



SURVEY OF MARKET EXPECTATIONS

DECEMBER 2025

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 1st 2:00pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

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:

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' projections in the December SEP? For GDP, unemployment and PCE please provide your responses out to one decimal place (e.g. for one percent enter 1.0, not 0.01). For the target federal funds rate please provide your responses out to three decimal places (e.g. for one percent enter 1.000, not 0.01).

	Year-end 2025	Year-end 2026	Year-end 2027	Year-end 2028	Longer Run
Change in real GDP (percent):					
Unemployment rate (percent):					
PCE inflation (percent):					
Core PCE inflation (percent):					NA
Federal funds rate (percent):					

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).

FOMC Meetings

	Dec 9-10, 2025	Jan 27-28, 2026	Mar 17- 18, 2026	Apr 28-29, 2026	Jun 16-17, 2026	Jul 28-29, 2026	Sep 15- 16, 2026
Target rate / midpoint of target range (percent, out to three decimal places):							

Quarters

2027 Q4

Years

2029

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).

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.

≤ 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%	Total
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Year-end 2025: 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 % 0 %

January 27-28: 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%

	≤ 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%	Total
Year-end 2026:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

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

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%	Total
	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

**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)

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

	October 2025 (Actual**)	November 2025	December 2025	January 2026	February 2026	March 2026
U.S. Treasuries:	4197					
Agency MBS:	2083					
Total Assets*:	6641					

Average level over each period (\$ billions)

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

	2026 Q2	2026 Q3	2026 Q4	2027 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 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.

The displayed level for total liabilities and capital is computed from total assets in part 3a. For 2025 Q4 through 2026 Q1, monthly averages from part 3a are averaged to reflect quarterly horizons.

<u>Average level</u> over each period (\$ billions)							
	2025 Q3 (Actual*)	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Total Liabilities and Capital	6679						

Note: line items below do not need to sum to Total Liabilities and Capital

	2025 Q3 (Actual*)	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves:	3232						
Currency in Circulation:	2405						
Overnight Reverse Repurchase Facility:	90						
Treasury General Account:	537						

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

A summary of assets and liabilities responses is below. Please review and return to the question to make any edits before proceeding.

Other Assets is calculated as the difference between Total Assets* and the sum of U.S. Treasuries and Agency MBS. For assets in 2025 Q4 through 2026 Q1, monthly averages are averaged to reflect quarterly horizons. Other Liabilities and Capital is calculated as the difference between Total Liabilities and Capital and the sum of Reserves, Currency in Circulation, Overnight Reverse Repurchase Facility, and Treasury General Account.

Average level over each period (\$ billions)

Assets:

	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
U.S. Treasuries	4204						
Agency MBS	2116						
Other Assets	359						
Total Assets*	6679						

Average level over each period (\$ billions)

Liabilities:

	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves	3232						
Currency in Circulation	2405						
Overnight Reverse Repurchase Facility	90						
Treasury General Account	537						
Other Liabilities and Capital	415						
Total Liabilities and Capital	6679						

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

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 (in excess of MBS reinvestments)*:

Level of reserves you expect when reserve management purchases (in excess of MBS reinvestments) begin (\$ billions)**:

Current value: \$2,918bn***

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):

**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.*

****Most recent H.4.1, as of November 19, 2025.*

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.

4a) 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 and please do not include decimal places.

	<u>FOMC Meetings</u>				
	Average over past week	Dec 9-10	Jan 27-28	Mar 17-18	Apr 28-29
Top of target range** minus IORB (in bps):	10				
EFFR minus IORB (in bps):	-2				
SOFR minus IORB (in bps):	4				
Bottom of target range** minus ON RRP (in bps):	0				
3m U.S. Treasury bill yield minus 3m fed funds OIS (in bps):	7				

***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.

[illegible]

***Bins chosen with respect to prevailing month-end funding market conditions since this question was last asked in the September Survey of Market Expectations.*

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

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

[illegible]

[illegible]

**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).

2025 (Q4/Q4, percent):

2026 (Q4/Q4, percent):

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

	≤ 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%	Total
Q4 2025:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

[illegible]

*Responses across each row should add up to 100 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 2025 (saar)	Q1 2026 (saar)	Q2 2026 (saar)	Q3 2026 (saar)	Q4 2026 (saar)
Headline PCE inflation (percent): Q2 2025 (saar): 2.1% **					
Core PCE inflation (percent): Q2 2025 (saar): 2.6% **					

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

**Third estimate by the Bureau of Economic Analysis. Please note Q3 2025 PCE is not available at the time of the distribution of the survey due to the government shutdown.

8a) Please provide the percent chance* you attach to the following outcomes for headline PCE inflation in 2025 and 2026 (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%	Total
2025 (Q4/Q4):	%	%	%	%	%	%	%	%	%	%	%
2026 (Q4/Q4):	%	%	%	%	%	%	%	%	%	%	%

*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).

2025 (Q4/Q4, percent):

2026 (Q4/Q4, percent):

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.

≤ 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%	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

**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 CPI inflation rate from December 1, 2030 – November 30, 2035 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%	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

*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:

9) What percent chance do you attach to:

the U.S. economy currently being in a recession* (percent)?

the U.S. economy being in a recession* in 6 months (percent)?

the global economy being in a recession** in 6 months (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 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. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

	Real GDP (Q4/Q4 Growth)*	Core PCE Inflation (Q4/Q4)	Headline PCE Inflation (Q4/Q4)**	Unemployment Rate (Q4 Average Level)
2025 (percent):				
2026 (percent):				
2027 (percent):				
2028 (percent):				
Longer run (percent):		NA		

**Responses for real GDP growth in 2025 and 2026 are pulled directly from point estimate values provided in question 5.*

***Responses for headline PCE inflation in 2025 and 2026 are pulled directly from point estimate values provided in question 8a.*