Repo Facility as fully effective at containing funding pressures. Several respondents noted the lack of balance sheet netting capacity as among the primary reasons preventing greater usage.

- 5)** Please provide the percent chance you attach to the following outcomes for U.S. real GDP growth in 2025 and 2026 (Q4/Q4).
(25 responses)

| Probability Distribution of U.S. Real GDP Growth in 2025 (Q4/Q4) | | | | | | | | | | |
|--|-----------|----------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= -1.01% | -1.00 - -0.51% | -0.50 - 0.00% | 0.01 - 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | >= 3.01% |
| Average | 0% | 0% | 1% | 2% | 5% | 20% | 45% | 22% | 4% | 1% |

| Probability Distribution of U.S. Real GDP Growth in 2026 (Q4/Q4) | | | | | | | | | | |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 0.00% | 0.01 - 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | 3.01 - 3.50% | 3.51 - 4.00% | >= 4.01% |
| Average | 4% | 5% | 9% | 15% | 26% | 19% | 12% | 5% | 3% | 2% |

Please also provide your point estimate for the most likely outcome.

| U.S. Real GDP Modal Point Estimates (Q4/Q4) | | |
|---|--------------|--------------|
| | 2025 | 2026 |
| 25th Percentile | 1.60% | 1.70% |
| Median | 1.80% | 2.00% |
| 75th Percentile | 1.90% | 2.30% |
| # of Respondents | 51 | 51 |

- 6) Please provide the percent chance you attach to the following outcomes for the average unemployment rate in Q4 2025 and Q4 2026.
(50 responses)

| Probability Distribution of Average Unemployment in Q4 2025 | | | | | | | | |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 4.00% | 4.01 - 4.25% | 4.26 - 4.50% | 4.51 - 4.75% | 4.76 - 5.00% | 5.01 - 5.25% | 5.26 - 5.50% | >= 5.51% |
| Average | 1% | 10% | 44% | 33% | 9% | 2% | 1% | 1% |

| Probability Distribution of Average Unemployment in Q4 2026 | | | | | | | | |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 3.50% | 3.51 - 4.00% | 4.01 - 4.50% | 4.51 - 5.00% | 5.01 - 5.50% | 5.51 - 6.00% | 6.01 - 6.50% | >= 6.51% |
| Average | 3% | 13% | 38% | 29% | 11% | 4% | 2% | 1% |

- 7) Please indicate your modal projections for headline and core PCE inflation for each of the following quarters.*

| Headline PCE Inflation Quarterly Modal Point Estimates | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Q4 2025 (saar) | Q1 2026 (saar) | Q2 2026 (saar) | Q3 2026 (saar) | Q4 2026 (saar) |
| 25th Percentile | 2.8% | 2.5% | 2.2% | 2.1% | 2.1% |
| Median | 3.0% | 2.9% | 2.6% | 2.2% | 2.2% |
| 75th Percentile | 3.2% | 3.2% | 2.7% | 2.5% | 2.5% |
| # of Respondents | 49 | 49 | 49 | 49 | 49 |

| Core PCE Inflation Quarterly Modal Point Estimates | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Q4 2025 (saar) | Q1 2026 (saar) | Q2 2026 (saar) | Q3 2026 (saar) | Q4 2026 (saar) |
| 25th Percentile | 2.8% | 2.8% | 2.3% | 2.2% | 2.1% |
| Median | 2.9% | 3.0% | 2.6% | 2.4% | 2.3% |
| 75th Percentile | 3.2% | 3.3% | 2.9% | 2.6% | 2.6% |
| # of Respondents | 49 | 49 | 49 | 49 | 49 |

**Percent change from the previous quarter at an annualized rate, based on the average of monthly levels (seasonally adjusted) in each quarter.*

- 8a) Please provide the percent chance you attach to the following outcomes for headline PCE inflation in 2025 and 2026 (Q4/Q4).
(49 responses)

| Probability Distribution of Headline PCE Inflation in 2025 (Q4/Q4) | | | | | | | | | | |
|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|
| | <= 2.00% | 2.01 - 2.25% | 2.26 - 2.50% | 2.51 - 2.75% | 2.76 - 3.00% | 3.01 - 3.25% | 3.26 - 3.50% | 3.51 - 3.75% | 3.76 - 4.00% | >= 4.01% |
| Average | 0% | 1% | 4% | 22% | 38% | 23% | 9% | 2% | 1% | 0% |

| Probability Distribution of Headline PCE Inflation in 2026 (Q4/Q4) | | | | | | | | | | |
|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|
| | <= 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 - 3.25% | 3.26 - 3.50% | >= 3.51% |
| Average | 2% | 2% | 7% | 14% | 23% | 20% | 15% | 10% | 4% | 3% |

Please also provide your point estimate for the most likely outcome.

| Headline PCE Inflation Modal Point Estimates (Q4/Q4) | | |
|--|--------------|--------------|
| | 2025 | 2026 |
| 25th Percentile | 2.80% | 2.30% |
| Median | 2.86% | 2.50% |
| 75th Percentile | 2.96% | 2.68% |
| # of Respondents | 50 | 50 |

- 8b)** For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from December 1, 2025 – November 30, 2030 falling in each of the following ranges.
(25 responses)

| | <= 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | 3.01 - 3.50% | >= 3.51% |
|---------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Average | 1% | 2% | 4% | 12% | 28% | 34% | 15% | 5% |

| | Most Likely Outcome |
|------------------|---------------------|
| 25th Percentile | 2.40% |
| Median | 2.50% |
| 75th Percentile | 2.60% |
| # of Respondents | 49 |

- 8c)** For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from December 1, 2030 – November 30, 2035 falling in each of the following ranges.
(49 responses)

| | <= 0.50% | 0.51 - 1.00% | 1.01 - 1.50% | 1.51 - 2.00% | 2.01 - 2.50% | 2.51 - 3.00% | 3.01 - 3.50% | >= 3.51% |
|---------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Average | 1% | 2% | 6% | 20% | 38% | 23% | 7% | 3% |

| | Most Likely Outcome |
|------------------|---------------------|
| 25th Percentile | 2.20% |
| Median | 2.30% |
| 75th Percentile | 2.40% |
| # of Respondents | 49 |

- 9)** 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 Percentile | 5% | 19% | 20% |
| Median | 10% | 25% | 25% |
| 75th Percentile | 15% | 30% | 35% |
| # of Respondents | 52 | 52 | 52 |

**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.*

- 10)** Provide your estimate of the most likely outcome for output, inflation, and unemployment.
(42 responses)

| | | 2025 | 2026 | 2027 | 2028 | Longer Run |
|---|-----------------|--------------|--------------|--------------|--------------|---------------|
| Real GDP (Q4/Q4 Growth) | 25th Percentile | 1.60% | 1.70% | 1.80% | 1.80% | 1.80% |
| | Median | 1.80% | 2.00% | 2.00% | 2.00% | 2.00% |
| | 75th Percentile | 1.90% | 2.30% | 2.20% | 2.10% | 2.00% |
| Core PCE Inflation (Q4/Q4) | 25th Percentile | 2.90% | 2.40% | 2.10% | 2.00% | - |
| | Median | 3.00% | 2.60% | 2.28% | 2.10% | - |
| | 75th Percentile | 3.00% | 2.80% | 2.40% | 2.28% | - |
| Headline PCE Inflation (Q4/Q4) | 25th Percentile | 2.80% | 2.30% | 2.10% | 2.00% | 2.00% |
| | Median | 2.85% | 2.50% | 2.20% | 2.00% | 2.00% |
| | 75th Percentile | 2.90% | 2.70% | 2.30% | 2.20% | 2.10% |
| Unemployment Rate (Q4 Average Level) | 25th Percentile | 4.40% | 4.30% | 4.20% | 4.10% | 4.00% |
| | Median | 4.50% | 4.40% | 4.30% | 4.20% | 4.20% |
| | 75th Percentile | 4.50% | 4.50% | 4.40% | 4.30% | 4.20% |