SURVEY OF MARKET EXPECTATIONS
MARCH 2025

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 10th 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 March 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' projections in the March SEP? For GDP, unemployment and PCE please provide your responses out to one decimal place (e.g. for one percent enter 1.0, not 0.01). For the target federal funds rate please provide your responses out to three decimal places (e.g. for one percent enter 1.000, not 0.01).

	Year-end 2025	Year-end 2026	Year-end 2027	Longer Run
Change in real GDP (percent):				
Unemployment rate (percent):				
PCE inflation (percent):				
Core PCE inflation (percent):				NA
Federal funds rate (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 (e.g. for 1.00-1.25 percent enter 1.125, not 0.0125).

FOMC Meetings

	Mar 18-19, 2025	May 6-7, 2025	Jun 17-18, 2025	Jul 29-30, 2025	Sep 16-17, 2025	Oct 28-29, 2025	Dec 9-10, 2025
Target rate / midpoint of target range (percent, out to three decimal places):							

	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4
Target rate / midpoint of target range (percent, out to three decimal places):								

Years

	2028	2029
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. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

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 March and May FOMC meetings and at the end of 2025 and 2026</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 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%	Total
March 18-19:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
May 6-7:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

	≤ 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 - 4.25%	4.26 - 4.50%	≥ 4.51%	Total
Year-end 2025:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

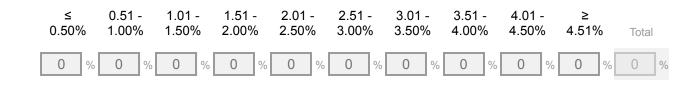|	≤ 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	3.01 - 3.50%	3.51 - 4.00%	4.01 - 4.50%	≥ 4.51%	Total
Year-end 2026:	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses across each row should add up to 100 percent.

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

	≤ 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 - 4.50%	≥ 4.51%	Total
	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses should add up to 100 percent.

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.

≤ 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 - 4.50%	≥ 4.51%	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Responses should add up to 100 percent. For reference, a similar question was last asked in the November 2024 survey.

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.

Average level over each period ($ billions)

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

	February 2025 (Actual**)	March 2025	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025
U.S. Treasuries:	4262							
Agency MBS:	2216							
Total Assets*:	6852							

Average level over each period ($ billions)

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

	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
U.S. Treasuries:						
Agency MBS:						
Total Assets*:						

*Refers to total factors supplying reserve funds in H.4.1.

**Average of H.4.1 weekly averages of daily figures.

3b) 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 3a. For 2025 Q1 through 2025 Q3, monthly averages from part 3a are averaged to reflect quarterly horizons.

Average level over each period ($ billions)

	2024 Q4 (Actual*)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Total Liabilities and Capital	7013									

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

	2024 Q4 (Actual*)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves:	3221									
Currency in Circulation:	2359									
Overnight Reverse Repurchase Facility:	227									
Treasury General Account:	791									

Average of H.4.1 weekly averages of daily figures.

A summary of assets and liabilities responses is 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 2025 Q1 through 2025 Q3, 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.

<p align="center"><u>Average level</u> over each period ($ billions)</p>

Assets:

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
U.S. Treasuries	4336									
Agency MBS	2262									
Other Assets	414									
Total Assets*	7013									

Average level over each period ($ billions)

Liabilities:

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q4
Reserves	3221									
Currency in Circulation	2359									
Overnight Reverse Repurchase Facility	227									
Treasury General Account	791									
Other Liabilities and Capital	414									
Total Liabilities and Capital	7013									

Refers to total factors supplying reserve funds in H.4.1.

3c) Please indicate the period in which you expect the SOMA portfolio to <u>cease to decline,</u> 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 <u>ceases to decline</u>.

Period in which SOMA portfolio ceases to decline*:   [⌄]

Size of SOMA portfolio when it ceases to decline ($ billions)**:   [⌄]
    Current value: $6,457bn***

Size of reserves ($ billions)****:
*Current value: $3,381bn****

[dropdown ▾]

Take-up at the overnight reverse repurchase agreement facility ($ billions)*****:
*Current value: $126bn****

[dropdown ▾]

Dropdown selections: March 2025, April 2025, May 2025, June 2025, July 2025, August 2025, September 2025, October 2025, November 2025, December 2025, January 2026, February 2026, March 2026, April 2026, May 2026, June 2026, July 2026, August 2026, September 2026, October 2026, November 2026, December 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.*

***Most recent H.4.1, as of February 26, 2025.*

****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.*

3d) 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 February 26, 2025 was $6,457 billion according to the most recent H.4.1 release.
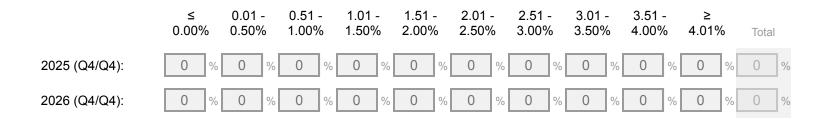
$5000bn or smaller	$5001-5250bn	$5251-5500bn	$5501-5750bn	$5751-6000bn	$6001-6250bn	$6251-6500bn	$6501-6750bn	$6751bn or larger	Total
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

3e) Please discuss factors behind your <u>baseline expectation</u> for when the SOMA portfolio will cease to decline. Please also discuss the <u>distribution of outcomes</u> around your baseline.

3f) The January 2022 Principles for Reducing the Size of the Federal Reserve's Balance Sheet state that "In the longer run, the Committee intends to hold primarily Treasury securities in the SOMA, thereby minimizing the effect of the Federal Reserve holdings on the allocation of credit across sectors of the economy." Please indicate your expectations for the composition of the SOMA portfolio* over the longer run.

	Longer run	Current**
U.S. Treasury Bills:	0 %	3 %
U.S. Treasury Notes & Bonds, Maturing in Under 3 Years:	0 %	19 %
U.S. Treasury Notes & Bonds, Maturing in 3 to 10 Years:	0 %	15 %
U.S. Treasury Notes & Bonds, Maturing in Over 10 Years:	0 %	22 %
U.S. Treasury TIPS:	0 %	7 %
Agency MBS:	0 %	34 %
Total	0 %	100 %

SOMA portfolio also includes FRNs, Federal Agency Securities, and Agency CMBS which are excluded from the question as holdings round to zero percent.

**Most recent System Open Market Account Holdings of Domestic Securities, as of February 26, 2025.*

Please discuss your distribution of outcomes around these estimates as well as your views on the Committee's likely **timing** and **approach** to reaching the longer run composition you expect.

[   ]

4) Please provide the percent chance* you attach to the following outcomes for U.S. real GDP growth in 2025 and 2026 (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%	Total
2025 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
2026 (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 (e.g. for one percent enter 1.0, not 0.01).

2025 (Q4/Q4, percent): [   ]

2026 (Q4/Q4, percent): [   ]

5) 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 (e.g. for one percent enter 1.0, not 0.01).

	Q1 2025 (saar)	Q2 2025 (saar)	Q3 2025 (saar)	Q4 2025 (saar)	Q1 2026 (saar)
Headline PCE inflation (percent): *Q4 2024 (saar): 2.4% ***					
Core PCE inflation (percent): *Q4 2024 (saar): 2.7% ***					

*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.

6a) Please provide the percent chance* you attach to the following outcomes for <u>headline PCE inflation</u> in 2025 and 2026 (Q4/Q4).

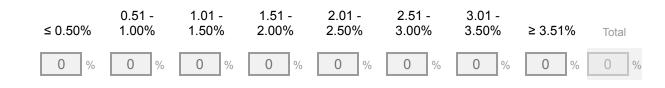|	≤ 1.50%	1.51 - 1.75%	1.76 - 2.00%	2.01 - 2.25%	2.26 - 2.50%	2.51 - 2.75%	2.76 - 3.00%	3.01 - 3.25%	3.26 - 3.50%	≥ 3.51%	Total
2025 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
2026 (Q4/Q4):	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

*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 (e.g. for one percent enter 1.0, not 0.01).

2025 (Q4/Q4, percent):

2026 (Q4/Q4, percent):

6b) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from March 1, 2025 - February 28, 2030 falling in each of the following ranges.
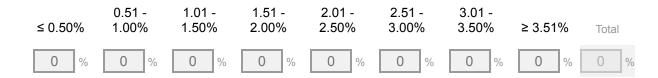
	≤ 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	3.01 - 3.50%	≥ 3.51%	Total
	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

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 (e.g. for one percent enter 1.0, not 0.01).

Percent:

6c) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from March 1, 2030 - February 28, 2035 falling in each of the following ranges.

	≤ 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 (e.g. for one percent enter 1.0, not 0.01).

Percent: [＿＿＿＿＿＿＿＿＿＿＿＿＿]

7a) 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* <u>in 6 months</u> (percent)?

[＿＿＿＿＿＿＿＿＿＿＿＿＿]

the global economy being in a recession** <u>in 6 months</u> (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.

7b) What percent chance* do you attach to the U.S. economy first entering a recession** in each of the following periods?

	H2 2024***	H1 2025	H2 2025	H1 2026	H2 2026	No recession by end H2 2026	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 H2 2024.

8) Provide your estimate of the most likely outcome for output, inflation, and unemployment. Please provide your responses out to at least one decimal place (e.g. for one percent enter 1.0, not 0.01).

	Real GDP (Q4/Q4 Growth)*	Core PCE Inflation (Q4/Q4)	Headline PCE Inflation (Q4/Q4)**	Unemployment Rate (Q4 Average Level)
2025 (percent):				
2026 (percent):				
2027 (percent):				
Longer run (percent):		NA		

*Responses for real GDP growth in 2025 and 2026 are pulled directly from point estimate values provided in question 4.

**Responses for headline PCE inflation in 2025 and 2026 are pulled directly from point estimate values provided in question 6a.