SURVEY OF MARKET EXPECTATIONS
JULY 2025

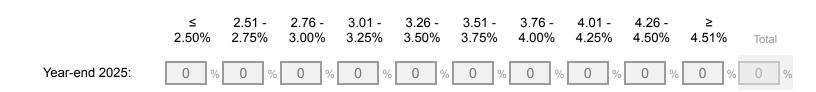This survey is formulated by the Trading Desk at the Federal Reserve Bank of New York to enhance policymakers' understanding of market expectations on a variety of topics related to the economy, monetary policy and financial markets. The questions involve only topics that are widely discussed in the public domain and never presume any particular policy action. FOMC participants are not involved in the survey's design.

Please respond by **Monday, July 21st 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 July 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 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.

Rating: ▼

Please explain:

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 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

	Jul 29-30, 2025	Sep 16-17, 2025	Oct 28-29, 2025	Dec 9-10, 2025	Jan 27-28, 2026	Mar 17-18, 2026	Apr 28-29, 2026
Target rate / midpoint of target range (percent, out to three decimal places):							

Quarters

	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4
Target rate / midpoint of target range (percent, out to three decimal places):							

Years

	2028	2029
Target rate / midpoint of target range (percent):		

3b) 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):

Expectation for average federal funds rate over next 10 years (percent):

3c) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges immediately following the July and September FOMC meetings and at the end of 2025 and 2026. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 3.50%	3.51 - 3.75%	3.76 - 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
July 29-30:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
September 16-17:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

	≤ 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
Year-end 2025:	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.

3d) Please indicate the percent chance* that you attach to the <u>lowest</u> level of the target range for the federal funds rate before the target range is next <u>increased</u> 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.

4) The following matrix lays out hypothetical scenarios in which the realized levels of the 2025 unemployment rate (Q4 average level) and 2025 core PCE inflation (Q4/Q4 growth) are either 50 basis points above, below, or equal to the medians of FOMC participants' projections for these indicators in the current (June 2025) Summary of Economic Projections (SEP). For example, the upper left box represents a scenario in which the unemployment rate and core PCE inflation are both 50 basis points below the current SEP medians.

For each of the following scenarios, please indicate the level of the target federal funds rate or range that you expect would prevail <u>at the end of Q4 2025</u>. If you expect a target range, please indicate the midpoint of that range in providing your response. Please provide your responses out to three decimal places.*

| | **2025 Unemployment rate (Q4 average level)** Current SEP median | | |
	-50 bps	4.5%	+50 bps
2025 Core PCE inflation (Q4/Q4 growth) -50 bps			
Current SEP median 3.1%			
+50 bps			

For reference, a similar question was last asked in the September 2024 survey.

5a) 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.

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

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

	June 2025 (Actual**)	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025
U.S. Treasuries:	4212						
Agency MBS:	2150						
Total Assets*:	6725						

Average level over each period ($ billions)

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

	2026 Q1	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.

5b) 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 5a. For 2025 Q3 through 2025 Q4, monthly averages from part 5a are averaged to reflect quarterly horizons.

Average level over each period ($ billions)

	2025 Q2 (Actual*)	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Total Liabilities and Capital	6748							

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

	2025 Q2 (Actual*)	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves:	3317							
Currency in Circulation:	2386							
Overnight Reverse Repurchase Facility:	163							
Treasury General Account:	449							

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 Q3 through 2025 Q4, 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 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
U.S. Treasuries	4215							
Agency MBS	2168							
Other Assets	366							
Total Assets*	6748							

Average level over each period ($ billions)

Liabilities:

	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves	3317							
Currency in Circulation	2386							
Overnight Reverse Repurchase Facility	163							
Treasury General Account	449							
Other Liabilities and Capital	434							
Total Liabilities and Capital	6748							

5c) Please indicate the period in which you expect the SOMA portfolio to <u>cease to decline,</u> and 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 agreement facility, when the SOMA portfolio <u>ceases to decline</u>. 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 also indicate the period and the level of reserves <u>when you expect SOMA to increase through reserve management purchases.</u>

Period in which SOMA portfolio ceases to decline*:

Size of SOMA portfolio when it ceases to decline ($ billions)**:
Current value: $6,349bn***

Size of reserves when SOMA ceases to decline ($ billions)****:
Current value: $3,342bn***

Take-up at the overnight reverse repurchase agreement facility when SOMA ceases to decline ($ billions)*****:
Current value: $227bn***

Conditional on SOMA next increasing in order to maintain ample reserves over time, in what period do you expect the first reserve management purchases?*:

[dropdown]

Conditional on SOMA next increasing in order to maintain ample reserves over time, what level of reserves do you expect when reserve management purchases begin? ($ billions)****:
Current value: $3,342bn***

[dropdown]

*Dropdown selections: July 2025, August 2025, September 2025, October 2025, November 2025, 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: $0-250bn, $251-500bn, $501-750bn, $751-1000bn, $1001-1250bn, $1251-1500bn, $1501-1750bn, $1751-2000bn, $2001-2250bn, $2251-2500bn, $2501-2750bn, $2751-3000bn, $3001-3250bn, $3251-3500bn, $3501-3750bn, $3751-4000bn, $4001-4250bn, $4251-4500bn, $4501-4750bn, $4751-5000bn, $5001-5250bn, $5251-5500bn, $5501-5750bn, $5751-6000bn, $6001-6250bn, $6251-6500bn.

***Most recent H.4.1, as of July 9, 2025.

****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.

5d) 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 July 9, 2025 was $6,349 billion according to the most recent H.4.1 release.

$5000bn or smaller	$5001-5250bn	$5251-5500bn	$5501-5750bn	$5751-6000bn	$6001-6250bn	$6251-6500bn	$6501-6750bn	$6751bn or larger	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

5e) Please discuss factors behind your <u>baseline expectation</u> for when the SOMA portfolio will cease to decline. Please also discuss the <u>distribution of outcomes</u> around your baseline.

[   ]

6) 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.

FOMC Meetings

	Average over past week	Jul 29-30	Sep 16-17	Oct 28-29	Dec 9-10
Top of target range** minus IORB (in bps):	10				
EFFR minus IORB (in bps):	-7				
SOFR minus IORB (in bps):	-8				
Bottom of target range** minus ON RRP (in bps):	0				
3m U.S. Treasury bill yield minus 3m fed funds OIS (in bps):	5				

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.

7) Please provide the percent chance* you attach to the following outcomes for 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%	Total
2025 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

	≤ 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%	Total
2026 (Q4/Q4):	0 %	0 %	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).

2025 (Q4/Q4, percent): _____

2026 (Q4/Q4, percent): _____

8) 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).

	Q2 2025 (saar)	Q3 2025 (saar)	Q4 2025 (saar)	Q1 2026 (saar)	Q2 2026 (saar)
Headline PCE inflation (percent): *Q1 2025 (saar): 3.7% ***					
Core PCE inflation (percent): *Q1 2025 (saar): 3.5% ***					

*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.

9a) Please provide the percent chance* you attach to the following outcomes for <u>headline PCE inflation</u> 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 - 3.76%	3.76 - 4.00%	≥ 4.01%	Total
2025 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

	≤ 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%	Total
2026 (Q4/Q4):	0 %	0 %	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).

2025 (Q4/Q4, percent): [   ]

2026 (Q4/Q4, percent): [   ]

9b) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from July 1, 2025 - June 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: [   ]

9c) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from July 1, 2030 - June 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 %

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:

[ ]

10a) 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.*

10b) What percent chance* do you attach to the U.S. economy first entering a recession** in each of the following periods?

H1 2025***	H2 2025	H1 2026	H2 2026	H1 2027	No recession by end H1 2027	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses should add up to 100 percent.

**NBER-defined recession.*

***Percent chance that the economy first entered an NBER-defined recession in H1 2025.*

11) 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):				
Longer run (percent):		NA		

Responses for real GDP growth in 2025 and 2026 are pulled directly from point estimate values provided in question 7.

**Responses for headline PCE inflation in 2025 and 2026 are pulled directly from point estimate values provided in question 9a.*