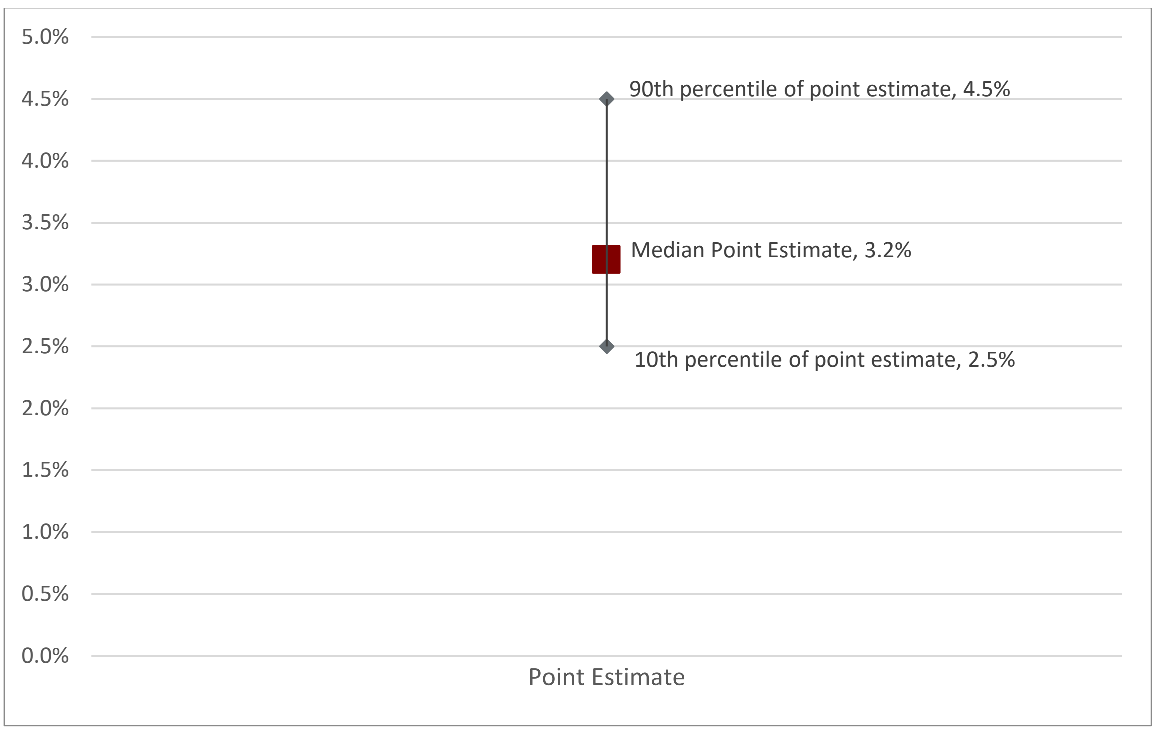
FT FINANCIAL TIMES

CHICAGO BOOTH | Initiative on Global Markets

US MACROECONOMISTS SURVEY

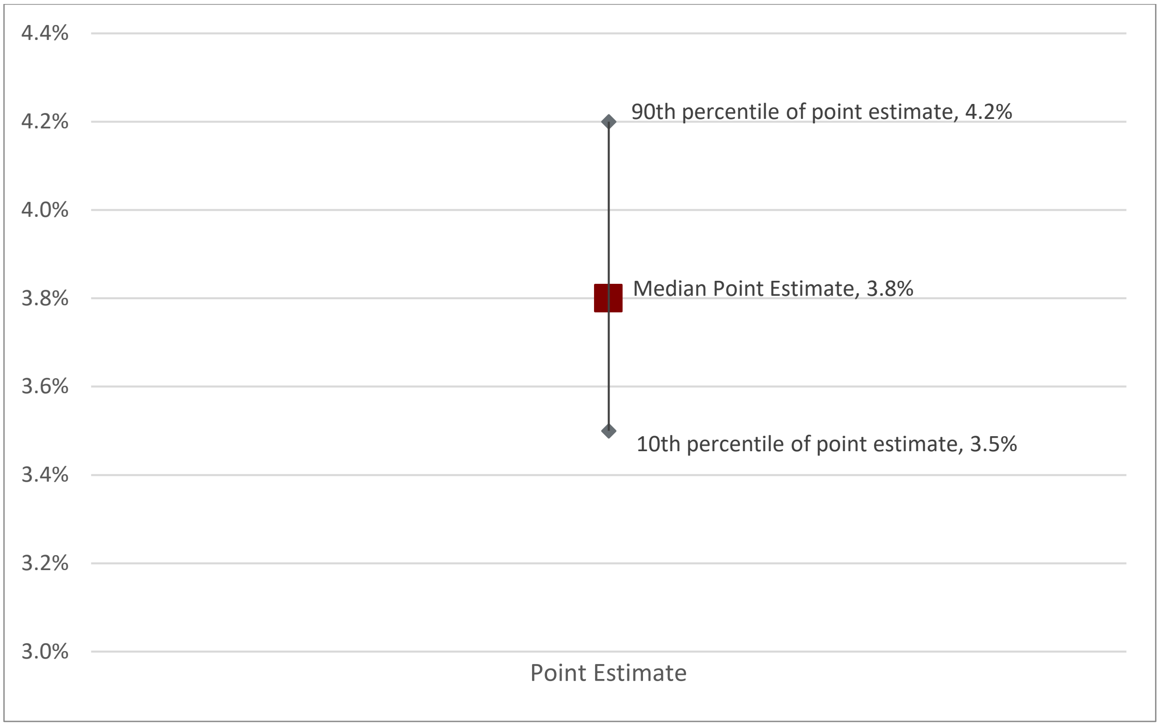
Question 1: What is your prediction of real GDP growth in the US economy from 2021Q4 to 2022Q4?

Number of responses: 45



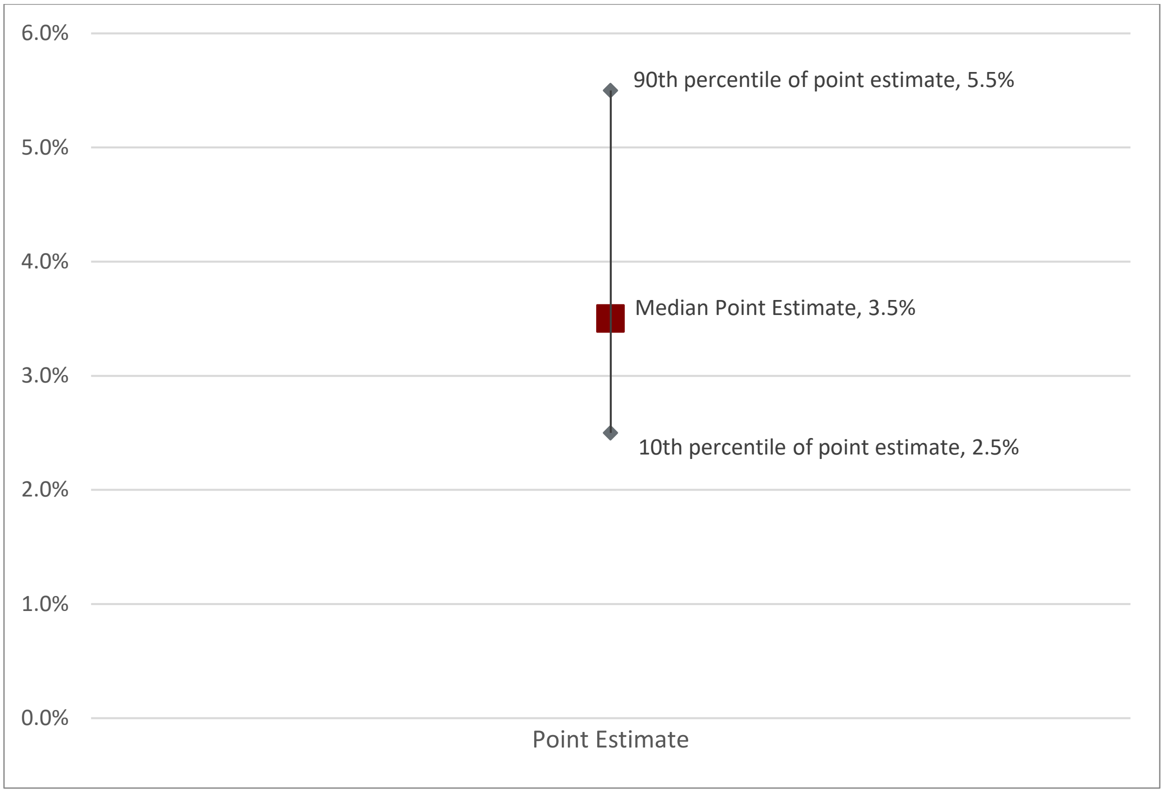
Question 2. What is your prediction for the December 2022 U.S. unemployment rate (i.e., the U3 rate that will be released in the employment situation report in January 2023)?

Number of responses: 45



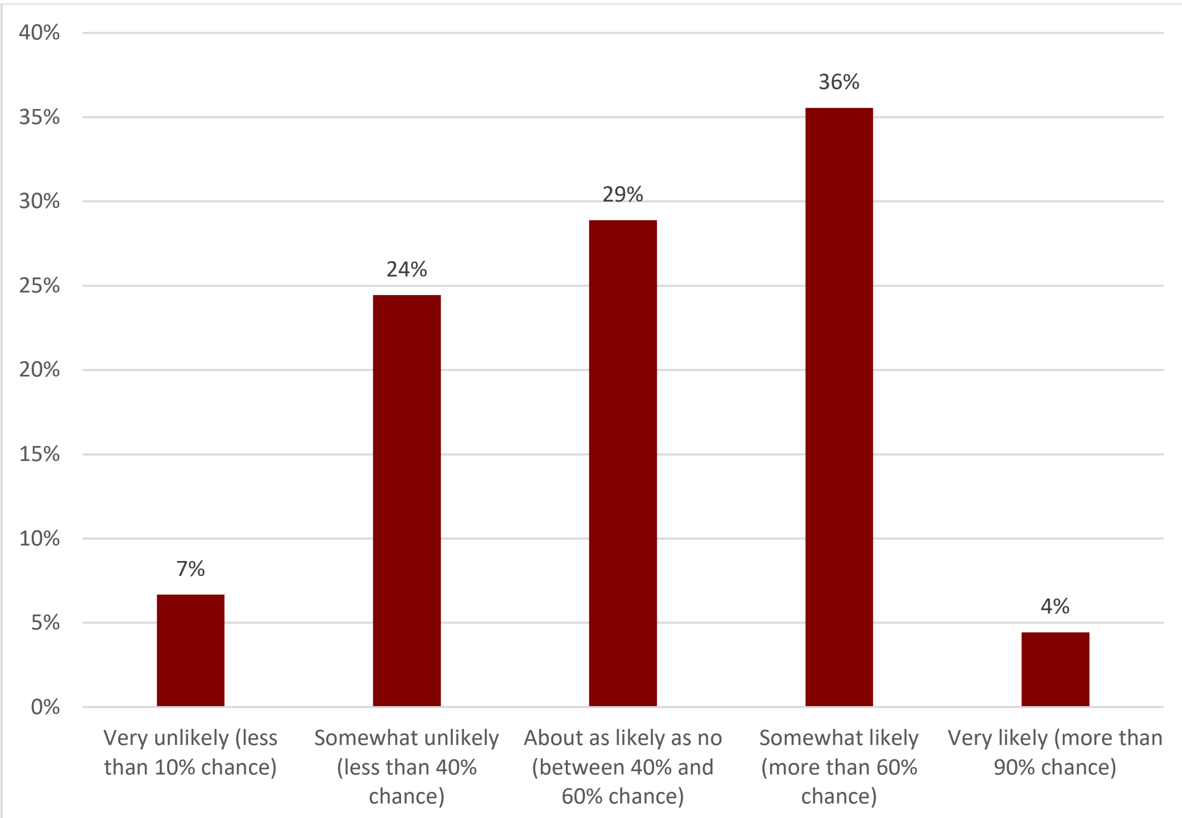
Question 3: What is your estimate of the core PCE inflation rate in the 12-month period ending in December 2022 (i.e. 2021 December to 2022 December)?

Number of responses: 45



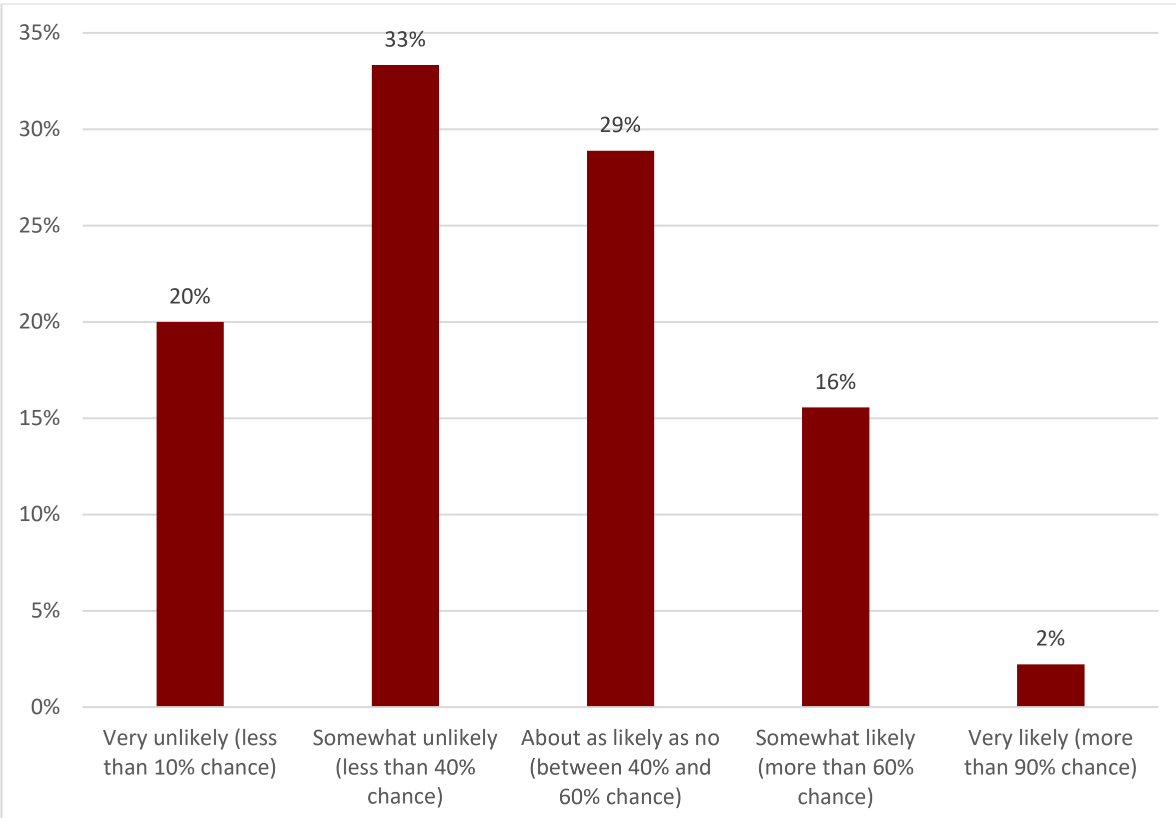
Question 4: What is your estimate of the likelihood that core PCE inflation will exceed 3% per annum in the year ending Dec 2023, i.e. 2022 December/2023 December?

Number of responses: 45



Question 5: What is the likelihood of the Fed raising the federal funds rate by 50bps at the March policy meeting?

Number of responses: 45

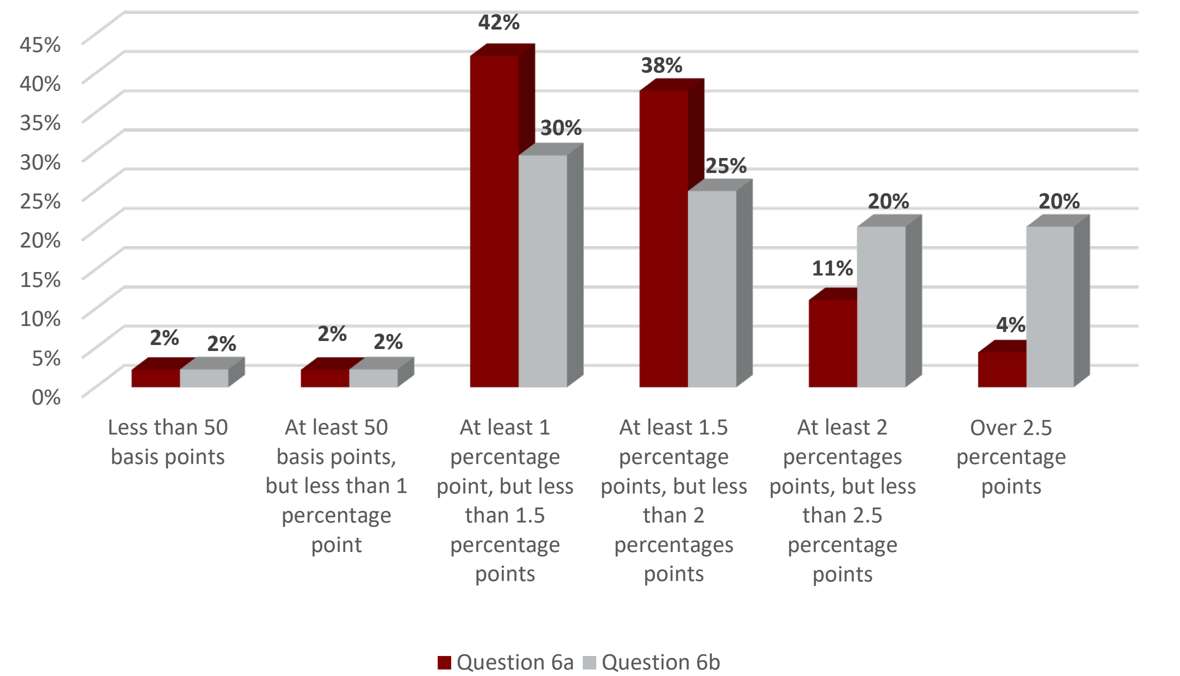


Question 6:

a: Where do you **think** the federal funds rate will be by year-end 2022?

b. If you were a voting member of the FOMC, what level of the federal funds rate by year-end 2022 do you believe would be needed to fulfill the Committee's dual mandate?

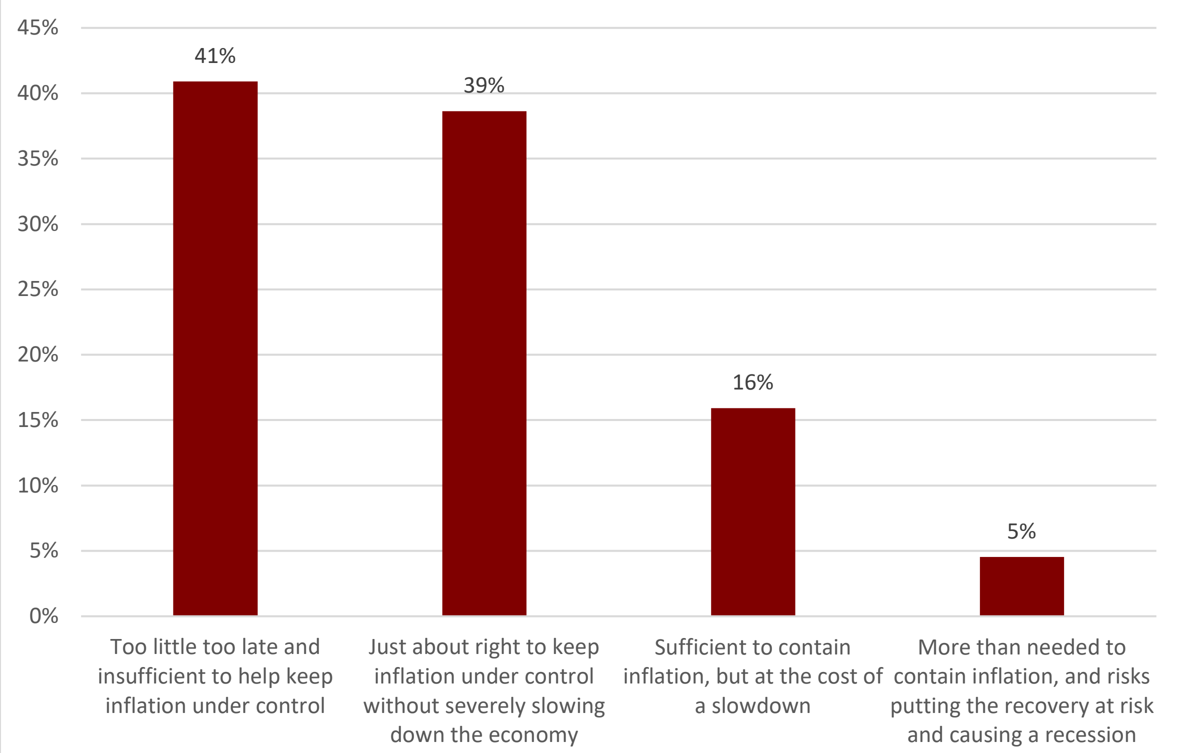
Number of responses: 45 (a), 44 (b)



Numbers do not sum to 100 due to rounding.

Question 7: Futures markets suggest the Fed will raise the federal funds rate by about 150bps by the end of 2022. Do you think this is:

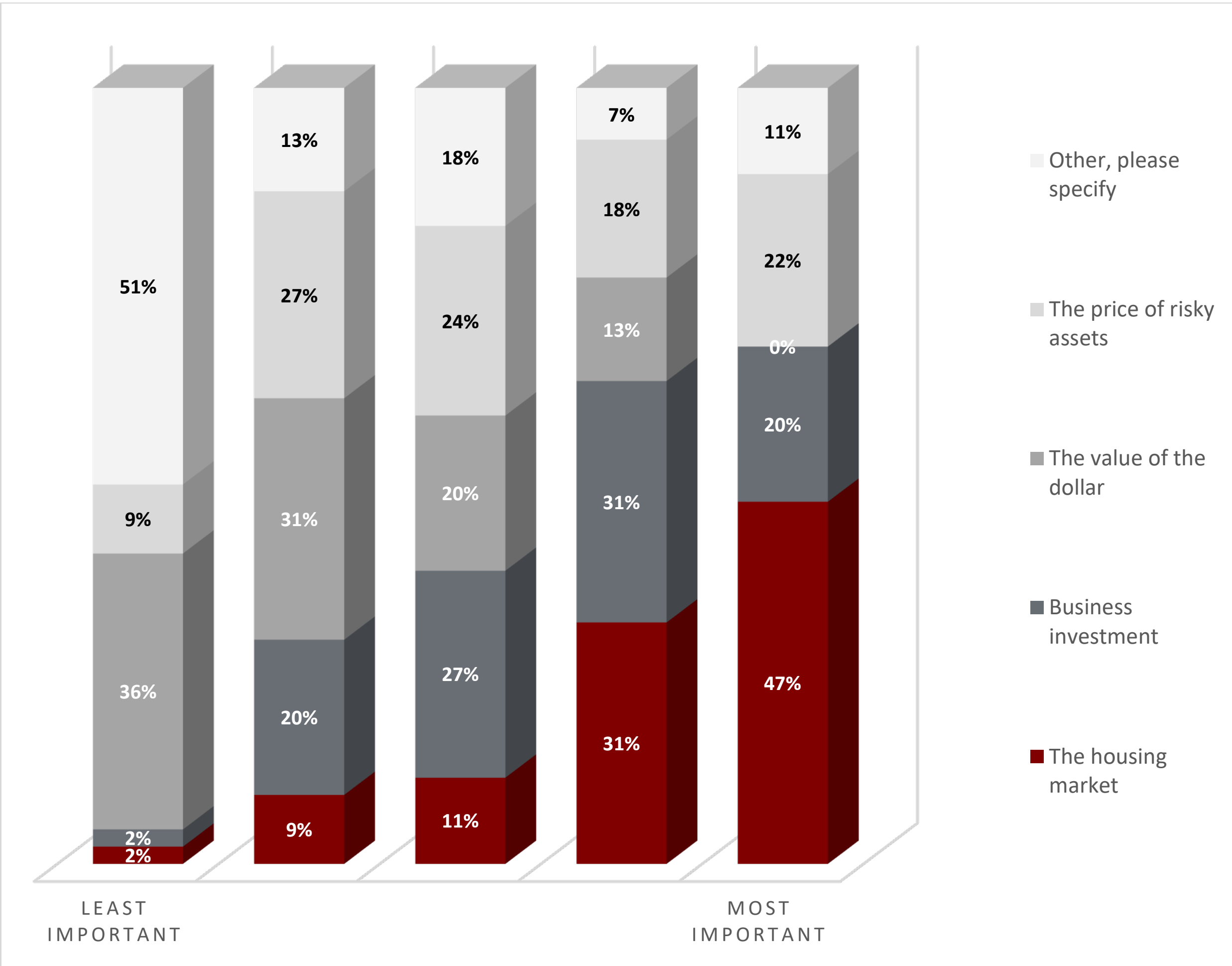
Number of responses: 44



Numbers do not sum to 100 due to rounding.

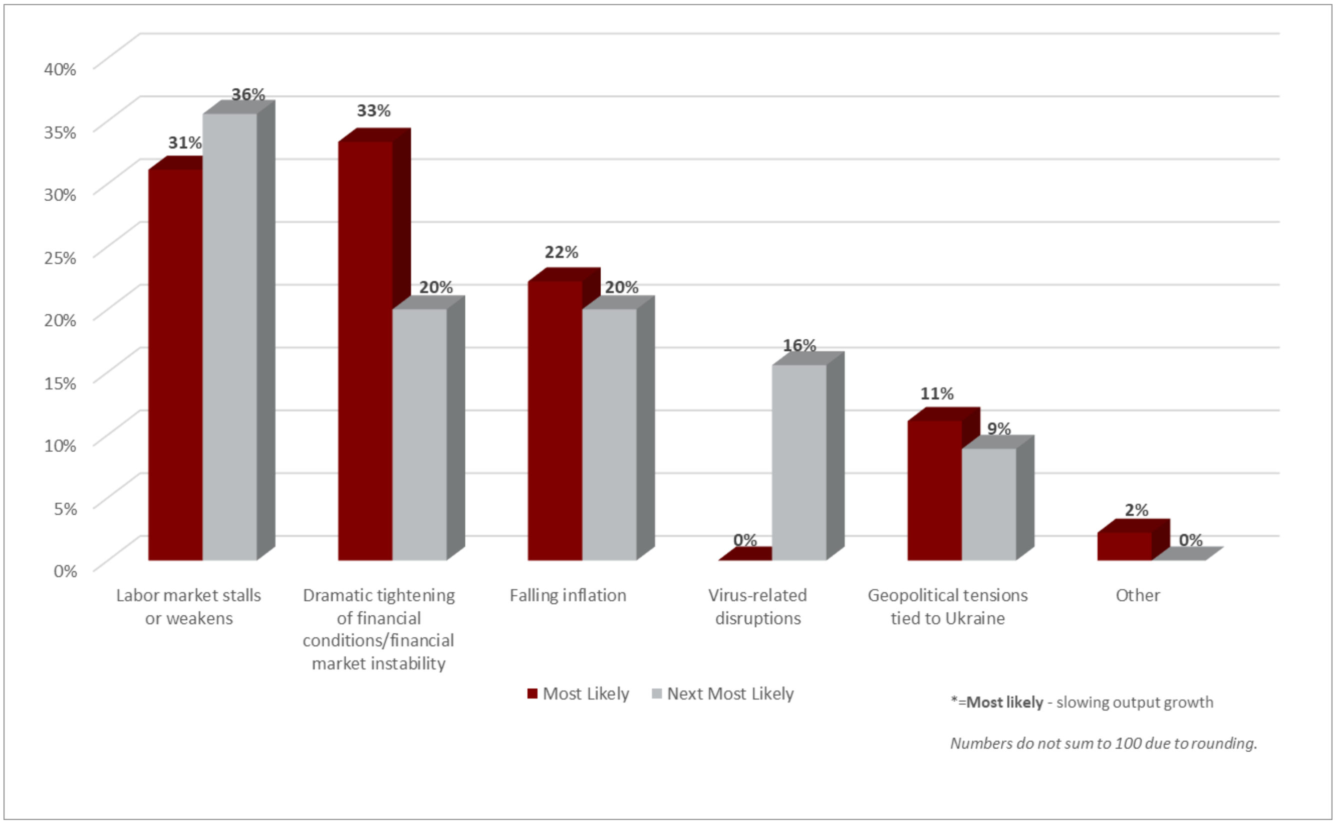
Question 8: If monetary policy tightening results in a slowdown in growth, rank the importance of the following channels in terms of potential negative impact.

Number of responses: 45



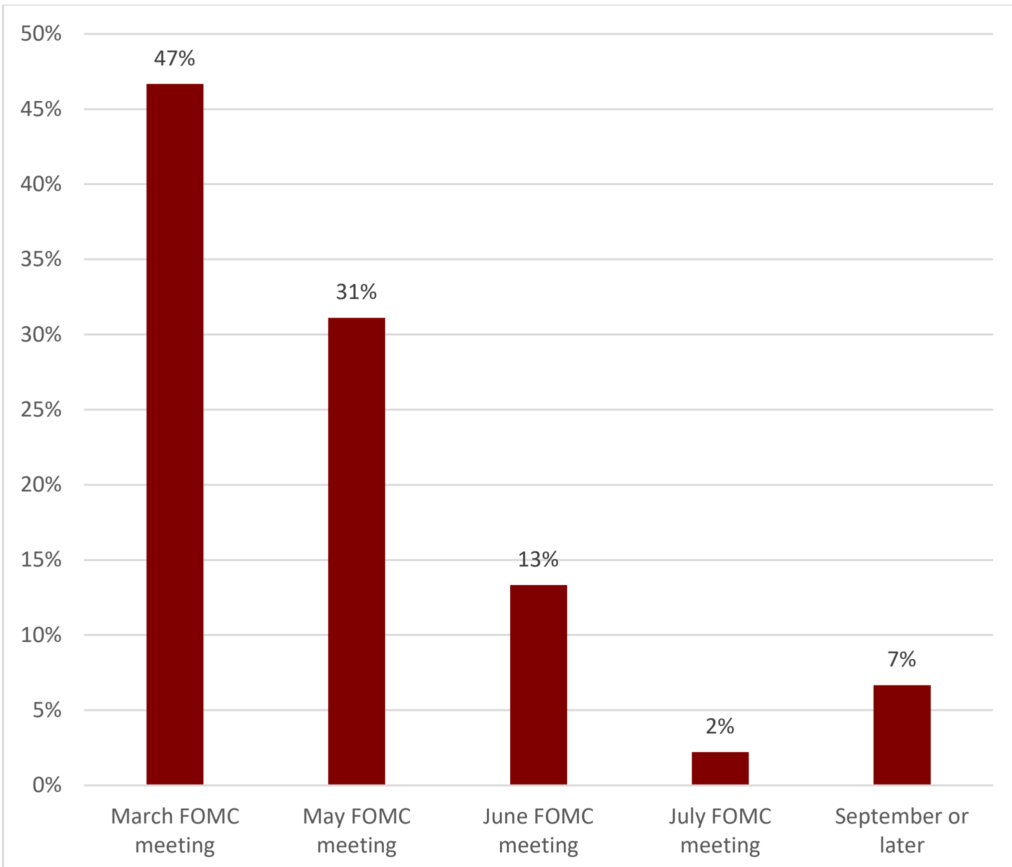
Question 9: In your view, what are the two most likely factors to cause the Fed to pause its rate-hiking cycle?

Number of responses: 45



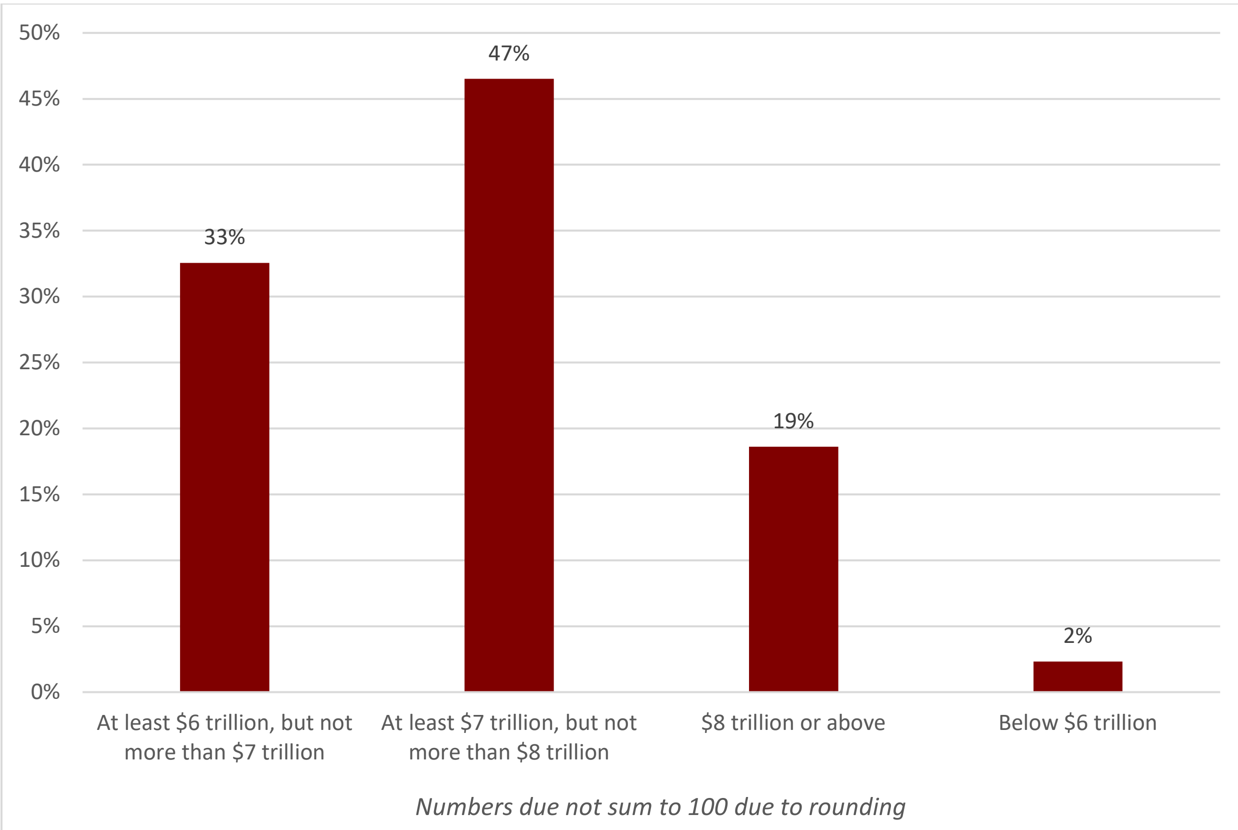
Question 10: When do you think the Fed will announce its plans to shrink the size of its balance sheet this year?

Number of responses: 45



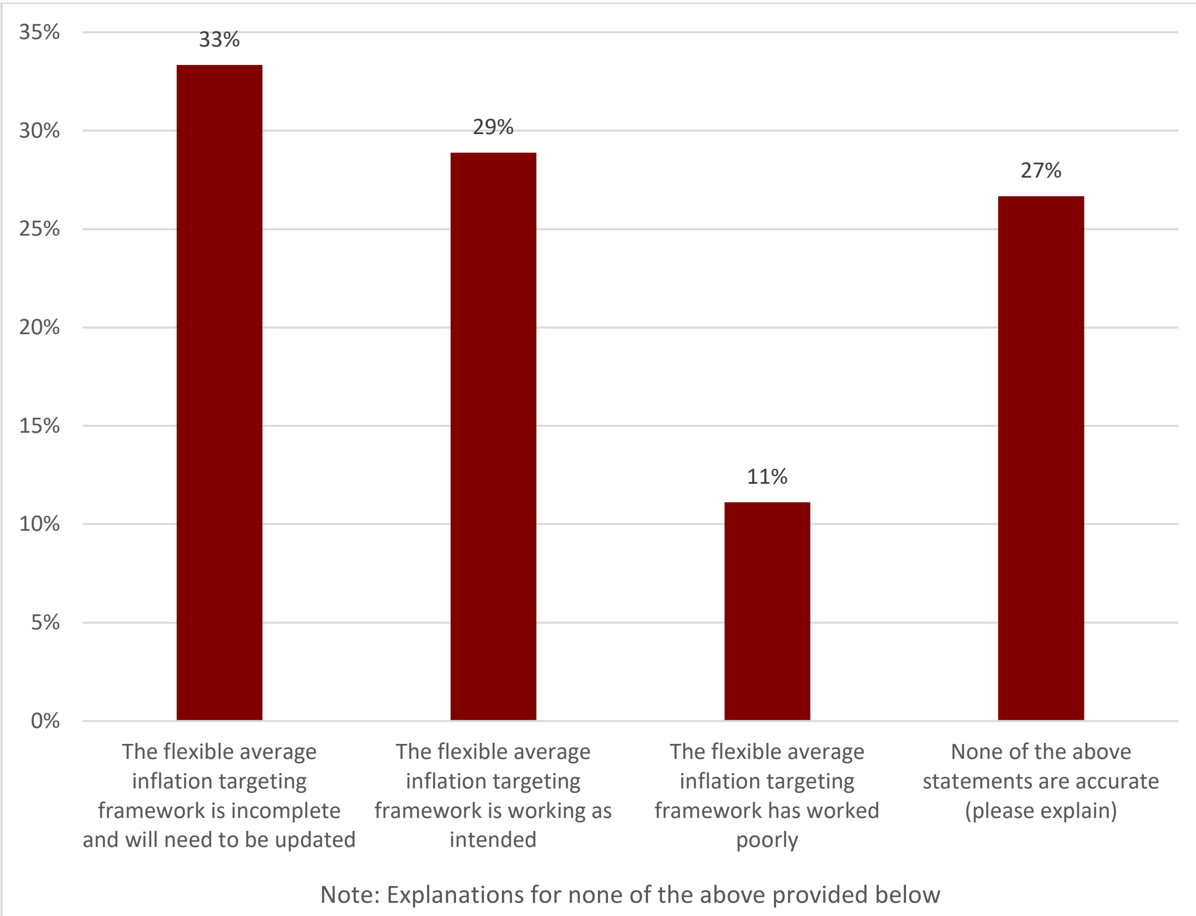
Question 11: The Fed's balance sheet currently hovers at $8.9 trillion, up from $4.2 trillion in January 2020. How large do you expect it will be by the end of 2023?

Number of responses: 43



Question 12: The recent surge in inflation and the Fed's reaction function suggest that

Number of responses: 45



Explanations:

- I believe that the Federal Reserve is following an asymmetric strategy, bit average inflation targeting
- The Fed has reacted with delay to the increase in demand due to among other the fiscal stimulus
- output gap & max employment both hard to estimate in a pandemic
- The main problem is the fed under-estimated the degree of inflation and tightness in the labor market, which caused it to react to slowly.
- The inflation surge is largely a consequence of Covid-induced easy policy (combined with supply side disruptions) that starter before the AIT. Suppose we did not have AIT, would we not have inflation surge then? Having multiple/less clear objectives might be an issue.
- unusual circumstances from the pandemic and global energy market uncertainty
- too early to tell
- the Fed has less precise control of inflation than they would like to think
- It is too soon to assess, not why there's inflation now
- The surge in inflation was not engineered by the average inflation targeting framework, but instead took the Fed by surprise. The flexible target does provide some ex post cover for the Fed for not raising rates sooner in response to inflation.

- not sufficient evidence to judge yet
- The flexible average inflation targeting framework is vague, confusing, and will eventually be abandoned in favor of a simpler, clearer, and more standard inflation targeting framework.

Respondents for this survey

Michelle Alexopoulos	University of Toronto
Robert Barbera	Johns Hopkins University
Christiane Baumeister	Notre Dame
Francesco Bianchi	Duke University
Hilde Bjornland	BI Norwegian Business School
David Blanchflower	Dartmouth
Alan Blinder	Princeton University
Nick Bloom	Stanford University
Stephen Cecchetti	Brandeis University
Marcelle Chauvet	UC Riverside
Menzie Chinn	University of Wisconsin
Gabriel Chodorow-Reich	Harvard University
Anna Cieslak	Duke University
Dean Croushore	University of Richmond
Brad DeLong	UC Berkeley
Karen Dynan	Harvard University
Andrea Eisfeldt	UCLA
Ana Galvao	University of Warwick
Gloria Gonzalez-Rivera	UC Riverside
Yuriy Gorodnichenko	UC Berkeley
James Hamilton	UC San Diego
Gordon Hanson	Kennedy School
Ana Maria Herrera	University of Kentucky
Greg Kaplan	University of Chicago
Arvind Krishnamurthy	Stanford University
Deborah Lucas	MIT
Serena Ng	Columbia University
Evi Pappa	Universidad Carlos III de Madrid
Jonathan Parker	MIT
Andrew Patton	Duke University
Hashem Pesaran	USC
Giorgio Primiceri	Northwestern University
Nick Roussanov	University of Pennsylvania
Aysegul Sahin	UT Austin
Tara Sinclair	George Washington University
Julie Smith	Lafayette College
James Stock	Harvard University
Eric Swanson	UC Irvine
Allan Timmermann	UC San Diego

Simon Van Norden	HEC Montreal
Joe Vavra	University of Chicago
Nancy Wallace	UC Berkeley
Kenneth West	University of Wisconsin
Jonathan Wright	Johns Hopkins University
Sarah Zubairy	Texas A&M