

RESPONSES TO THE SURVEY OF MARKET EXPECTATIONS

Markets Group, Federal Reserve Bank of New York



APRIL 2026

Distributed: 04/15/2026 – Received by: 04/20/2026

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 62 respondents, and 62 responded. Except where noted, all 62 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.
- AustralianSuper
- Balyasny Asset Management L.P.
- 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
- Chanos & Co. (formerly Kynikos Associates)
- Citadel LLC
- Citigroup Global Markets Inc.
- Columbia Threadneedle Investments
- 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
- Lazard
- MetLife Investment Management
- Microsoft Corporation
- Millennium Management, LLC
- Mizuho Securities USA LLC
- Morgan Stanley & Co. LLC
- MUFG Securities Americas Inc.
- NatWest Markets Securities Inc.
- Nomura Securities International, Inc.
- PGIM
- PIMCO
- RBC Capital Markets, LLC
- Santander US Capital Markets LLC
- Schonfeld Strategic Advisors LLC
- Schroders
- 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) | Federal Reserve System Communication Grade |
| Q-3) | Target Federal Funds Rate/Range |
| Q-4) | Expectations for Target Federal Funds Rate/Range under Various Hypothetical Scenarios |
| Q-5) | Expectations for Balance Sheet Components |
| Q-6) | U.S. Real GDP Growth Probability Distributions |
| Q-7) | Unemployment Probability Distributions |
| Q-8) | Quarterly PCE Projections |
| Q-9) | Inflation Probability Distributions |
| Q-10) | U.S. and Global Recession Probabilities |
| Q-11) | Estimates of Economic Indicators |

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

Current economic conditions:

(44 responses)

Some respondents indicated they expected little or no change. Some respondents expected an adjustment in language to reflect higher inflation due to an increase in energy prices. Some respondents expected an adjustment in language to reflect weaker economic activity, and several expected an adjustment to reflect a stable or improved labor market. Several respondents anticipated the statement would reference looking through labor market volatility or would reference an average measure of the labor market. Several respondents expected some acknowledgement that the energy price shock should have less of an impact on core inflation. Several respondents expected a continued reference to the unemployment rate being little changed.

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

(29 responses)

Most respondents indicated they expected little or no change. Several respondents expected or saw risk of removal of language on the “extent and timing” of additional adjustments to the target range.

Communication on tools other than the target federal funds rate:

(16 responses)

Most respondents indicated they expected little or no change. Several respondents indicated they expected a reference to the recent slowdown in reserve management purchases.

Other:

(13 responses)

Most respondents indicated they expected little or no change. Several respondents indicated they expected a dissent in favor of easing.

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

(59 responses)

Some respondents indicated they expected the Chair to note a patient or wait and see approach to rate policy, some expected the Chair to note that the policy rate is well positioned or appropriate, and several expected the Chair to reiterate that the Committee is data dependent. Several respondents expected the Chair to take a neutral tone on the outlook for rate policy or to suggest that the policy rate will remain on hold. Several expected the Chair to note that the policy rate is close to estimates of neutral, and several expected the Chair to note that the policy rate is restrictive.

Some respondents indicated they expected the Chair to reference geopolitical risks, and some expected him to note risks to both inflation and economic activity. Some respondents indicated they expected the Chair to describe the

labor market as stable, and some expected the Chair to note increased inflation. Several respondents expected the Chair to describe the inflation shock as temporary or to note that the shock has not impacted inflation expectations. Several expect the Chair to describe economic activity as resilient.

Some respondents indicated they expected Chair Powell to receive questions on the transition to the next Fed Chair. Some respondents expected the Chair’s communications to be similar to the March 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.

| Federal Reserve Communications Score | |
|--------------------------------------|-----------------------|
| | Number of Respondents |
| 1 - Ineffective | 0 |
| 2 | 3 |
| 3 | 9 |
| 4 | 38 |
| 5 - Effective | 12 |
| # of Respondents | 62 |

Please explain.
(56 responses)

Some respondents viewed communications from policymakers over the intermeeting period as clear and consistent with respect to their view of the balance of risks and their reaction function. Some emphasized the clear communications around the wait-and-see approach and the data dependent stance amid the Middle East conflict. Some respondents suggested communications have appropriately acknowledged the current environment of high uncertainty. Some viewed the Committee as effective at signaling the near-term path of policy.

Some participants viewed Fed communications over the period as unclear, with several pointing to a lack of explanation of how inflation stemming from the Middle East conflict may impact the path of policy. Several respondents remarked that official communications since the March FOMC had been limited relative to prior intermeeting periods.

- 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.

| Federal Funds Target Rate or Range Modal Forecasts | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|--------------|---------------|
| | Apr. 28-29 | Jun. 16-17 | Jul. 28-29 | Sep. 15-16 | Oct. 27-28 | Dec. 8-9 | Jan. 26-27 |
| 25th Percentile | 3.63% | 3.63% | 3.63% | 3.38% | 3.38% | 3.13% | 3.13% |
| Median | 3.63% | 3.63% | 3.63% | 3.50% | 3.38% | 3.38% | 3.25% |
| 75th Percentile | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.38% |
| # of Respondents | 62 | 62 | 62 | 62 | 62 | 62 | 62 |

| Federal Funds Target Rate or Range Modal Forecasts | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q1 | 2028 Q2 | 2028 Q3 | 2028 Q4 | 2029 | 2030 |
| 25th Percentile | 3.13% | 3.13% | 3.13% | 3.13% | 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% | 3.13% | 3.13% | 3.13% |
| 75th Percentile | 3.38% | 3.38% | 3.13% | 3.13% | 3.38% | 3.38% | 3.38% | 3.38% | 3.38% | 3.38% |
| # of Respondents | 61 | 61 | 61 | 61 | 54 | 54 | 54 | 54 | 56 | 56 |

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.

| Federal Funds Target Rate or Range Modal Forecasts | | |
|--|---------------|--------------|
| | 10-yr Average | Longer Run |
| 25th Percentile | 3.00% | 3.00% |
| Median | 3.13% | 3.13% |
| 75th Percentile | 3.38% | 3.38% |
| # of Respondents | 62 | 62 |

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 April and June FOMC meetings and at the end of 2026 and 2027. If you expect a target range, please use the midpoint of that range in providing your response. (61 responses)

| Federal Funds Rate or Range after the April 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% | 0% | 3% | 95% | 1% | 0% | 0% | 0% |

| Federal Funds Rate or Range after the June 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% | 1% | 14% | 79% | 4% | 0% | 0% | 0% |

| Federal Funds Rate or Range at the End of 2026 | | | | | | | | | | |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 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 | 4% | 3% | 7% | 22% | 26% | 28% | 5% | 2% | 1% | 2% |

| Federal Funds Rate or Range at the End of 2027 | | | | | | | | | | |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 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% | 4% | 9% | 23% | 31% | 18% | 6% | 4% |

3d) 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.
(58 responses)

| Probability Distribution of the Lowest Federal Funds Rate or Range Before Next Increase | | | | | | | | | | |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 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% | 3% | 6% | 12% | 24% | 30% | 20% | 0% | 0% |

4) The following matrix lays out hypothetical scenarios in which the realized levels of the 2026 unemployment rate (Q4 average level) and 2026 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 (March 2026) 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 at the end of Q4 2026. 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.
(58 responses)

| 25th Percentile Responses | | 2026 Unemployment Rate (Q4 average level) | | |
|--|---------|---|--------------|--------------|
| | | -50 bps | 4.4% | +50 bps |
| 2026 Core PCE Inflation (Q4/Q4 growth) | -50 bps | 3.13% | 2.88% | 2.63% |
| | 2.7% | 3.63% | 3.13% | 2.88% |
| | +50 bps | 3.63% | 3.63% | 3.13% |

| Median Responses | | 2026 Unemployment Rate (Q4 average level) | | |
|--|---------|---|--------------|--------------|
| | | -50 bps | 4.4% | +50 bps |
| 2026 Core PCE Inflation (Q4/Q4 growth) | -50 bps | 3.38% | 3.13% | 2.63% |
| | 2.7% | 3.63% | 3.38% | 3.00% |
| | +50 bps | 3.88% | 3.63% | 3.38% |

| 75th Percentile Responses | | 2026 Unemployment Rate (Q4 average level) | | |
|--|---------|---|--------------|--------------|
| | | -50 bps | 4.4% | +50 bps |
| 2026 Core PCE Inflation (Q4/Q4 growth) | -50 bps | 3.63% | 3.31% | 2.88% |
| | 2.7% | 3.63% | 3.63% | 3.13% |
| | +50 bps | 4.13% | 3.88% | 3.63% |

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.

| Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions) | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Apr. 2026 | May 2026 | Jun. 2026 | Jul. 2026 | Aug. 2026 | Sep. 2026 |
| 25th Percentile | 4,396 | 4,432 | 4,465 | 4,499 | 4,529 | 4,559 |
| Median | 4,402 | 4,440 | 4,478 | 4,516 | 4,550 | 4,586 |
| 75th Percentile | 4,407 | 4,451 | 4,490 | 4,528 | 4,565 | 4,603 |
| # of Respondents | 49 | 49 | 49 | 49 | 49 | 49 |

| Expectations for the Average Level of MBS in the SOMA Portfolio (\$ billions) | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Apr. 2026 | May 2026 | Jun. 2026 | Jul. 2026 | Aug. 2026 | Sep. 2026 |
| 25th Percentile | 1,989 | 1,973 | 1,956 | 1,939 | 1,922 | 1,905 |
| Median | 1,991 | 1,976 | 1,962 | 1,945 | 1,930 | 1,915 |
| 75th Percentile | 1,992 | 1,977 | 1,962 | 1,947 | 1,932 | 1,917 |
| # of Respondents | 49 | 49 | 49 | 49 | 49 | 49 |

| Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions) | | | | | | | |
|---|-----------|----------|-----------|-----------|-----------|-----------|--|
| | Apr. 2026 | May 2026 | Jun. 2026 | Jul. 2026 | Aug. 2026 | Sep. 2026 | |
| 25th Percentile | 6,720 | 6,740 | 6,755 | 6,769 | 6,784 | 6,799 | |
| Median | 6,729 | 6,749 | 6,773 | 6,789 | 6,814 | 6,837 | |
| 75th Percentile | 6,738 | 6,762 | 6,782 | 6,803 | 6,825 | 6,850 | |
| # of Respondents | 49 | 49 | 49 | 49 | 49 | 49 | |

| Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions) | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 4,615 | 4,699 | 4,772 | 4,853 | 4,913 | 5,168 |
| Median | 4,656 | 4,755 | 4,863 | 4,960 | 5,053 | 5,391 |
| 75th Percentile | 4,686 | 4,794 | 4,912 | 5,003 | 5,099 | 5,587 |
| # of Respondents | 48 | 48 | 48 | 48 | 48 | 43 |

| Expectations for the Average Level of MBS in the SOMA Portfolio (\$ billions) | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 1,866 | 1,819 | 1,769 | 1,718 | 1,667 | 1,486 |
| Median | 1,877 | 1,829 | 1,782 | 1,737 | 1,692 | 1,515 |
| 75th Percentile | 1,887 | 1,843 | 1,797 | 1,752 | 1,707 | 1,536 |
| # of Respondents | 48 | 48 | 48 | 48 | 48 | 43 |

| Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions) | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 6,809 | 6,832 | 6,847 | 6,858 | 6,891 | 6,973 |
| Median | 6,869 | 6,933 | 6,994 | 7,054 | 7,106 | 7,294 |
| 75th Percentile | 6,894 | 6,969 | 7,038 | 7,092 | 7,151 | 7,430 |
| # of Respondents | 48 | 48 | 48 | 48 | 48 | 43 |

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.

| Expectations for the Average Level of Reserves (\$ billions) | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 3,000 | 3,035 | 3,050 | 3,089 | 3,102 | 3,093 | 3,101 | 3,117 |
| Median | 3,025 | 3,065 | 3,097 | 3,130 | 3,152 | 3,177 | 3,202 | 3,278 |
| 75th Percentile | 3,062 | 3,107 | 3,131 | 3,172 | 3,208 | 3,239 | 3,259 | 3,428 |
| # of Respondents | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 38 |

| Expectations for the Average Level of Currency in Circulation (\$ billions) | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 2,453 | 2,468 | 2,483 | 2,499 | 2,512 | 2,527 | 2,542 | 2,598 |
| Median | 2,457 | 2,476 | 2,493 | 2,512 | 2,530 | 2,549 | 2,568 | 2,635 |
| 75th Percentile | 2,464 | 2,487 | 2,510 | 2,534 | 2,563 | 2,586 | 2,608 | 2,707 |
| # of Respondents | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 38 |

| Expectations for the Average Level of Overnight Reverse Repo Take-up (\$ billions) | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Median | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 2 |
| 75th Percentile | 5 | 5 | 9 | 5 | 5 | 5 | 5 | 5 |
| # of Respondents | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 39 |

| Expectations for the Average Level of the Treasury General Account Balance (\$ billions) | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2026 Q2 | 2026 Q3 | 2026 Q4 | 2027 Q1 | 2027 Q2 | 2027 Q3 | 2027 Q4 | 2028 Q4 |
| 25th Percentile | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Median | 870 | 859 | 865 | 869 | 878 | 876 | 890 | 900 |
| 75th Percentile | 900 | 900 | 900 | 900 | 910 | 910 | 908 | 939 |
| # of Respondents | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 39 |

5c) According to the implementation note issued March 18, 2026, the FOMC directed the Open Market Desk to "increase the System Open Market Account holdings of securities through purchases of Treasury bills and, if needed, other Treasury securities with remaining maturities of 3 years or less to maintain an ample level of reserves."

Please provide your expectation (\$ billions) for the amount of reserve management purchases of Treasury securities (in excess of MBS reinvestments) during the monthly purchase periods below.

| Expectations for Reserve Management Purchases in U.S. Treasury Bills (\$ billions) | | | | | | | |
|--|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Mid-May to mid-Jun. 2026 | Mid-Jun. to mid-Jul. 2026 | Mid-Jul. to mid-Aug. 2026 | Mid-Aug. to mid-Sep. 2026 | Mid-Sep. to mid-Oct. 2026 | Mid-Oct. to mid-Nov. 2026 | Mid-Nov. to mid-Dec. 2026 |
| 25th Percentile | 19 | 15 | 15 | 15 | 14 | 12 | 14 |
| Median | 22 | 20 | 20 | 20 | 18 | 18 | 20 |
| 75th Percentile | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| # of Respondents | 48 | 48 | 48 | 48 | 48 | 48 | 48 |

| Expectations for Reserve Management Purchases in U.S. Treasury Notes & Bonds, Maturing in Under 3 Years (\$ billions) | | | | | | | |
|---|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Mid-May to mid-Jun. 2026 | Mid-Jun. to mid-Jul. 2026 | Mid-Jul. to mid-Aug. 2026 | Mid-Aug. to mid-Sep. 2026 | Mid-Sep. to mid-Oct. 2026 | Mid-Oct. to mid-Nov. 2026 | Mid-Nov. to mid-Dec. 2026 |
| 25th Percentile | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Median | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 75th Percentile | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| # of Respondents | 48 | 48 | 48 | 48 | 48 | 48 | 48 |

5d) Please discuss factors behind your baseline expectation for reserve management purchases. Please also discuss the distribution of outcomes around your baseline.

(46 responses)

Some respondents emphasized their expectations for the pace of reserve management purchases (RMPs) to slow further following the reduction in the pace of RMPs in April. Some respondents expected the pace of RMPs to be flexible or evolve with seasonality in market conditions. Several respondents viewed the current pace of purchases as the steady state pace going forward.

In explaining the factors underlying respondents' expectations for the pace of RMPs, some highlighted estimated growth in Federal Reserve liabilities, while some focused on trend growth of GDP or estimates of reserves as a share of GDP, some cited FOMC communications, and several cited funding market conditions as guiding their estimates.

Regarding the composition of RMPs, some respondents discussed their expectation that they would solely be composed of U.S. Treasury bills. Several respondents discussed the possibility that RMPs may also be composed of short-dated Treasury coupon securities.

Some respondents indicated that risks were skewed towards a larger or longer pace of purchases relative to their baseline, with several contacts specifying risks around future funding market stress. Some respondents indicated that risks were skewed toward a slower or shorter pace of purchases, where some noted the possibility that bank regulations may be eased which could reduce reserve demand. Several emphasized the FOMC leadership transition as potentially leading to a preference for a smaller balance sheet.

6a, b) Please provide the 1st and 99th percentiles of your distribution of expectations for U.S. real GDP growth in 2026 (Q4/Q4) and 2027 (Q4/Q4).

| U.S. Real GDP 1st and 99th Percentile Estimates (Q4/Q4) | | | | |
|---|----------------|-----------------|----------------|-----------------|
| | 2026 | | 2027 | |
| | 1st percentile | 99th percentile | 1st percentile | 99th percentile |
| 25th Percentile | -2.00% | 3.75% | -2.13% | 3.71% |
| Median | -1.00% | 4.20% | -0.75% | 4.15% |
| 75th Percentile | -0.10% | 5.00% | 0.00% | 5.28% |
| # of Respondents | 55 | 55 | 52 | 52 |

Please provide the percent chance you attach to the following outcomes for U.S. real GDP growth in 2026 (Q4/Q4) and 2027 (Q4/Q4).

(57 responses)

| 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 | 3% | 3% | 6% | 13% | 22% | 25% | 15% | 7% | 3% | 2% |

| Probability Distribution of U.S. Real GDP Growth in 2027 (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 | 3% | 4% | 7% | 13% | 22% | 25% | 14% | 6% | 3% | 2% |

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

| U.S. Real GDP Modal Point Estimates (Q4/Q4) | | |
|---|--------------|--------------|
| | 2026 | 2027 |
| 25th Percentile | 1.90% | 1.85% |
| Median | 2.10% | 2.10% |
| 75th Percentile | 2.30% | 2.20% |
| # of Respondents | 60 | 59 |

7a, b) Please provide the 1st and 99th percentiles of your distribution of expectations for the average unemployment rate in Q4 2026 and Q4 2027.

| Average Unemployment 1st and 99th Percentile Estimates | | | | |
|--|----------------|-----------------|----------------|-----------------|
| | Q4 2026 | | Q4 2027 | |
| | 1st percentile | 99th percentile | 1st percentile | 99th percentile |
| 25th Percentile | 3.00% | 6.00% | 3.00% | 6.00% |
| Median | 3.40% | 6.50% | 3.30% | 6.56% |
| 75th Percentile | 3.50% | 7.75% | 3.50% | 8.40% |
| # of Respondents | 51 | 51 | 48 | 48 |

Please provide the percent chance you attach to the following outcomes for the average unemployment rate in Q4 2026 and Q4 2027.
(52 responses)

| 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% | 36% | 29% | 11% | 5% | 2% | 2% |

| Probability Distribution of Average Unemployment in Q4 2027 | | | | | | | | |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 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 | 4% | 15% | 33% | 26% | 12% | 6% | 3% | 3% |

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

| Average Unemployment Modal Point Estimates | | |
|--|--------------|--------------|
| | Q4 2026 | Q4 2027 |
| 25th Percentile | 4.30% | 4.20% |
| Median | 4.50% | 4.30% |
| 75th Percentile | 4.60% | 4.50% |
| # of Respondents | 56 | 55 |

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

| Headline PCE Inflation Quarterly Modal Point Estimates | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Q1 2026 (saar) | Q2 2026 (saar) | Q3 2026 (saar) | Q4 2026 (saar) | Q1 2027 (saar) |
| 25th Percentile | 3.5% | 3.3% | 1.9% | 1.9% | 2.1% |
| Median | 4.3% | 4.2% | 2.1% | 2.3% | 2.4% |
| 75th Percentile | 4.4% | 4.7% | 2.5% | 2.5% | 2.7% |
| # of Respondents | 56 | 56 | 56 | 56 | 53 |

| Core PCE Inflation Quarterly Modal Point Estimates | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Q1 2026 (saar) | Q2 2026 (saar) | Q3 2026 (saar) | Q4 2026 (saar) | Q1 2027 (saar) |
| 25th Percentile | 3.1% | 2.8% | 2.3% | 2.1% | 2.2% |
| Median | 4.1% | 3.1% | 2.4% | 2.3% | 2.5% |
| 75th Percentile | 4.1% | 3.3% | 2.6% | 2.7% | 2.8% |
| # of Respondents | 57 | 57 | 57 | 57 | 54 |

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

9a, b) Please provide the 1st and 99th percentiles of your distribution of expectations for headline PCE inflation in 2026 (Q4/Q4) and 2027 (Q4/Q4).

| Headline PCE Inflation 1st and 99th Percentile Estimates (Q4/Q4) | | | | |
|--|----------------|-----------------|----------------|-----------------|
| | 2026 | | 2027 | |
| | 1st percentile | 99th percentile | 1st percentile | 99th percentile |
| 25th Percentile | 1.00% | 4.00% | 0.00% | 3.50% |
| Median | 1.50% | 4.70% | 1.00% | 4.00% |
| 75th Percentile | 1.84% | 6.00% | 1.50% | 5.50% |
| # of Respondents | 50 | 50 | 49 | 49 |

Please provide the percent chance you attach to the following outcomes for headline PCE inflation in 2026 and 2027 (Q4/Q4).

(52 responses)

| 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 | 1% | 1% | 3% | 5% | 9% | 12% | 17% | 21% | 19% | 11% |

| Probability Distribution of Headline PCE Inflation in 2027 (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 | 4% | 7% | 12% | 20% | 18% | 15% | 10% | 6% | 4% | 4% |

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

| Headline PCE Inflation Modal Point Estimates (Q4/Q4) | | |
|--|-------|-------|
| | 2026 | 2027 |
| 25th Percentile | 2.95% | 2.10% |
| Median | 3.20% | 2.20% |
| 75th Percentile | 3.30% | 2.50% |
| # of Respondents | 57 | 54 |

9c) Please provide the 1st and 99th percentiles of your distribution of expectations for the annual average CPI inflation rate from April 1, 2026 – March 31, 2031.

| 5Y CPI Inflation 1st and 99th Percentile Estimates | | |
|--|----------------|-----------------|
| | 1st percentile | 99th percentile |
| 25th Percentile | 0.50% | 3.50% |
| Median | 1.00% | 4.00% |
| 75th Percentile | 1.30% | 4.63% |
| # of Respondents | 52 | 52 |

Please provide the percent chance you attach to the annual average CPI inflation rate from April 1, 2026 – March 31, 2031 falling in each of the following ranges.

(56 responses)

| Probability Distribution of 5Y CPI Inflation | | | | | | | |
|--|----------|--------------|--------------|--------------|--------------|--------------|----------|
| | <= 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 | 2% | 4% | 15% | 32% | 29% | 13% | 5% |

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

| 5Y CPI Inflation Modal Point Estimates | |
|--|--------------|
| Most Likely Outcome | |
| 25th Percentile | 2.40% |
| Median | 2.50% |
| 75th Percentile | 2.60% |
| # of Respondents | 57 |

9d) Please provide the 1st and 99th percentiles of your distribution of expectations for the annual average CPI inflation rate from April 1, 2031 – March 31, 2036.

| 5Y5Y CPI Inflation 1st and 99th Percentile Estimates | | |
|--|----------------|-----------------|
| | 1st percentile | 99th percentile |
| 25th Percentile | 0.50% | 3.50% |
| Median | 1.00% | 3.80% |
| 75th Percentile | 1.23% | 4.75% |
| # of Respondents | 51 | 51 |

Please provide the percent chance you attach to the annual average CPI inflation rate from April 1, 2031 – March 31, 2036 falling in each of the following ranges.

(55 responses)

| Probability Distribution of 5Y5Y CPI Inflation | | | | | | | |
|--|-----------|--------------|--------------|--------------|--------------|--------------|-----------|
| | <= 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 | 2% | 6% | 18% | 37% | 23% | 9% | 4% |

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

| 5Y5Y CPI Inflation Modal Point Estimates | |
|--|--------------|
| Most Likely Outcome | |
| 25th Percentile | 2.20% |
| Median | 2.30% |
| 75th Percentile | 2.41% |
| # of Respondents | 56 |

10) 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?

| Probabilities of Global and U.S. Recessions | | | |
|--|-----------------------------|----------------------------|------------------------------|
| | Currently in U.S. Recession | U.S. Recession in 6 Months | Global Recession in 6 Months |
| 25th Percentile | 5% | 18% | 21% |
| Median | 9% | 25% | 30% |
| 75th Percentile | 14% | 30% | 35% |
| # of Respondents | 62 | 62 | 62 |

**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.*

- 11) Provide your estimate of the most likely outcome for output, inflation, and unemployment.
(48 responses)

| Economic Forecasts | | | | | |
|--------------------------------------|-----------------|--------------|--------------|--------------|--------------|
| | | 2026 | 2027 | 2028 | Longer Run |
| Real GDP (Q4/Q4 Growth) | 25th Percentile | 1.90% | 1.88% | 1.83% | 1.80% |
| | Median | 2.10% | 2.08% | 2.00% | 2.00% |
| | 75th Percentile | 2.30% | 2.20% | 2.18% | 2.10% |
| Core PCE Inflation (Q4/Q4) | 25th Percentile | 2.70% | 2.20% | 2.00% | - |
| | Median | 2.90% | 2.30% | 2.10% | - |
| | 75th Percentile | 3.00% | 2.50% | 2.20% | - |
| Headline PCE Inflation (Q4/Q4) | 25th Percentile | 2.90% | 2.10% | 2.00% | 2.00% |
| | Median | 3.20% | 2.20% | 2.00% | 2.00% |
| | 75th Percentile | 3.30% | 2.50% | 2.20% | 2.00% |
| Unemployment Rate (Q4 Average Level) | 25th Percentile | 4.30% | 4.23% | 4.20% | 4.03% |
| | Median | 4.50% | 4.30% | 4.25% | 4.20% |
| | 75th Percentile | 4.60% | 4.50% | 4.40% | 4.38% |