A Steady Anchor in a Stormy Sea

SNB-FRB-BIS High-Level Conference on Global Risk, Uncertainty, and Volatility

John C. Williams, President and Chief Executive Officer

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<table>
<thead>
<tr>
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<th>2014-20 mean</th>
<th>2014-20 90% range</th>
<th>2021</th>
<th>2022</th>
<th>2022 Q3</th>
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<td><strong>Longer-run expectations:</strong></td>
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<td>SPF 6-10 years</td>
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<td>2.0–2.1</td>
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<td>Market-based 6-10 years</td>
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<td>1.4–2.4</td>
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<td>Michigan next 5-10 years</td>
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<td>2.3–2.9</td>
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<td>3.0</td>
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<td><strong>Short- and medium-run expectations:</strong></td>
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<td>SCE 1 year ahead</td>
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<td>2.5–3.1</td>
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<td>Michigan 1 year ahead</td>
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<td>2.4–3.2</td>
<td>4.2</td>
<td>5.1</td>
<td>4.9</td>
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Figure 1: Longer-run Inflation Expectations


Note: Survey of Professional Forecasters forecast for Personal Consumption Expenditures Price Index Inflation shown.
Figure 2: Deflation Scare?

Source: Federal Reserve Bank of New York Survey of Consumer Expectations.
Figure 3: Ebbing Share with High Inflation Expectations

Source: Federal Reserve Bank of New York Survey of Consumer Expectations.
Figure 4: Rising, but Symmetric Aggregate Uncertainty

Source: Federal Reserve Bank of New York Survey of Consumer Expectations.

Note: Expectations for 3 years ahead shown. Percentiles are from aggregate distribution derived from individual respondents’ forecast densities.
Figure 5: Aggregate Uncertainty at Different Forecast Horizons

Source: Federal Reserve Bank of New York Survey of Consumer Expectations.
Note: Data from September 2022 survey shown.
Figure 6: Forecast Densities for 7-year-ahead Interest Rates

Percentile: 95th, 85th, 75th, 50th, 25th, 15th, 5th

Sources: Bloomberg, author's calculations.
Note: Based on LIBOR options prices.
Figure 7: Option-implied Interest Rate Forecast Densities

Sources: Bloomberg, author's calculations.

Note: Based on LIBOR options prices for September 2022.