

RESPONSES TO SURVEY OF MARKET PARTICIPANTS

Markets Group, Federal Reserve Bank of New York



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The **Survey of Market Participants** 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, median responses across participants, along with the 25th and 75th percentiles, are reported. For questions that ask respondents to give a probability distribution, the average response across participants for each potential outcome is reported.¹ Brief summaries of the comments received in free response form are also provided.

Responses were received from 25 market participants. Except where noted, all 25 participants responded to each question. In some cases, participants may not have provided complete responses (e.g. may not have provided forecasts extending 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.

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

Current economic conditions:

Some respondents indicated they expected little or no change. Several respondents indicated they expected a reference to modest progress on inflation. Several respondents indicated they expected a reference to moderating pace of economic activity.

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

Most respondents indicated they expected little or no change.

Communication on tools other than the target federal funds rate:

Most respondents indicated they expected little or no change. Several respondents indicated they expected an adjustment to the statement to reflect recently announced plans for slowing in the pace of runoff of the Federal Reserve's balance sheet.

Other:
(19 responses)

Respondents did not provide significant commentary in this section.

- 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 2024	Year-end 2025	Year-end 2026	Longer Run
25th Percentile	4.88%	3.88%	3.13%	2.60%
Median	4.88%	4.13%	3.13%	2.63%
75th Percentile	5.13%	4.13%	3.38%	2.75%
# of Respondents	25	25	25	25

- 1c)** What are your expectations for the Chair's press conference?
(22 responses)

Some respondents indicated they expected the Chair would reiterate that greater confidence is needed that inflation is moving sustainably toward 2 percent. Several respondents expected the Chair to reference recent progress on inflation. Several respondents indicated they expected the Chair would continue to suggest that adjustments in the target range for the federal funds rate would remain dependent on incoming economic data and its implications for the economic outlook and the balance of risks. Several respondents indicated they expected the Chair to reference patience or proceeding carefully.

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.

	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
25th Percentile	5.38%	5.38%	5.13%	5.13%	4.88%	4.88%
Median	5.38%	5.38%	5.13%	5.13%	4.88%	4.88%
75th Percentile	5.38%	5.38%	5.38%	5.38%	5.13%	4.88%
# of Respondents	25	25	25	25	25	25

	2025 Q1	2025 Q2	2025 Q3	2025 Q4
25th Percentile	4.63%	4.38%	3.88%	3.63%
Median	4.63%	4.38%	4.13%	3.88%
75th Percentile	4.88%	4.63%	4.13%	4.13%
# of Respondents	25	25	25	25

	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027	2028
25th Percentile	3.13%	3.13%	2.88%	2.88%	2.63%	2.63%
Median	3.63%	3.38%	3.38%	3.13%	2.88%	3.13%
75th Percentile	3.88%	3.63%	3.63%	3.38%	3.38%	3.38%
# of Respondents	25	25	25	25	24	24

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.

	10-yr Average FF Rate	Longer Run
25th Percentile	3.00%	2.63%
Median	3.25%	2.88%
75th Percentile	3.40%	3.10%
# of Respondents	25	25

2c) 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 June and July FOMC meetings and at the end of 2024 and 2025. If you expect a target range, please use the midpoint of that range in providing your response.

Federal Funds Rate or Range after the June 2024 FOMC Meeting										
	<= 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%
Average	0%	0%	0%	0%	3%	96%	1%	0%	0%	0%

Federal Funds Rate or Range after the July 2024 FOMC Meeting										
<= 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%	
Average	0%	0%	0%	1%	17%	81%	1%	0%	0%	0%

Federal Funds Rate or Range at the End of 2024										
<= 3.50%	3.51 - 3.75%	3.76 - 4.00%	4.01 - 4.25%	4.26 - 4.50%	4.51 - 4.75%	4.76 - 5.00%	5.01 - 5.25%	5.26 - 5.50%	>= 5.51%	
Average	2%	1%	2%	2%	3%	13%	28%	26%	19%	4%

Federal Funds Rate or Range at the End of 2025										
<= 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%	
Average	7%	4%	5%	9%	13%	22%	21%	9%	6%	4%

2d) Please indicate the percent chance that you attach to the highest level of the target range for the federal funds rate before the target range is next decreased 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%
Average	0%	0%	0%	0%	90%	5%	2%	2%	1%

3a) 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 SOMAPortfolio (\$ billions)					
	May 2024	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024
25th Percentile	4,508	4,483	4,458	4,433	4,408
Median	4,508	4,483	4,458	4,433	4,408
75th Percentile	4,509	4,483	4,458	4,433	4,409
# of Respondents	19	19	19	19	19

Expectations for the Average Level of MBS in the SOMAPortfolio (\$ billions)					
	May 2024	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024
25th Percentile	2,357	2,334	2,306	2,286	2,275
Median	2,368	2,348	2,328	2,309	2,292
75th Percentile	2,372	2,355	2,339	2,320	2,303
# of Respondents	19	19	19	19	19

Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions)					
	May 2024	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024
25th Percentile	7,388	7,320	7,243	7,215	7,159
Median	7,402	7,355	7,309	7,263	7,221
75th Percentile	7,408	7,366	7,324	7,278	7,242
# of Respondents	18	18	18	18	18

Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions)						
	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	4,333	4,258	4,247	4,256	4,296	4,277
Median	4,339	4,294	4,318	4,345	4,408	4,535
75th Percentile	4,368	4,390	4,445	4,490	4,516	4,808
# of Respondents	19	19	19	19	19	18

Expectations for the Average Level of MBS in the SOMA Portfolio (\$ billions)						
	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	2,220	2,166	2,108	2,048	2,003	1,781
Median	2,256	2,204	2,158	2,098	2,038	1,915
75th Percentile	2,264	2,218	2,169	2,121	2,075	2,031
# of Respondents	19	19	19	19	19	18

Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions)						
	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	7,021	6,855	6,841	6,827	6,835	6,850
Median	7,088	6,959	6,898	6,888	6,910	6,954
75th Percentile	7,128	7,086	7,073	7,063	7,063	7,187
# of Respondents	18	18	18	18	18	17

3b) Please indicate the period in which you expect the SOMA portfolio to cease to decline, and 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 agreement 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)**	Size of reserves (\$ billions)***	Take-up at the overnight reverse repurchase agreement facility (\$ billions)****
25th Percentile	Jan. '25	6,375	2,875	125
Median	Mar. '25	6,375	2,875	125
75th Percentile	Jun. '25	6,625	3,125	250
# of Respondents	19	18	19	19

*Dropdown selections: May 2024, June 2024, July 2024, August 2024, September 2024, October 2024, November 2024, December 2024, January 2025, February 2025, March 2025, April 2025, May 2025, June 2025, July 2025, August 2025, September 2025, October 2025, November 2025, December 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: \$0-250bn, \$251-500bn, \$501-750bn, \$751-1000bn, \$1001-1250bn, \$1251-1500bn, \$1501-1750bn, \$1751-2000bn, \$2001-2250bn, \$2251-2500bn, \$2501-2750bn, \$2751-3000bn, \$3001-3250bn, \$3251-3500bn, \$3501-3750bn, \$3751-4000bn, \$4001-4250bn, \$4251-4500bn, \$4501-4750bn, \$4751-

5000bn, \$5001-5250bn, \$5251-5500bn, \$5501-5750bn, \$5751-6000bn, \$6001-6250bn, \$6251-6500bn, \$6501-6750bn, \$6751-7000bn.

***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.

- 3c)** 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 May 22, 2024 was \$6,859 billion according to the most recent H.4.1 release.
(18 responses)

	\$5000bn or smaller	\$5001-5250bn	\$5251-5500bn	\$5501-5750bn	\$5751-6000bn	\$6001-6250bn	\$6251-6500bn	\$6501-6750bn	\$6751bn or larger
Average	2%	1%	2%	4%	9%	16%	28%	26%	12%

- 3d)** Please discuss factors behind your baseline expectation for when the SOMA portfolio will cease to decline. Please also discuss the distribution of outcomes around your baseline.
(15 responses)

Several respondents indicated they expected the end of balance sheet reduction to be determined by assessments of reserve levels, ON RRP take-up, or upward pressure on money market rates relative to administered rates.

- 4)** Please provide your expectation for each of the selected money market rate spreads* for the day after each of the FOMC meetings.
(14 responses)

Top of target range** minus IORB (in bps)				
	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7
25th Percentile	10.0	10.0	10.0	10.0
Median	10.0	10.0	10.0	10.0
75th Percentile	10.0	10.0	10.0	10.0
# of Respondents	14	14	14	14

EFFR minus IORB (in bps)				
	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7
25th Percentile	-7.0	-7.0	-7.0	-7.0
Median	-7.0	-7.0	-7.0	-7.0
75th Percentile	-7.0	-7.0	-7.0	-6.0
# of Respondents	14	14	14	14

SOFR minus IORB (in bps)				
	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7
25th Percentile	-9.0	-9.0	-9.0	-9.0
Median	-9.0	-9.0	-8.5	-8.0
75th Percentile	-9.0	-8.0	-8.0	-7.0
# of Respondents	14	14	14	14

Bottom of target range** minus ON RRP rate (in bps)				
	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7
25th Percentile	-5.0	-5.0	-5.0	-5.0
Median	-5.0	-5.0	-5.0	-5.0
75th Percentile	-5.0	-5.0	-5.0	-5.0
# of Respondents	14	14	14	14

3m U.S. Treasury bill yield minus 3m OIS (in bps)				
	Jun. 11-12	Jul. 30-31	Sep. 17-18	Nov. 6-7
25th Percentile	5.0	4.3	4.3	4.0
Median	5.0	5.0	5.0	5.0
75th Percentile	5.0	5.0	5.8	6.0
# of Respondents	14	14	14	14

*Listed rates include the interest on reserve balances (IORB) rate, effective federal funds rate (EFFR), Secured Overnight Financing Rate (SOFR), overnight reverse repurchase agreement (ON RRP) rate, and 3-month fed funds overnight index swap rate (3m OIS).

**Target range for the federal funds rate.

- 5) Please provide your estimate of the most likely level of the spread between the level of the effective federal funds rate (EFFR) and interest on reserve balances (IORB) conditional on each of the following hypothetical levels of combined reserve balances and take-up at the overnight reverse repurchase agreement facility.

Estimates of the EFFR-IORB Spread Conditional on Different Reserve Plus ON RRP Levels										
	4000	3750	3500	3250	3000	2750	2500	2250	2000	1750
25th Percentile	-7.0	-7.0	-7.0	-7.0	-6.0	-6.0	-5.0	-3.5	-2.3	0.3
Median	-7.0	-7.0	-6.5	-6.0	-4.0	-2.5	0.0	1.5	2.5	4.0
75th Percentile	-7.0	-7.0	-5.0	-3.3	-1.5	0.5	2.8	5.0	17.5	17.5
# of Respondents	13	14	14	14	14	14	14	14	14	14

Please discuss factors behind your expectations.
(12 responses)

Several respondents indicated they expected the EFFR to increase relative to IORB as combined reserve balances and ON RRP take-up declined.

- 6) Please provide the percent chance you attach to the following outcomes for U.S. real GDP growth in 2024 and 2025 (Q4/Q4).
(23 responses)

Probability Distribution of U.S. Real GDP Growth in 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%
Average	1%	1%	3%	6%	9%	19%	31%	20%	7%	3%

Probability Distribution of U.S. Real GDP Growth in 2025 (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	5%	7%	11%	21%	22%	17%	8%	4%	2%	2%

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

U.S. Real GDP Modal Point Estimates (Q4/Q4)		
	2024	2025
25th Percentile	1.56%	1.50%
Median	1.75%	1.80%
75th Percentile	2.00%	1.90%
# of Respondents	23	23

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

Headline PCE Inflation Quarterly Modal Point Estimates					
	Q2 2024 (saar)	Q3 2024 (saar)	Q4 2024 (saar)	Q1 2025 (saar)	Q2 2025 (saar)
25th Percentile	2.7%	2.2%	2.0%	2.1%	2.0%
Median	2.9%	2.3%	2.2%	2.3%	2.2%
75th Percentile	3.2%	2.6%	2.7%	2.5%	2.4%
# of Respondents	20	20	20	20	20

Core PCE Inflation Quarterly Modal Point Estimates					
	Q2 2024 (saar)	Q3 2024 (saar)	Q4 2024 (saar)	Q1 2025 (saar)	Q2 2025 (saar)
25th Percentile	2.8%	2.2%	2.0%	2.2%	2.0%
Median	3.1%	2.5%	2.2%	2.4%	2.2%
75th Percentile	3.1%	2.7%	2.6%	2.6%	2.4%
# of Respondents	21	21	21	21	21

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

8a) Please provide the percent chance you attach to the following outcomes for headline PCE inflation in 2024 and 2025 (Q4/Q4).
(21 responses)

Probability Distribution of Headline PCE Inflation in 2024 (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%	4%	8%	17%	27%	19%	10%	7%	4%

Probability Distribution of Headline PCE Inflation in 2025 (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	3%	6%	14%	29%	21%	12%	7%	4%	3%	2%

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

Headline PCE Inflation Modal Point Estimates (Q4/Q4)		
	2024	2025
25th Percentile	2.60%	2.10%
Median	2.70%	2.20%
75th Percentile	2.80%	2.24%
# of Respondents	21	22

8b) For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from May 1, 2024 – April 30, 2029 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.
(22 responses)

	<= 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%
Average	1%	1%	4%	18%	37%	24%	11%	5%

	Most Likely Outcome
25th Percentile	2.40%
Median	2.50%
75th Percentile	2.58%
# of Respondents	22

8c) For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from May 1, 2029 – April 30, 2034 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.
(22 responses)

	<= 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%
Average	1%	2%	7%	24%	32%	20%	7%	5%

	Most Likely Outcome
25th Percentile	2.20%
Median	2.30%
75th Percentile	2.48%
# of Respondents	22

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?

	Currently in U.S. Recession	U.S. Recession in 6 Months	Global Recession in 6 Months
25th Percentile	1%	15%	20%
Median	5%	23%	25%
75th Percentile	5%	25%	31%
# of Respondents	24	24	24

**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?
(24 responses)

	H2 2023**	H1 2024	H2 2024	H1 2025	H2 2025	No recession by end H2 2025
Average	1%	8%	22%	19%	16%	34%

**NBER-defined recession*

***Percent chance that the economy first entered an NBER-defined recession in H2 2023.*