SURVEY OF PRIMARY DEALERS

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, March 12th at 5:00 pm** to the questions below. Your time and input are greatly appreciated.

Dealer:

1a) Provide below your expectations for changes, if any, to the language referencing each of the following topics in the March 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 medians of FOMC participants' economic projections in the Summary of Economic Projections (SEP)?

1c) What are your expectations for the most likely levels of the medians of FOMC participants' target federal funds rate projections in the SEP?

Year-end 2018: | Year-end 2019: | Year-end 2020: | Longer run:

Please comment on the balance of risks around your expectations.

1d) Additionally, please describe any expected changes to the distributions of FOMC participants' target rate projections, if applicable.

1e) What are your expectations for the Chairman'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 half years below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

	2018 FOMC Meetings						
	Mar 20-21	May 1-2	Jun 12-13	Jul 31 - Aug 1	Sep 25-26	Nov 7-8	Dec 18-19
Target rate / midpoint of target range:							

	Quarters						**Half Years**
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 H2
Target rate / midpoint of target range:							

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.

Longer run:

Expectation for average federal funds rate over next 10 years:

2c) Please indicate the percent chance* that you attach to the following possible outcomes for the Committee's next policy action between now and the end of 2018.

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 2018

**Responses should add up to 100 percent.*

2d) Conditional on the Committee's next policy action between now and the end of 2018 being an increase in the target federal funds rate or range, please indicate the percent chance* that you attach to the following possible outcomes for the timing of such a change. Only fill out this conditional probability distribution if you assigned a non-zero probability to the Committee's next policy action between now and the end of 2018 being an increase.

Increase Occurs at March FOMC meeting	Increase Occurs at May FOMC meeting	Increase Occurs at June FOMC meeting or later

**Responses should add up to 100 percent.*

2e) 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 2018, conditional on the following possible scenarios for the direction and timing of the Committee's next policy action between now and the end of 2018**.** Only fill out the conditional probability distributions for which you assigned a non-zero probability to the conditioning event occurring. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	2.01 - 2.25%	2.26 - 2.50%	≥ 2.51%
Next change is an increase, occurs at May FOMC meeting or earlier:								
Next change is an increase, occurs at Jun. FOMC meeting or later:								

	< 0.0%	0.00 - 0.25%	0.26 - 0.50%	0.51 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	≥ 1.51%
Next change is a decrease:								

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

2f-i) 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 2019 and 2020, conditional on **not** moving to the zero lower bound (ZLB) at any point between now and the end of 2020. 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%
Year-end 2019:							
Year-end 2020:							

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

2f-ii) Please indicate the percent chance that you attach to moving to the ZLB at some point between now and the end of 2020.

Probability of moving to the ZLB at some point between now and the end of 2020: [ ]

2f-iii) 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 2019 and 2020, conditional on moving to the ZLB at some point between now and the end of 2020. 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 2020. 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%
Year-end 2019:								
Year-end 2020:								

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

2f-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): [ ]

2g) For parts a-f, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.

[ ]

3a) Provide your estimate of the most likely outcome for the 10-year Treasury yield at the end of each period below. In addition, provide your estimate of the longer-run level of the 10-year Treasury yield.

Quarters				Half Years				
2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 H1	2019 H2	2020 H1	2020 H2	Longer run:

3b) Provide your estimate of the most likely outcome for the 30-year fixed primary mortgage rate at the end of each period below. In addition, provide your estimate of the longer-run level of the 30-year fixed primary mortgage rate.

Quarters				Half Years				
2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 H1	2019 H2	2020 H1	2020 H2	Longer run:

4) The spread between 3-month USD LIBOR and the 3-month overnight index swap rate was about 42 basis points as of March 7, its highest level since October 2016. Please rate the importance of the following factors in influencing the current level of this spread **(5=very important, 1=not important).**

Treasury bill issuance:

Bank credit risk:

Repatriation of earnings by corporations:

Other (please explain):

If "Other", please explain:

5a) Equity market volatility increased in early February before largely retracing. Please rate the importance of the following factors in explaining this episode of heightened equity market volatility **(5=very important, 1=not important).**

Changes to outlook on U.S. growth:

Changes to outlook on U.S. inflation:

Recent Fed policy actions and communications:

Equity valuation levels:

Increases in long-term interest rates:

Volatility-linked products or strategies:

Other (please explain):

If "Other", please explain:

5b) Please provide your view on how heightened equity market volatility has affected other asset classes, if at all.

6a) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio at the end of 2020, conditional on **not** moving to the ZLB at any point between now and the end of 2020. For reference, the level of the SOMA portfolio on February 28th, 2018 was $4202 billion, including inflation compensation and settled and unsettled agency MBS, according to the most recent H.4.1 release. Levels referenced below are in $ billions.

≤ 3000	3001 - 3500	3501 - 4000	4001 - 4500	≥ 4501

**Responses should add up to 100 percent.*

6b) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio at the end of 2020, conditional on moving to the ZLB at any point between now and the end of 2020. Only fill out this conditional probability distribution if you assigned a non-zero probability to moving to the ZLB at some point between now and the end of 2020 in question 2. Levels referenced below are in $ billions.

≤ 4000	4001 - 4500	4501 - 5000	5001 - 5500	≥ 5501

**Responses should add up to 100 percent.*

7a) Provide your estimate of the most likely outcome for output, inflation, and unemployment.

	GDP (Q4/Q4 Growth)	Core PCE Deflator (Q4/Q4 Growth)	Headline PCE Deflator (Q4/Q4 Growth)	Unemployment Rate (Q4 Average Level)
2018:				
2019:				
2020:				
Longer run:				

7b) Provide your estimate of the most likely outcome for the U.S. federal fiscal deficit (as a percent of GDP) for fiscal years 2018, 2019 and 2020.

	FY 2018	FY 2019	FY 2020
Estimate for U.S. federal fiscal deficit:			

7c) Please explain changes to your estimates in parts a and b since the last policy survey, where applicable.

8a) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from March 1, 2018 - February 28, 2023 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%

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 CPI inflation rate from March 1, 2023 - February 29, 2028 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%

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*?

Recession currently:

9b) What percent chance do you attach to the U.S. economy being in a recession* **in 6 months**?

Recession in 6 months:

9c) What percent chance do you attach to the global economy being in a recession** **in 6 months**?

Global recession in 6 months:

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

**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.*

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