SURVEY OF MARKET PARTICIPANTS

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 at 5:00 pm** to the questions below. Your time and input are greatly appreciated.

Participant:

1a) Provide below your expectations for changes, if any, to the language referencing each of the following topics in the September FOMC statement.

Current economic conditions:

Economic outlook:

Communication on the expected path of the target fed funds rate:

Communication on the Committee's policy of reinvesting principal payments on Treasury and agency securities:

Other:

1b) What are your expectations for the medians of FOMC participants' <u>economic</u> projections in the Summary of Economic Projections (SEP)?

1c) What are your expectations for the most likely levels of the medians of FOMC participants' <u>target federal funds rate</u> projections in the SEP?

Year-end 2017:　　Year-end 2018:　　Year-end 2019:　　Year-end 2020:　　Longer run:

Please comment on the balance of risks around your expectations.

1d) Additionally, please describe any expected changes to the distributions of FOMC participants' target rate projections, if applicable.

1e) 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 half years below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

	2017 FOMC meetings			2018 FOMC meetings			
	Sep 19-20	Oct 31 - Nov 1	Dec 12-13	Jan 30-31	Mar 20-21	May 1-2	Jun 12-13
Target rate / midpoint of target range:							

	Quarters						Half Years	
	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 H1	2020 H2
Target rate / midpoint of target range:								

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:

Expectation for average federal funds rate over next 10 years:

2c) Please indicate the percent chance* that you attach to the following possible outcomes for the Committee's next policy action in 2017.

Next Change is Increase in Target Rate or Range	Next Change is Decrease in Target Rate or Range	No Further Change in Target Rate or Range in 2017

Responses should add up to 100 percent.

2d) Conditional on the Committee's next policy action in 2017 being an <u>increase</u> in the target federal funds rate or range, please indicate the percent chance* that you attach to the following possible outcomes for the timing of such a change. Only fill out this conditional probability distribution if you assigned a non-zero probability to the Committee's next policy action in 2017 being an increase.

Increase Occurs at September FOMC meeting	Increase Occurs at Oct./Nov. FOMC meeting	Increase Occurs at December FOMC meeting

*Responses should add up to 100 percent.

2e) 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 2017</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 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%
Year-end 2017:								

*Responses across each row should add up to 100 percent. Bins were chosen with consideration to average responses to questions 3c, 3d, and 3e in the July SPD and SMP.

2f-i) 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 2018, 2019 and 2020</u>, <u>conditional on **not** moving to the zero lower bound (ZLB) at any point between now and the end of 2020</u>. If you expect a target range, please use the midpoint of that range in providing your response.

	≤ 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	2.51 - 3.00%	3.01 - 3.50%	≥ 3.51%
Year-end 2018:							
Year-end 2019:							
Year-end 2020:							

*Responses across each row should add up to 100 percent.

2f-ii) Please indicate the percent chance that you attach to moving to the ZLB at some point between <u>now and the end of 2020</u>.

Probability of moving to the ZLB at some point between <u>now and the end of 2020</u>:	

2f-iii) Please indicate the percent chance* that you attach to the target federal funds rate or range falling in each of the following ranges at the end of 2018, 2019 and 2020, conditional on moving to the ZLB at some point between now and the end of 2020. Only fill out these conditional probability distributions if you assigned a non-zero probability to moving to the ZLB at some point between now and the end of 2020. 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 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	≥ 2.51%
Year-end 2018:								
Year-end 2019:								
Year-end 2020:								

Responses across each row should add up to 100 percent.

2f-iv) 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):

2g) For parts a-f, please explain the factors behind any change to your expectations, where applicable, since the last policy survey.

3a) Provide your estimate of the most likely outcome for the 10-year Treasury yield at the end of each period below. In addition, provide your estimate of the longer-run level of the 10-year Treasury yield.

Quarters				Half Years					
2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 H2	2019 H1	2019 H2	2020 H1	2020 H2	Longer run:

3b) Provide your estimate of the most likely outcome for the 30-year fixed primary mortgage rate at the end of each period below. In addition, provide your estimate of the longer-run level of the 30-year fixed primary mortgage rate.

Quarters				Half Years					
2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 H2	2019 H1	2019 H2	2020 H1	2020 H2	Longer run:

4a) The July FOMC statement indicated that the Committee "expects to begin implementing its balance sheet normalization program relatively soon, provided that the economy evolves broadly as anticipated..." Please indicate the percent chance that you attach to the following possible outcomes for when the Committee first <u>announces</u> a change to its reinvestment policy. Additionally, please indicate the probability that you assign to "no change" to reinvestments occuring.*

2017 FOMC Meetings			Quarters/Half Years			
Sep 19-20	Oct 31 - Nov 1	Dec 12-13	Q1 2018	Q2 2018	≥ H2 2018	No change

*Responses should add up to 100 percent.

4b) Please explain any changes to your views in part a since the last policy survey, where applicable.

5a) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio <u>at the end of 2020</u>, <u>conditional on **not** moving to the ZLB at any point between now and the end of 2020</u>. For reference, the level of the SOMA portfolio on August 30th, 2017 was $4265 billion, including inflation compensation and settled and unsettled agency MBS, according to the most recent H.4.1 release. Levels referenced below are in $ billions.

≤ 3000	3001 - 3500	3501 - 4000	4001 - 4500	≥ 4501

*Responses should add up to 100 percent.

5b) Please indicate the percent chance* that you attach to the following possible outcomes for the par value of the SOMA portfolio <u>at the end of 2020</u>, <u>conditional on moving to the ZLB at any point between now and the end of 2020</u>. Only fill out this conditional probability distribution if you assigned a non-zero probability to moving to the ZLB at some point between now and the end of 2020 in question 2. Levels referenced below are in $ billions.

≤ 4000	4001 - 4500	4501 - 5000	5001 - 5500	≥ 5501

*Responses should add up to 100 percent.

6a) Provide your estimate of the most likely outcome for the U.S. federal fiscal deficit (as a percent of GDP) for fiscal years 2018, 2019 and 2020.

	FY 2018	FY 2019	FY 2020
Estimate for U.S. federal fiscal deficit:			

6b) Please explain changes to your estimates in part a since the policy survey on July 17, where applicable.

7a) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from September 1, 2017 - August 31, 2022 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%

Point estimate for most likely outcome:

Responses should add up to 100 percent.

7b) For the outcomes below, provide the percent chance* you attach to the annual average <u>CPI inflation</u> rate from September 1, 2022 - August 31, 2027 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%

Point estimate for most likely outcome:

Responses should add up to 100 percent.

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