

# SURVEY OF PRIMARY DEALERS

## DECEMBER 2021

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, December 6th at 2:00pm Eastern Time** to the questions below. Your time and input are greatly appreciated.

Type of Respondent:  Respondent Name:

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

Current economic conditions:	<input type="text"/>
Economic outlook and communication on the expected path of the target federal funds rate:	<input type="text"/>
Communication on tools other than the target federal funds rate:	<input type="text"/>
Other:	<input type="text"/>

**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 2021	Year-end 2022	Year-end 2023	Year-end 2024	Longer run
September SEP median:	0.125%	0.250%	1.000%	1.750%	2.500%
December SEP median:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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.

	2021 FOMC meetings	2022 FOMC meetings					
	Dec 14-15	Jan 25-26	Mar 15-16	May 3-4	Jun 14-15	Jul 26-27	Sep 20-21
Target rate / midpoint of target range:							

	Quarters				
	2022 Q4	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:				

If your responses **through year-end 2024** above do not reflect an increase from the current target range at any point, please provide the earliest quarter in which your modal expectation for the level of the target range is higher than the current level.

Earliest quarter\*:

\*Dropdown selections: 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.

**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 (%):	<input type="text"/>
Labor force participation rate (%):	<input type="text"/>
Total change in the level of real GDP since 2019 Q4 (%):	<input type="text"/>
Headline 12-month PCE inflation (%):	<input type="text"/>

**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 at the end of 2021, 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
Year-end 2021:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>0.00%</b>
Year-end 2022:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>0.00%</b>
Year-end 2023:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>0.00%</b>
Year-end 2024:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>0.00%</b>

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

**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 net change in SOMA holdings of U.S. Treasury securities and agency mortgage-backed securities (MBS) for each monthly purchase period beginning mid-month listed below and the total net change 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:	<b>Net change over each monthly purchase period beginning mid-month</b>							
	mid-November 2021*	mid-December 2021*	mid-January 2022	mid-February 2022	mid-March 2022	mid-April 2022	mid-May 2022	mid-June 2022
	U.S. Treasuries (\$ billions):	70	60					
Agency MBS (\$ billions):	35	30						

\*Amounts specified in November FOMC Statement

Net change in SOMA holdings:	<b>Total net change over each quarter</b>					
	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:	<b>Total net change over each quarter</b>							
	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, please provide your modal expectation for the earliest quarter in which SOMA holdings decline.

Earliest quarter in which SOMA holdings decline\*\*:

\*\*Dropdown selections: Q1 2026, Q2 2026, Q3 2026, Q4 2026, Q1 2027, Q2 2027, Q3 2027, Q4 2027, Q1 2028 or later.

**3b)** If applicable, please describe your expectations for communications regarding asset purchases going forward, including the timing and form of such communications (if any).

**3c)** Please indicate the percent chance\* that you attach to each of the following monthly purchase periods beginning mid-month being the last period in which there are positive net purchases of Treasury securities and agency mortgage-backed securities.

mid-January 2022	mid-February 2022	mid-March 2022	mid-April 2022	mid-May 2022	mid-June 2022		
mid-July 2022	mid-August 2022	mid-September 2022	mid-October 2022	mid-November 2022	mid-December 2022 or later	Sum	
							0.00%

*\*Responses should add up to 100 percent.*

Please describe any assumptions underlying your expectations.

**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 November 30 the yield was roughly 1.44 percent.

Quarters					Half-Years				
2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 H1	2023 H2	2024 H1	2024 H2	Longer run:

**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 November 30 the rate was roughly 3.10 percent.

Quarters					Half-Years				
2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 H1	2023 H2	2024 H1	2024 H2	Longer run:

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 (December 1, 2021 through November 30, 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 (December 1, 2021 through November 30, 2022), conditional on there being such additional measures.

Additional spending estimate (\$ billions):

Additional revenue estimate (\$ billions):

7a) Please indicate your modal projections for U.S. real GDP growth for each of the following quarters (seasonally adjusted annual rate).

	Q1 2021 (saar)*	Q2 2021 (saar)*	Q3 2021 (saar)**	Q4 2021 (saar)
Modal projection for U.S. real GDP (percent):	6.3%	6.7%	2.1%	

\*Third estimate released by the Bureau of Economic Analysis.

\*\*Second estimate released by the Bureau of Economic Analysis.

	Q1 2022 (saar)	Q2 2022 (saar)	Q3 2022 (saar)	Q4 2022 (saar)
Modal projection for U.S. real GDP (percent):				

7b) Please provide the percent chance\* you attach to the following outcomes for U.S. real GDP growth in 2021 and 2022 (Q4/Q4).

	< 0%	0.00 - 2.00%	2.01 - 4.00%	4.01 - 6.00%	6.01 - 8.00%	8.01 - 10.00%	≥ 10.01%	Sum
2021 U.S. real GDP (Q4/Q4):								0.00%

	< 0%	0.00 - 1.00%	1.01 - 2.00%	2.01 - 3.00%	3.01 - 4.00%	4.01 - 5.00%	≥ 5.01%	Sum
2022 U.S. real GDP (Q4/Q4):								0.00%

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

**8a)** Please provide the percent chance\* you attach to the following outcomes for headline PCE inflation in 2022 and 2023 (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):											<b>0.00%</b>
2023 (Q4/Q4):											<b>0.00%</b>

*\*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 CPI inflation rate from December 1, 2021 - November 30, 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	Point estimate for most likely outcome:
							<b>0.00%</b>	

*\*Responses should add up to 100 percent.*

**8c)** For the outcomes below, provide the percent chance\* you attach to the annual average CPI inflation rate from December 1, 2026 - November 30, 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	Point estimate for most likely outcome:
							<b>0.00%</b>	

*\*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.

**10a)** 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)
2021:				
2022:				
2023:				
2024:				
Longer run:				

**10b)** Please explain changes, if any, to your estimates in part a since the last policy survey.