

SURVEY OF PRIMARY DEALERS

APRIL 2020

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, April 20th at 2:00pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

Type of Respondent:

Primary Dealer

Respondent Name:

- 1a)** Provide below your expectations for **changes**, if any, from the March 15 and March 23 statements to the language referencing each of the following topics in the April 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 half-year below. For the time periods at which you expect a target range, please indicate the midpoint of that range in providing your response.

	2020 FOMC meetings						2021 FOMC meeting
	Apr 28-29	Jun 9-10	Jul 28-29	Sep 15-16	Nov 4-5	Dec 15-16	Jan 26-27
Target rate / midpoint of target range:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

	Quarters						Half-Year
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 H2
Target rate / midpoint of target range:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

3b) Please describe what conditions or developments you expect will lead the FOMC to next change the target range.

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:

4b) Please indicate your expectations for the most likely level (\$ billions) of SOMA assets on September 30, 2020 as well as on December 31, 2021. For reference, the approximate* level of SOMA assets on April 8, 2020 was \$5,903 billion.

In addition, please indicate your expectations for the most likely level (\$ billions) of other Federal Reserve assets associated with credit and liquidity programs on September 30, 2020 as well as on December 31, 2021. In providing your response, please include your expectations for previously-announced programs** as well as expectations for future programs, if any.

(\$ billions)	Sept. 30, 2020	Dec. 31, 2021
SOMA assets*:		
Other Federal Reserve assets associated with credit and liquidity programs**:		

*According to the most recent H.4.1 release, the sum of the following SOMA assets totaled \$5,903 billion: securities held outright (including inflation compensation), unamortized premiums and discounts on securities held outright, repurchase agreements (including those conducted through the FIMA Repo Facility and those conducted with primary dealers), central bank liquidity swaps, and foreign currency denominated assets. This approximation excludes accrued interest receivable. Please see H.4.1 releases at <https://www.federalreserve.gov/releases/h41>

**As of April 15, these include Discount Window, Primary Dealer Credit Facility (PDCF), Money Market Mutual Fund Liquidity Facility (MMLF), Commercial Paper Funding Facility (CPFF), Main Street New Loan Facility (MSNLF), Main Street Expanded Loan Facility (MSELF), Municipal Liquidity Facility (MLF), Primary Market Corporate Credit Facility (PMCCF), Secondary Market Corporate Credit Facility (SMCCF), Term Asset-Backed Securities Loan Facility (TALF), Paycheck Protection Program Liquidity Facility (PPPLF).

4c) If you have formed expectations for the most likely level (\$ billions) of Federal Reserve assets associated with any of the following, please provide your expectations for their levels on September 30, 2020 below. If you expect any of these amounts to be zero on this date, please enter 0.

(\$ billions)	Sept. 30, 2020	(\$ billions)	Sept. 30, 2020
Discount Window:		Term Asset-Backed Securities Loan Facility (TALF):	
Primary Dealer Credit Facility (PDCF):		Primary Market Corporate Credit Facility (PMCCF):	
Money Market Mutual Fund Liquidity Facility (MMLF):		Secondary Market Corporate Credit Facility (SMCCF):	
Commercial Paper Funding Facility (CPFF):		Paycheck Protection Program Liquidity Facility (PPPLF):	
Main Street New Loan Facility (MSNLF):		Central bank liquidity swaps:	
Main Street Expanded Loan Facility (MSELF):		Temporary repo facility for foreign and international monetary authorities (FIMA repo):	
Municipal Liquidity Facility (MLF):		Repurchase agreements with primary dealers:	
		Any additional programs:	

4d) Please describe any views you have on the eventual effectiveness of specific programs listed in part c in achieving their stated goals.

5) If applicable, please describe your expectations for the Federal Reserve to announce additional actions, or modifications to those previously announced, through year-end 2020.

6) 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 2020 and 2021.

	< 0.00%	0.00 - 0.50%	0.51 - 1.00%	1.01 - 1.50%	1.51 - 2.00%	2.01 - 2.50%	≥ 2.51%	Sum
Year-end 2020:								0.00%
Year-end 2021:								0.00%

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

7) Relative to January 2020, please rate or provide your expectation for market functioning in each of the below markets at the following timeframes. (1 = significantly worse, 10 = significantly better)

	March 13	Today	1 Month From Today
U.S. Treasuries:			
Agency MBS:			
Corporate Credit:			

8) 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	2020 FOMC meetings		
		Apr 28-29**	Jun 9-10	Jul 28-29
Top of target range*** minus IOER (in bps):	+15			
EFFR minus IOER (in bps):	-5			
SOFR minus IOER (in bps):	-9			
Bottom of target range*** minus ON RRP (in bps):	0			
3m U.S. Treasury bill yield minus 3m OIS (in bps):	+9			

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

**Please provide your response as of May 1, the first post-FOMC day that is not a period-end reporting date.

***Target range for the federal funds rate.

9a) Please indicate your modal projections for U.S. real GDP growth for each quarter (seasonally adjusted annual rate).

	Q1 2020 (saar)	Q2 2020 (saar)	Q3 2020 (saar)	Q4 2020 (saar)
Modal projection for U.S. real GDP (percent):				

9b) Please provide the percent chance* you attach to the following outcomes for U.S. real GDP growth in 2020 (Q4/Q4).

	≤ -8.01%	-8.00 - -6.01%	-6.00 - -4.01%	-4.00 - -2.01%	-2.00 - -0.01%	≥ 0%	Sum
2020 U.S. real GDP (Q4/Q4):							0.00%

*Responses should add up to 100 percent.

10) At what level do you expect the unemployment rate (U-3) to next peak and when?

Peak unemployment rate: Time period*:

*Dropdown selections:
 Apr 2020, May 2020, Jun 2020, Jul 2020, Aug 2020, Sep 2020, Oct 2020, Nov 2020,
 Dec 2020, Jan 2021, Feb 2021, Mar 2021, Apr 2021, May 2021, Jun 2021, Jul 2021,
 Aug 2021, Sep 2021, Oct 2021, Nov 2021, Dec 2021, Jan 2022 or later

11) Please describe your expectations for any additional U.S. federal fiscal policy measures through year-end 2020 to support the economy, if applicable.

12a) For the outcomes below, provide the percent chance* you attach to the PCE inflation rate from April 1, 2022 - March 31, 2023 falling in each of the following ranges. Please also provide your point estimate for the most likely outcome.

≤ 0.75%	0.76 - 1.25%	1.26 - 1.75%	1.76 - 2.25%	2.26 - 2.75%	2.76 - 3.25%	≥ 3.26%	Sum	Point estimate for most likely outcome:
							0.00%	<input type="text"/>

*Responses should add up to 100 percent.

12b) For the outcomes below, provide the percent chance* you attach to the annual average CPI inflation rate from April 1, 2025 - March 31, 2030 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	Point estimate for most likely outcome:
						0.00%	<input type="text"/>

*Responses should add up to 100 percent.

13a) What percent chance do you attach to:

the U.S. economy currently being in a recession**?	<input type="text"/>
the U.S. economy being in a recession* in 6 months?	<input type="text"/>
the global economy being in a recession** in 6 months?	<input type="text"/>

*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.

13b) Please explain the factors behind any change to your expectations in part a since the last policy survey.

14a) Provide your estimate of the most likely outcome for output, inflation, and unemployment.

	Real GDP (Q4/Q4 Growth)	Core PCE Inflation (Q4/Q4)	Headline PCE Inflation (Q4/Q4)	Unemployment Rate (Q4 Average Level)
2020:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2021:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2022:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Longer run:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

14b) Please explain changes, if any, to your estimates 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