



# GLOBAL FINANCIAL STABILITY REPORT

## Key Highlights

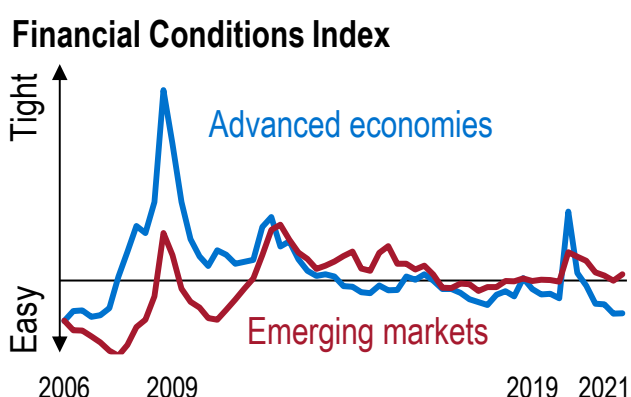
2021  
OCT

*Financial stability risks have been contained so far*

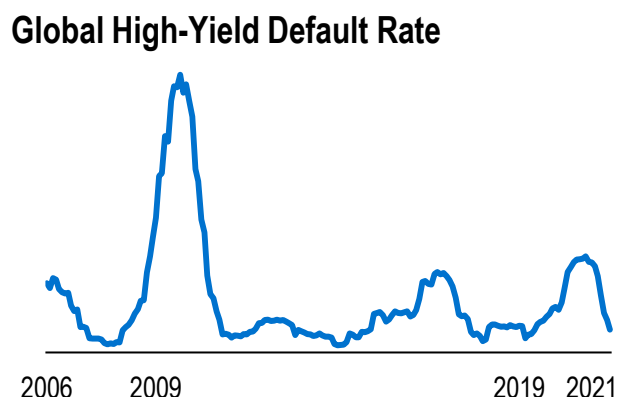
*Despite some improvement, however, vulnerabilities remain elevated in some sectors*

### PROGRESS

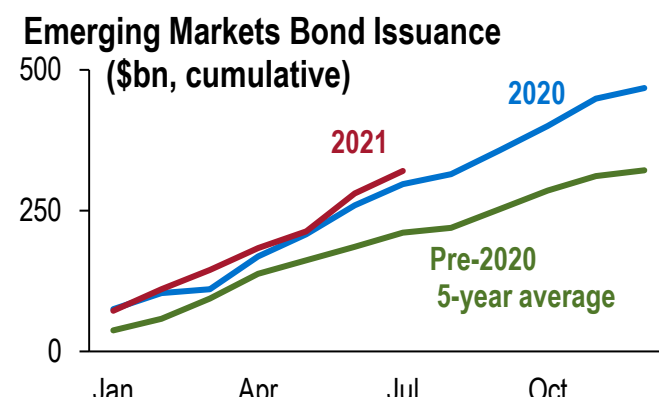
**Further easing of financial conditions in advanced economies**



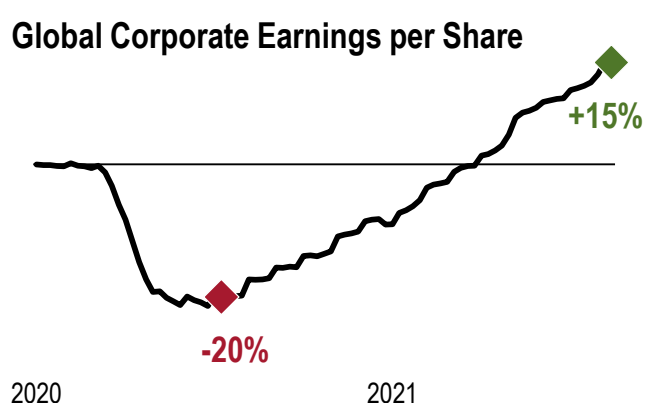
**Improved credit outlook**



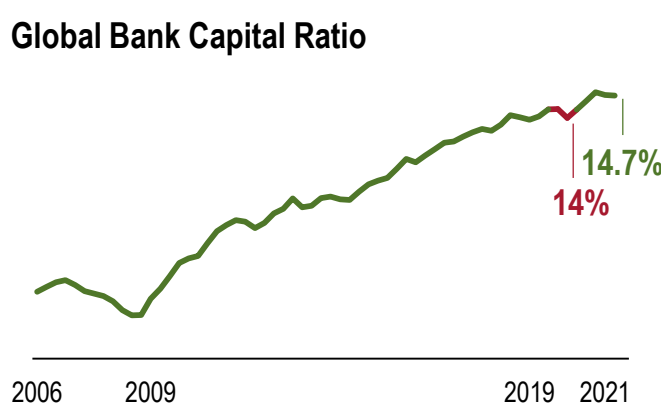
**Buoyant emerging market issuance**



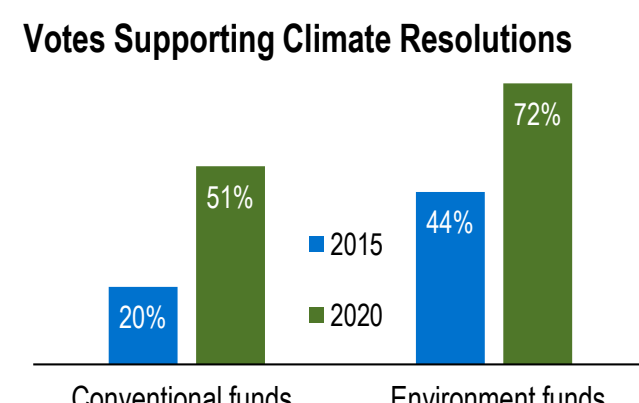
**Strong rebound in corporate earnings**



**Resilient bank capital position**

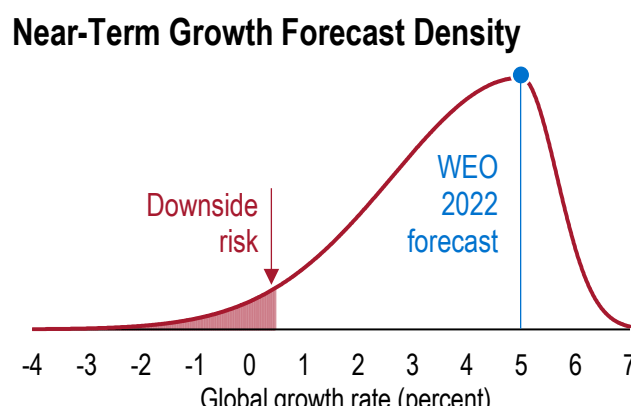


**Rising investor support for climate**

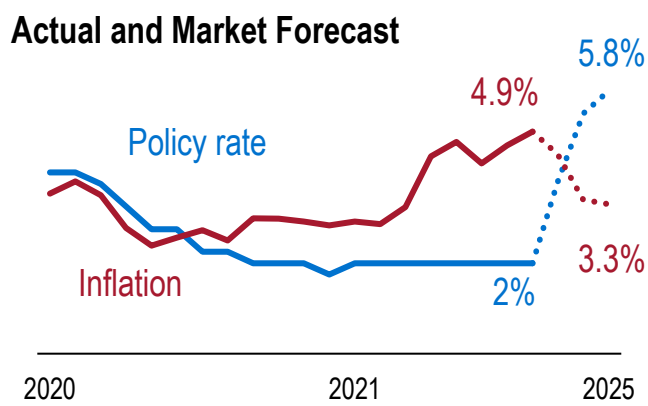


### RISKS

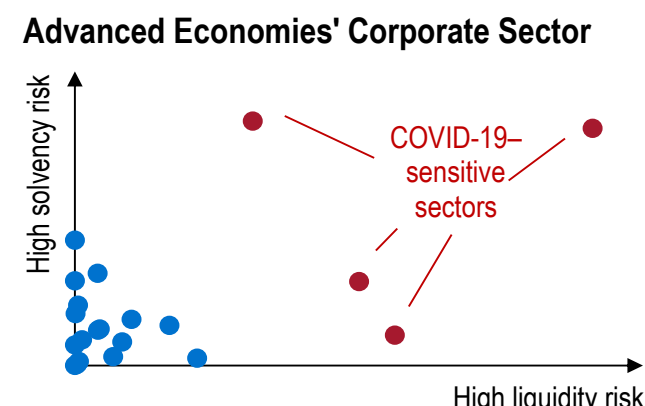
**Downside risks to global growth**



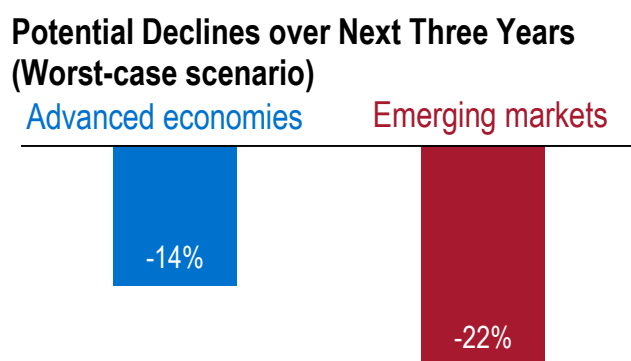
**Rising emerging market funding costs amid price pressures**



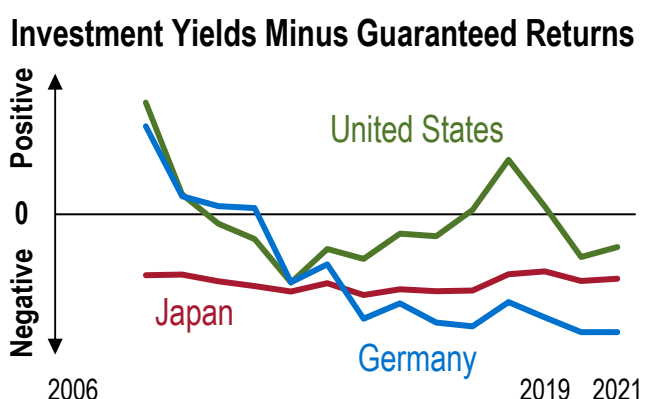
**Uneven corporate recovery**



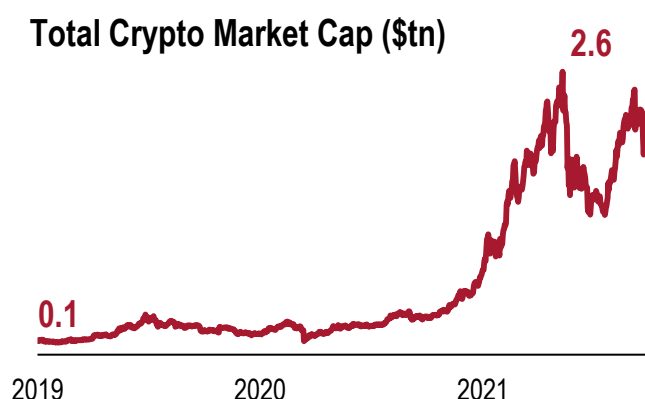
**Downside risks to house prices**



**Challenges facing life insurers**



**Rapid growth of crypto assets**

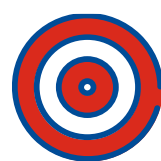


### POLICIES

**Policymakers should remain vigilant, securing the recovery while mitigating financial stability risks**

Central banks should provide clear guidance about the policy normalization process to avoid a sudden tightening of financial conditions.

If price pressures were more persistent than expected, monetary authorities should act decisively to avoid unmooring of inflation expectations.



Fiscal support should shift toward more targeted measures and be tailored to country characteristics.

Policymakers should tighten selected macroprudential tools to tackle pockets of vulnerabilities.

Leveraging the SDR allocation, emerging and frontier markets should rebuild buffers and implement structural reforms.