

# SURVEY OF PRIMARY DEALERS

## MARCH 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 **Monday, March 7th 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, to the language referencing each of the following topics in the March 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 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 2022	Year-end 2023	Year-end 2024	Longer run
December SEP median:	0.875%	1.625%	2.125%	2.500%
March SEP median:				

**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.

	2022 FOMC meetings							2023 FOMC meeting
	Mar 15-16	May 3-4	Jun 14-15	Jul 26-27	Sep 20-21	Nov 1-2	Dec 13-14	Jan 31-Feb 1
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:								

**2b)** 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 (%):	

**2c)** 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:

**2d)** 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 March and May FOMC meetings and at the end of 2022, 2023, and 2024. 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
March 15-16:											0.00%
May 3-4 :											0.00%
Year-end 2022:											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%	
Year-end 2023**:											0.00%
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 3d in the January SPD & SMP.

**2e)** 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):

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

**3a)** Please provide your modal expectation for the total net change in SOMA holdings of U.S. Treasury securities and agency mortgage-backed securities (MBS) over each of the periods 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.

**Total net change over each period**

Net change in SOMA holdings:	mid-February to mid-March 2022*		Total net change over each period					
	mid-February to mid-March 2022*	mid-March to end-March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022
U.S. Treasuries (\$ billions):	20							
Agency MBS (\$ billions):	10							

\*Amounts specified in January FOMC Statement

Net change in SOMA holdings: **Total net change over each quarter**

	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 not 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.

**3b)** Please describe your expectations regarding the Committee's approach to balance sheet reduction, including any expectations around U.S. Treasury coupons and bills, agency mortgage-backed securities (MBS), reinvestments, and asset sales.

**3c)** 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.*

**3d)** 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 February 23, 2022 was \$8,462 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*

3e) 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 23, 2022 was \$8,462 billion according to the most recent H.4.1 release.

\$4000bn or smaller	\$4001-4500bn	\$4501-5000bn	\$5001-5500bn	\$5501-6000bn	\$6001-6500bn	\$6501-7000bn	\$7001-7500bn	\$7501bn or larger	Sum
									0.00%

\*Responses should add up to 100 percent. Bins were chosen with consideration to responses to question 4c in the January SPD & SMP.

4) 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. For reference, as of March 1 the yield was roughly 1.73 percent.

Quarters				Half-Years				Longer run:
2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 H1	2023 H2	2024 H1	2024 H2	

5) 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. For reference, as of March 1 the rate was roughly 3.90 percent.

Quarters				Half-Years				Longer run:
2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 H1	2023 H2	2024 H1	2024 H2	

6) What percent chance do you attach to any additional U.S. federal fiscal policy measures being signed into law over the next 12 months (March 1, 2022 through February 28, 2023)?

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 (March 1, 2022 through February 28, 2023), conditional on there being such additional measures.

Additional spending estimate (\$ billions):

Additional revenue estimate (\$ billions):

**7a)** Please provide the percent chance\* you attach to the following outcomes for headline PCE inflation in 2022, 2023, and 2024 (Q4/Q4).

	≤ 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%	Sum
2022 (Q4/Q4)**:											0.00%
	≤ 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
2023 (Q4/Q4):											0.00%
2024 (Q4/Q4):											0.00%

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

\*\*Bins were chosen with consideration to average responses to question 8a in the January SPD & SMP.

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

2022 (Q4/Q4):	
2023 (Q4/Q4):	
2024 (Q4/Q4):	

**7b)** For the outcomes below, provide the percent chance\* you attach to the annual average CPI inflation rate from March 1, 2022 - February 28, 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%	Sum	Point estimate for most likely outcome:
						0.00%	

\*Responses should add up to 100 percent.

**7c)** For the outcomes below, provide the percent chance\* you attach to the annual average CPI inflation rate from March 1, 2027 - February 29, 2032 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%	

\*Responses should add up to 100 percent.

**8a)** 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.*

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**8b)** Please explain the factors behind any change to your expectations in part a since the last policy survey.

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**9a)** 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)
2022:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2023:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2024:	<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"/>

*\*Responses for headline PCE inflation in 2022, 2023, and 2024 should match point estimate values provided in question 7a.*

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**9b)** Please explain changes, if any, to your estimates in part a since the last policy survey.