SURVEY OF PRIMARY DEALERS
JULY 2019

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 22nd at 2:00 pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

Type of Respondent: **Primary Dealer**   Respondent Name:

1a) Provide below your expectations for changes, if any, to the language referencing each of the following topics in the July FOMC statement.

Current economic conditions:

Economic outlook:

Communication on the expected path of the target federal funds rate:

Other:

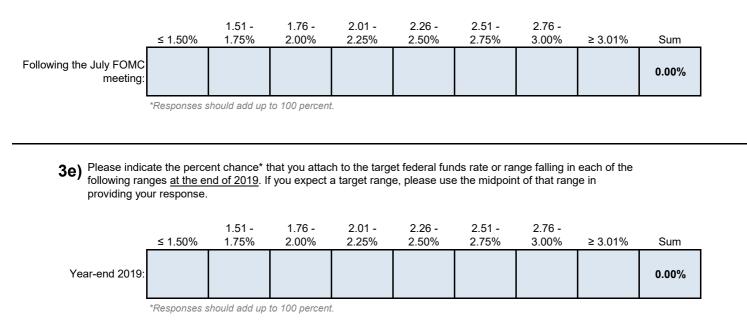**1b)** What are your expectations for the Chair's press conference?

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.
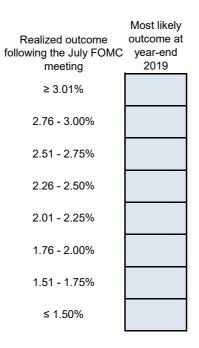
Rating: [ ]

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 below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

	2019 FOMC meetings				2020 FOMC meetings		
	Jul 30-31	Sep 17-18	Oct 29-30	Dec 10-11	Jan 28-29	Mar 17-18	Apr 28-29
Target rate / midpoint of target range:							

	Quarters						
	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Target rate / midpoint of target range:							

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.

Longer run: [ ]

Expectation for average federal funds rate over next 10 years: [ ]

3c) Please indicate the percent chance* that you attach to the following possible outcomes for the Committee's next policy action <u>between now and the end of 2019</u>.

Next Change is Increase in Target Rate or Range	Next Change is Decrease in Target Rate or Range	No Change in Target Rate or Range Through the End of 2019	Sum
			0.00%

Responses should add up to 100 percent.

3d) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>immediately following the July FOMC meeting</u>. If you expect a target range, please use the midpoint of that range in providing your response.

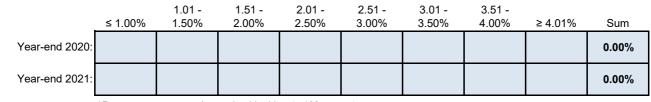|	≤ 1.50%	1.51 - 1.75%	1.76 - 2.00%	2.01 - 2.25%	2.26 - 2.50%	2.51 - 2.75%	2.76 - 3.00%	≥ 3.01%	Sum
Following the July FOMC meeting:									**0.00%**

Responses should add up to 100 percent.

3e) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2019</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 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%	Sum
Year-end 2019:									**0.00%**

Responses should add up to 100 percent.

3f) Provide your estimate of the most likely outcome (i.e., the mode) for the target federal funds rate or range, as applicable, <u>at the end of 2019</u>, <u>conditional on each of the following levels prevailing immediately following the July FOMC meeting to which you assigned a non-zero probability in question 3d</u>. If you expect a target range, please indicate the midpoint of that range in providing your response.

Realized outcome following the July FOMC meeting	Most likely outcome at year-end 2019
≥ 3.01%	
2.76 - 3.00%	
2.51 - 2.75%	
2.26 - 2.50%	
2.01 - 2.25%	
1.76 - 2.00%	
1.51 - 1.75%	
≤ 1.50%	

3g-i) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2020 and 2021</u>, <u>conditional on **not** moving to the zero lower bound (ZLB) at any point between now and the end of 2021</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 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%	Sum
Year-end 2020:									**0.00%**
Year-end 2021:									**0.00%**

Responses across each row should add up to 100 percent.

3g-ii) Please indicate the percent chance that you attach to moving to the ZLB at some point between <u>now and the end of 2021</u>.

Probability of moving to the ZLB at some point between <u>now and the end of 2021</u>:

3g-iii) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2020 and 2021</u>, <u>conditional on moving to the ZLB at some point between now and the end of 2021</u>. Only fill out these conditional probability distributions if you assigned a non-zero probability to moving to the ZLB at some point between now and the end of 2021. If you expect a target range, please use the midpoint of that range in providing your response.

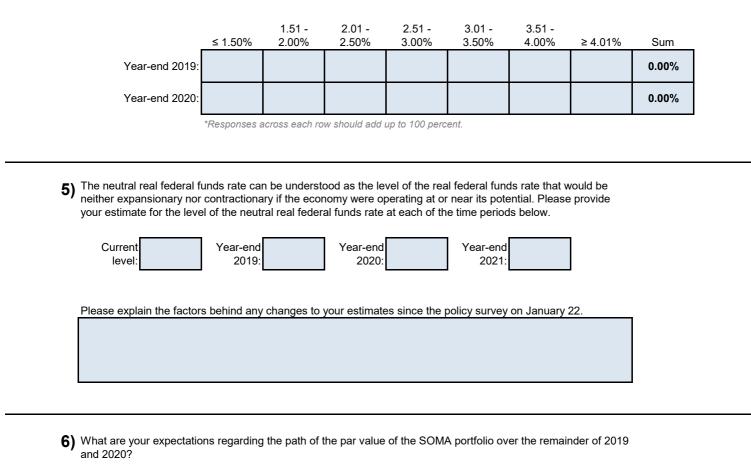|	< 0.00%	0.00 - 0.25%	0.26 - 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	≥ 2.51%	Sum
Year-end 2020:									**0.00%**
Year-end 2021:									**0.00%**

Responses across each row should add up to 100 percent.

3g-iv) What is your estimate of the target federal funds rate or range at the effective lower bound?

Level of the target federal funds rate or range at the effective lower bound (in percent):
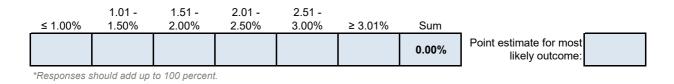

3h) For parts a-g, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.

4) Please indicate the percent chance* that you attach to the 10-year Treasury yield falling in each of the following ranges at the end of 2019 and 2020.
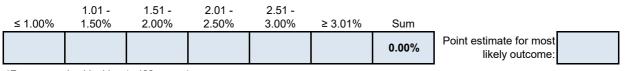
	≤ 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	3.01 - 3.50%	3.51 - 4.00%	≥ 4.01%	Sum
Year-end 2019:								**0.00%**
Year-end 2020:								**0.00%**

Responses across each row should add up to 100 percent.

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5) The neutral real federal funds rate can be understood as the level of the real federal funds rate that would be neither expansionary nor contractionary if the economy were operating at or near its potential. Please provide your estimate for the level of the neutral real federal funds rate at each of the time periods below.

Current level: _____   Year-end 2019: _____   Year-end 2020: _____   Year-end 2021: _____

Please explain the factors behind any changes to your estimates since the policy survey on January 22.

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6) What are your expectations regarding the path of the par value of the SOMA portfolio over the remainder of 2019 and 2020?

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7) Please describe your modal expectation and the balance of risks around your modal expectation for international trade developments from now until the end of 2019. In addition, please explain the factors behind any change to your modal expectation since the last policy survey.

8a) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from July 1, 2019 - June 30, 2024 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%	Sum
						0.00%

Point estimate for most likely outcome:
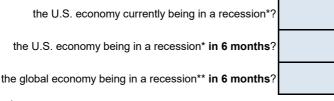
Responses should add up to 100 percent.

8b) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from July 1, 2024 - June 30, 2029 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.
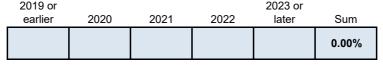
≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%	Sum
						0.00%

Point estimate for most likely outcome:

Responses should add up to 100 percent.

9a) 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**?

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.

9b) What percent chance* do you attach to the U.S. economy first entering a recession** in each of the following periods?
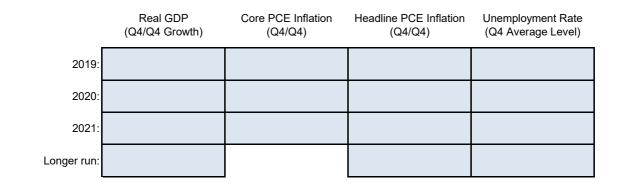
2019 or earlier	2020	2021	2022	2023 or later	Sum
					0.00%

Responses should add up to 100 percent.
**NBER-defined recession

9c) Please explain the factors behind any change to your expectations in parts a-b since the last policy survey.

10a) Provide your estimate of the most likely outcome for output, inflation, and unemployment.

	Real GDP (Q4/Q4 Growth)	Core PCE Inflation (Q4/Q4)	Headline PCE Inflation (Q4/Q4)	Unemployment Rate (Q4 Average Level)
2019:				
2020:				
2021:				
Longer run:				

10b) Please explain changes, if any, to your estimates in part a since the last policy survey.

Thank you for your time and input. Please send survey responses to **ny.mktpolicysurvey@ny.frb.org**