SURVEY OF PRIMARY DEALERS
SEPTEMBER 2023

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, September 11th 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 September 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 most likely levels of the medians of FOMC participants' target federal funds rate projections in the SEP? Please provide your responses out to three decimal places.

	Year-end 2023 *Jun-23: 5.625%*	Year-end 2024 *Jun-23: 4.625%*	Year-end 2025 *Jun-23: 3.375%*	Year-end 2026	Longer run *Jun-23: 2.500%*
September SEP median (percent):					

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

FOMC Meetings

	Sep 19-20, 2023	Oct 31-Nov 1, 2023	Dec 12-13, 2023	Jan 30-31, 2024	Mar 19-20, 2024	Apr 30-May 1, 2024	June 11-12, 2024
Target rate / midpoint of target range (percent, out to three decimal places):							

Quarters

	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Target rate / midpoint of target range (percent, out to three decimal places):						

Years

	2026	2027
Target rate / midpoint of target range (percent):		

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 (percent):

[_____]

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

[_____]

2c) 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 September and October/November FOMC meetings and at the end of 2023 and 2024</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 4.25%	4.26 - 4.50%	4.51 - 4.75%	4.76 - 5.00%	5.01 - 5.25%	5.26 - 5.50%	5.51 - 5.75%	5.76 - 6.00%	6.01 - 6.25%	≥ 6.26%	Total
September 19-20:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Oct 31-Nov 1:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Year-end 2023:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

	≤ 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 - 5.00%	5.01 - 5.50%	≥ 5.51%	Total
Year-end 2024:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses across each row should add up to 100 percent.

2d) Please indicate the percent chance* that you attach to the <u>highest level of the target range for the federal funds rate before the target range is next decreased</u> falling in each of the following ranges.

≤ 4.25%	4.26 - 4.50%	4.51 - 4.75%	4.76 - 5.00%	5.01 - 5.25%	5.26 - 5.50%	5.51 - 5.75%	5.76 - 6.00%	6.01 - 6.25%	≥ 6.26%	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

2e) Please indicate the percent chance* that you attach to the longer run target federal funds rate — the level the target federal funds rate would be expected to converge to under appropriate monetary policy and in the absence of further shocks to the economy — falling in each of the following ranges.

	≤ 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 %

Responses should add up to 100 percent. For reference, a similar question was last asked in the March 2023 survey.

3) The following matrix lays out hypothetical scenarios in which the realized levels of the 2024 unemployment rate (Q4 average level) and 2024 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 2023) 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 2024</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.*

	2024 Unemployment rate (Q4 average level)		
		Current SEP median	
	-50 bps	4.5%	+50 bps
2024 Core PCE inflation (Q4/Q4 growth) -50 bps			
Current SEP median 2.6%			
+50 bps			

For reference, a similar question was last asked in the March 2023 survey.

4a) 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.

Average level over each period ($ billions)

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

	August 2023 (Actual*)	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024
U.S. Treasuries:	5033							
Agency MBS:	2514							
Total Assets:	8229							

Average level over each period ($ billions)

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

	2024 Q2	2024 Q3	2024 Q4	2025 Q4
U.S. Treasuries:				
Agency MBS:				
Total Assets:				

Average of H.4.1 weekly averages of daily figures.

4b) 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 a. For 2023 Q3 through 2024 Q1, monthly averages from part a are averaged to reflect quarterly horizons.

Average level over each period ($ billions)

	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q4
Total Liabilities and Capital							

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

	2023 Q2 (Actual*)	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q4
Reserves:	3256							
Currency in Circulation:	2333							
Overnight Reverse Repurchase Facility:	2193							
Treasury General Account:	173							

Average of H.4.1 weekly averages of daily figures.

A summary of assets and liabilities responses are 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 Q3 2023 through Q1 2024, 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:

	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q4
U.S. Treasuries							
Agency MBS							
Other Assets							
Total Assets							

Average level over each period ($ billions)

Liabilities:

	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q4
Reserves							
Currency in Circulation							
Overnight Reverse Repurchase Agreements							
Treasury General Account							
Other Liabilities and Capital							
Total Liabilities and Capital							

4c) Please indicate the period in which you expect the SOMA portfolio will cease to decline as well as 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 facility, when the SOMA portfolio ceases to decline.

Period in which SOMA portfolio ceases to decline*: ▼

Size of SOMA portfolio when it ceases to decline ($ billions)**:
 Current value: $7,508bn*** ▼

Size of reserves ($ billions)****:
 Current value: $3,197bn*** ▼

Take-up at the overnight reverse repurchase facility ($ billions)*****:
 Current value: $1,697bn*** ▼

*Dropdown selections: Q3 2023, Q4 2023, Q1 2024, Q2 2024, Q3 2024, Q4 2024, Q1 2025, Q2 2025, Q3 2025, Q4 2025, Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027, Q2 2027, Q3 2027, Q4 2027, Q1 2028, Q2 2028, Q3 2028, Q4 2028, Q1 2029 or later.

**Dropdown selections: $0-500bn, $501-1000bn,$1001-1500bn, $1501-2000bn, $2001-2500bn, $2501-3000bn, $3001-3500bn, $3501-4000bn, $4001-4500bn, $4501-5000bn, $5001-5500bn, $5501-6000bn, $6001-6500bn, $6501-7000bn, $7001-7500bn, $7501-8000bn.

***Most recent H.4.1, as of August 30, 2023.

****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.

4d) 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 August 30, 2023 was $7,508 billion according to the most recent H.4.1 release.

$4000bn or smaller	$4001-4500bn	$4501-5000bn	$5001-5500bn	$5501-6000bn	$6001-6500bn	$6501-7000bn	$7001-7500bn	$7501bn or larger	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses should add up to 100 percent.

4e) Please provide any additional information or factors behind your baseline expectations for assets on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

Please provide any additional information or factors behind the distribution of outcomes around your baseline for assets on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

4f) Please provide any additional information or factors behind your baseline expectations for liabilities on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

Please provide any additional information or factors behind the distribution of outcomes around your baseline for liabilities on the Federal Reserve balance sheet and when the decline in the balance sheet will be slowed and then stopped.

5) Please provide the percent chance* you attach to the following outcomes for U.S. real GDP growth in 2023 and 2024 (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
2023 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
2024 (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.

2023 (Q4/Q4, percent):

2024 (Q4/Q4, percent):

6) 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.

	Q3 2023 (saar)	Q4 2023 (saar)	Q1 2024 (saar)	Q2 2024 (saar)	Q3 2024 (saar)
Headline PCE inflation (percent): *Q2 2023 (saar): 2.5% **					
Core PCE inflation (percent): *Q2 2023 (saar): 3.7% **					

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

***Second estimate by the Bureau of Economic Analysis*

7a) Please provide the percent chance* you attach to the following outcomes for headline PCE inflation in 2023 and 2024 (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 - 3.75%	3.76 - 4.00%	≥ 4.01%	Total
2023 (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
2024 (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.

2023 (Q4/Q4, percent):

2024 (Q4/Q4, percent):

7b) For the outcomes below, provide the percent chance* you attach to the annual average   CPI inflation rate from September 1, 2023 - August 31, 2028 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

	≤ 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.

Percent:

7c) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from September 1, 2028 - August 31, 2033 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

	≤ 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.

Percent:

8a) 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.*

8b) What percent chance* do you attach to the U.S. economy first entering a recession** in each of the following periods?

	H1 2023***	H2 2023	H1 2024	H2 2024	H1 2025	No recession by end H1 2025	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 2023.*

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

Please provide your responses out to at least one decimal place.

	Real GDP (Q4/Q4 Growth)*	Core PCE Inflation (Q4/Q4)	Headline PCE Inflation (Q4/Q4)**	Unemployment Rate (Q4 Average Level)
2023 (percent):				
2024 (percent):				
2025 (percent):				
2026 (percent):				
Longer run (percent):		NA		

Responses for real GDP growth in 2023 and 2024 are pulled directly from point estimate values provided in question 5.

**Responses for headline PCE inflation in 2023 and 2024 are pulled directly from point estimate values provided in question 7a.*

Thank you for completing the desk survey.