SURVEY OF MARKET PARTICIPANTS
JANUARY 2022

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 **Tuesday, January 18th at 2:00pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

Type of Respondent: **Market Participant**   Respondent Name:

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

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 Chair's press conference?

2) How would you grade the Federal Reserve System's communication with the markets and with the public since the last policy survey? Please provide a rating between 1 and 5, with 1 indicating ineffectiveness and 5 indicating effectiveness.

Rating: [ ]

Please explain:

[ ]

3a) 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.

	2022 FOMC meetings							
	Jan 25-26	Mar 15-16	May 3-4	Jun 14-15	Jul 26-27	Sep 20-21	Nov 1-2	Dec 13-14
Target rate / midpoint of target range:								

	Quarters			
	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Target rate / midpoint of target range:				

	Quarters			
	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Target rate / midpoint of target range:				

	Years			
	2025	2026	2027	2028
Target rate / midpoint of target range:				

3b) Provide your estimate for the most likely value for the following indicators at the time of the next increase in the target range for the federal funds rate.

Unemployment rate (%):	
Labor force participation rate (%):	
Total change in the level of real GDP since 2019 Q4 (%):	
Headline 12-month PCE inflation (%):	

3c) 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: [ ]

3d) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges <u>at the end of 2022, 2023, and 2024</u>. 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 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	≥ 2.01%	Sum
Year-end 2022:											**0.00%**
Year-end 2023:											**0.00%**

	≤ 0.75%	0.76 - 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 - 2.75%	≥ 2.76%	Sum
Year-end 2024**:											**0.00%**

Responses across each row should add up to 100 percent.
**Bins were chosen with consideration to average responses to question 2d in the December SPD & SMP.*

3e) 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): [ ]

3f) For parts a-e, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.

3g) Please indicate the percent chance* that you attach to the <u>first</u> increase in the target federal funds rate or range occurring at each of the following FOMC meetings or periods.

2022 FOMC meetings								2023 or later	Sum
Jan 25-26	Mar 15-16	May 3-4	Jun 14-15	Jul 26-27	Sep 20-21	Nov 1-2	Dec 13-14		
									0.00%

Responses should add up to 100 percent.

3h) 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 - 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%	Sum
										0.00%

Responses should add up to 100 percent.

4a) Please provide your modal expectation for the <u>net change in SOMA holdings</u> of U.S. Treasury securities and agency mortgage-backed securities (MBS) <u>for each monthly purchase period beginning mid-month</u> listed below and the <u>total net change</u> over each of the quarters below.

If you expect SOMA holdings to increase on net in a given period, for example through net asset purchases, please enter a positive number. If you expect SOMA holdings to be unchanged on net in a given period, for example through reinvestments that result in no net change in holdings, please enter 0. If you expect SOMA holdings to decline on net in a given period, for example through maturities or paydowns that exceed any reinvestments or through sales, please enter a negative number.

Net change amounts referenced below are in $ billions.

Net change in SOMA holdings:

Net change over each monthly purchase period beginning mid-month

	mid-January 2022*	mid-February 2022	mid-March 2022	mid-April 2022	mid-May 2022	mid-June 2022
U.S. Treasuries ($ billions):	40					
Agency MBS ($ billions):	20					

*Amounts specified in December FOMC Statement

Net change in SOMA holdings:

Total net change over each quarter

	mid-July 2022 to end 2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
U.S. Treasuries ($ billions):						
Agency MBS ($ billions):						

Net change in SOMA holdings:

Total net change over each quarter

	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
U.S. Treasuries ($ billions):								
Agency MBS ($ billions):								

If your responses above do <u>not</u> reflect a period in which SOMA holdings decline (e.g. Treasury and Agency MBS values in a given period sum to a negative number and are not blank), please provide your modal expectation for the earliest quarter in which SOMA holdings decline.

Earliest quarter in which SOMA holdings decline**:

**Dropdown selections: Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023, Q2 2023, 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 or later.

4b) If you expect the SOMA portfolio to decline, please indicate the percent chance* that you attach to the level of the target federal funds rate or range falling in the following ranges when the SOMA portfolio first declines. If you expect a target range, please use the midpoint of that range in providing your response.

≤ 0.25%	0.26 - 0.50%	0.51 - 0.75%	0.76 - 1.00%	1.01 - 1.25%	1.26 - 1.50%	1.51 - 1.75%	1.76 - 2.00%	2.01 - 2.25%	≥ 2.26%	Sum
										0.00%

Responses should add up to 100 percent.

4c) If you expect the SOMA portfolio to decline, 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. For reference, Securities Held Outright in the SOMA portfolio on January 5, 2022 was $8,279 billion according to the most recent H.4.1 release.

Period in which SOMA portfolio ceases to decline*:

Dropdown selections: Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023, Q2 2023, 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 or later.

Size of SOMA portfolio when it ceases to decline**:

***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, $8001bn or larger*

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5) Please indicate the percent chance* that you attach to the 10-year Treasury yield falling in each of the following ranges at the end of 2022 and 2023.

	< 0.00%	0.00 - 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	≥ 3.01%	Sum
Year-end 2022:									**0.00%**
Year-end 2023:									**0.00%**

Responses across each row should add up to 100 percent.

6) The table below lists the average spreads of selected money market rates* over the past week. Please provide your expectation for each of these rate spreads for the day after each of the FOMC meetings. **Please ensure your signs are correct.**

	Average over past week	2022 FOMC meetings			
		Jan 25-26	Mar 15-16	May 3-4	Jun 14-15
Top of target range** minus IORB (in bps):	+10				
EFFR minus IORB (in bps):	-7				
SOFR minus IORB (in bps):	-10				
Bottom of target range** minus ON RRP (in bps):	-5				

	Average over past week				
3m U.S. Treasury bill yield minus 3m OIS (in bps):	-5				

*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 overnight index swap rate (3m OIS).
**Target range for the federal funds rate.

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7) What percent chance do you attach to any additional U.S. federal fiscal policy measures being signed into law over the next 12 months (January 1, 2022 through December 31, 2022)?

Probability: [ ]

If you assigned a non-zero probability above, please provide your estimate of the most likely total amount of additional U.S. federal fiscal policy spending and revenue measures to be signed into law over the next 12 months (January 1, 2022 through December 31, 2022), conditional on there being such additional measures.

Additional spending estimate ($ billions): [ ]   Additional revenue estimate ($ billions): [ ]

8a) Please provide the percent chance* you attach to the following outcomes for <u>headline PCE inflation</u> in 2022, 2023, and 2024 (Q4/Q4).

	≤ 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 - 2.75%	2.76 - 3.00%	≥ 3.01%	Sum
2022 (Q4/Q4):											**0.00%**
2023 (Q4/Q4):											**0.00%**
2024 (Q4/Q4):											**0.00%**

Responses across each row should add up to 100 percent.

8b) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from January 1, 2022 - December 31, 2026 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%	Sum
						0.00%

Point estimate for most likely outcome: [ ]

Responses should add up to 100 percent.

8c) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from January 1, 2027 - December 31, 2031 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%	Sum
						0.00%

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*?

the U.S. economy being in a recession* **in 6 months**?

the global economy being in a recession** **in 6 months**?

*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) Please explain the factors behind any change to your expectations in part a since the last policy survey.

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