

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 26 market participants. Except where noted, all 26 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 September FOMC statement. Please write N/A if you do not expect any changes.

Current economic conditions:
(21 responses)

Some respondents indicated that they expected little or no change. Some respondents indicated they expected a downgrade to the FOMC’s assessment of the labor market. Several respondents indicated they expected an adjustment to suggest additional progress on inflation. Several respondents indicated they expected continued reference to economic activity expanding at a solid pace.

Economic outlook and communication on the expected path of the target federal funds rate:
(21 responses)

Some respondents indicated they expected an adjustment to language around risks to the mandate. Several respondents expected an adjustment to suggest that risks are balanced, and several respondents expected an adjustment to suggest increased focus on labor market risks. Some respondents indicated they expected an adjustment to language on the Committee not reducing the target range until it has gained further confidence that inflation is moving toward 2 percent. These adjustments included removing the language or instead suggesting that the Committee has gained greater confidence. Several respondents indicated they expected a reference to data dependence, and several respondents expected the statement to reiterate the Committee’s commitment to the dual mandate. Several respondents expected little or no change.

Communication on tools other than the target federal funds rate:
(20 responses)

Most respondents indicated they expected little or no change.

Other:
(15 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	Year-end 2027	Longer Run
25th Percentile	4.63%	3.63%	2.88%	2.75%	2.75%
Median	4.63%	3.63%	3.13%	2.88%	2.75%
75th Percentile	4.88%	3.88%	3.13%	2.88%	2.88%
# of Respondents	26	26	26	26	26

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

Several respondents indicated they expected the Chair to note that any future adjustments in the target range for the federal funds rate would remain dependent on incoming economic data. Several respondents indicated they expected the Chair to suggest increased focus on labor market risks. Several respondents expected the Chair to note that the Committee does not want to see further weakening in the labor market or that the Committee could cut rates in response to labor market weakening. Several respondents expected the Chair to reference inflation progress, and several respondents expected the Chair to reference softening in the labor market.

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.

	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29	Mar. 18-19	May 6-7	Jun. 17-18
25th Percentile	5.13%	4.88%	4.44%	4.19%	4.13%	3.88%	3.63%
Median	5.13%	4.88%	4.63%	4.38%	4.13%	4.13%	3.88%
75th Percentile	5.13%	5.06%	4.81%	4.63%	4.56%	4.38%	4.13%
# of Respondents	26	26	26	26	26	26	26

	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027	2028
25th Percentile	3.19%	3.13%	2.88%	2.88%	2.88%	2.88%	2.63%	2.75%
Median	3.63%	3.38%	3.13%	3.13%	3.13%	3.13%	2.88%	2.88%
75th Percentile	3.88%	3.81%	3.56%	3.38%	3.31%	3.13%	3.13%	3.13%
# of Respondents	26	26	26	26	26	26	25	25

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%	2.75%
Median	3.06%	2.88%
75th Percentile	3.25%	3.00%
# of Respondents	26	26

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 September and November 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 September 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%	32%	66%	2%	0%	0%	0%	0%

Federal Funds Rate or Range after the November 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	1%	8%	23%	44%	23%	1%	0%	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	1%	1%	6%	11%	20%	34%	22%	4%	0%	0%

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%	5%	8%	15%	21%	22%	13%	6%	3%	2%

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%	0%	99%	1%	0%	0%	0%

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 2024) 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 at the end of Q4 2024. 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.

(24 responses)

25th Percentile Responses		2024 Unemployment Rate (Q4 average level)		
		-50 bps	4.0%	+50 bps
2024 Core PCE Inflation (Q4/Q4 growth)	-50 bps	4.63%	4.38%	3.88%
	2.8%	4.88%	4.63%	4.31%
	+50 bps	5.13%	4.88%	4.63%

Median Responses		2024 Unemployment Rate (Q4 average level)		
		-50 bps	4.0%	+50 bps
2024 Core PCE Inflation (Q4/Q4 growth)	-50 bps	4.63%	4.63%	4.00%
	2.8%	5.13%	4.88%	4.38%
	+50 bps	5.38%	5.13%	5.13%

75th Percentile Responses		2024 Unemployment Rate (Q4 average level)		
		-50 bps	4.0%	+50 bps
2024 Core PCE Inflation (Q4/Q4 growth)	-50 bps	4.88%	4.63%	4.63%
	2.8%	5.13%	5.13%	4.63%
	+50 bps	5.63%	5.38%	5.19%

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.

Expectations for the Average Level of Treasury Holdings in the SOMA Portfolio (\$ billions)							
	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025
25th Percentile	4,381	4,356	4,331	4,306	4,281	4,256	4,231
Median	4,381	4,356	4,331	4,306	4,303	4,300	4,294
75th Percentile	4,381	4,357	4,332	4,309	4,323	4,332	4,336
# of Respondents	20	20	20	20	20	20	20

Expectations for the Average Level of MBS in the SOMAPortfolio (\$ billions)							
	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025
25th Percentile	2,291	2,272	2,253	2,233	2,214	2,194	2,175
Median	2,296	2,276	2,257	2,239	2,221	2,203	2,185
75th Percentile	2,298	2,282	2,265	2,248	2,235	2,223	2,208
# of Respondents	20	20	20	20	20	20	20

Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions)							
	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025
25th Percentile	7,149	7,089	7,033	6,978	6,937	6,882	6,828
Median	7,159	7,109	7,059	7,021	6,974	6,941	6,901
75th Percentile	7,165	7,121	7,077	7,041	7,020	6,993	6,986
# of Respondents	19	19	19	19	19	19	19

Expectations for the Average Level of Treasury Holdings in the SOMAPortfolio (\$ billions)				
	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	4,231	4,290	4,303	4,300
Median	4,301	4,312	4,353	4,485
75th Percentile	4,341	4,422	4,480	4,784
# of Respondents	20	20	20	19

Expectations for the Average Level of MBS in the SOMAPortfolio (\$ billions)				
	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	2,115	2,055	1,995	1,823
Median	2,145	2,088	2,038	1,965
75th Percentile	2,167	2,124	2,073	2,070
# of Respondents	20	20	20	19

Expectations for the Average Level of Total Assets on the Federal Reserve Balance Sheet (\$ billions)				
	2025 Q2	2025 Q3	2025 Q4	2026 Q4
25th Percentile	6,798	6,795	6,809	6,865
Median	6,889	6,889	6,897	6,938
75th Percentile	6,962	6,949	6,956	7,018
# of Respondents	19	19	19	18

4b) 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	May '25	6,625	3,125	125
# of Respondents	19	19	19	19

*Dropdown selections: 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.

***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, \$2501-2750bn, \$2751-3000bn, \$3001-3250bn, \$3251-3500bn, \$3501-3750bn, \$3751-4000bn, \$4001bn or larger.

- 4c) 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 28, 2024 was \$6,701 billion according to the most recent H.4.1 release.
(19 responses)

	\$5000bn or smaller	\$5001-5250bn	\$5251-5500bn	\$5501-5750bn	\$5751-6000bn	\$6001-6250bn	\$6251-6500bn	\$6501-6750bn	\$6751bn or larger
Average	1%	1%	2%	4%	8%	21%	37%	26%	0%

- 4d) 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.
(12 responses)

Some 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.

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

Top of target range** minus IORB (in bps)				
	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
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	15	15	15	15

EFFR minus IORB (in bps)				
	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
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	-6.5	-6.0
# of Respondents	15	15	15	15

SOFR minus IORB (in bps)				
	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
25th Percentile	-6.0	-6.0	-6.0	-6.0
Median	-6.0	-6.0	-6.0	-6.0
75th Percentile	-6.0	-5.0	-4.5	-4.5
# of Respondents	15	15	15	15

Bottom of target range** minus ON RRP rate (in bps)				
	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
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	15	15	15	15

3m U.S. Treasury bill yield minus 3m OIS (in bps)				
	Sep. 17-18	Nov. 6-7	Dec. 17-18	Jan. 28-29
25th Percentile	9.5	8.5	8.0	10.0
Median	10.0	10.0	10.0	10.0
75th Percentile	10.0	10.0	10.0	10.0
# of Respondents	15	15	15	15

**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.*

- 6) Please provide the percent chance you attach to the following outcomes for U.S. real GDP growth in 2024 and 2025 (Q4/Q4).
(24 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%	2%	4%	9%	16%	34%	25%	7%	2%

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%	14%	19%	25%	15%	9%	3%	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	1.74%	1.50%
Median	1.90%	1.60%
75th Percentile	2.00%	1.70%
# of Respondents	24	24

- 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					
	Q3 2024 (saar)	Q4 2024 (saar)	Q1 2025 (saar)	Q2 2025 (saar)	Q3 2025 (saar)
25th Percentile	1.6%	2.0%	2.0%	2.0%	2.0%
Median	2.0%	2.2%	2.3%	2.1%	2.0%
75th Percentile	2.4%	2.4%	2.5%	2.3%	2.3%
# of Respondents	21	21	21	21	21

Core PCE Inflation Quarterly Modal Point Estimates					
	Q3 2024 (saar)	Q4 2024 (saar)	Q1 2025 (saar)	Q2 2025 (saar)	Q3 2025 (saar)
25th Percentile	2.0%	2.1%	2.2%	2.0%	2.0%
Median	2.2%	2.2%	2.3%	2.2%	2.1%
75th Percentile	2.6%	2.4%	2.6%	2.4%	2.3%
# of Respondents	22	22	22	22	22

*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).
(23 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%	5%	16%	33%	27%	11%	4%	1%	0%

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%	20%	28%	21%	11%	5%	2%	1%	2%

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

Headline PCE Inflation Modal Point Estimates (Q4/Q4)		
	2024	2025
25th Percentile	2.40%	2.00%
Median	2.42%	2.10%
75th Percentile	2.50%	2.20%
# of Respondents	23	23

- 8b)** For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from September 1, 2024 - August 31, 2029 falling in each of the following ranges.
(24 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%	17%	38%	26%	9%	5%

	Most Likely Outcome
25th Percentile	2.34%
Median	2.50%
75th Percentile	2.51%
# of Respondents	24

- 8c)** For the outcomes below, provide the percent chance you attach to the annual average CPI inflation rate from September 1, 2029 - August 31, 2034 falling in each of the following ranges.
(24 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%	23%	35%	20%	7%	4%

	Most Likely Outcome
25th Percentile	2.20%
Median	2.30%
75th Percentile	2.40%
# of Respondents	24

- 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	5%	20%	25%
Median	5%	25%	27%
75th Percentile	10%	40%	35%
# of Respondents	25	25	25

*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?
(25 responses)

	H1 2024**	H2 2024	H1 2025	H2 2025	H1 2026	No recession by end H1 2026
Average	1%	17%	25%	18%	13%	26%

*NBER-defined recession

**Percent chance that the economy first entered an NBER-defined recession in H1 2024.