Near-term financial stability risks have receded since the last GFSR, although salient risks remain. Financial conditions have eased as investors and central banks expect global disinflation to be entering its last mile...

### Average policy rate declines
- **Advanced Economies**: 75 basis points
- **Emerging Market Economies**: 120 basis points

...but risks remain, and medium-term vulnerabilities are building-up

- **Commercial real estate prices**: have declined globally in real terms - 12.5%
- **Corporate bankruptcies**: have increased in the United States - 20.3%

Continued rapid growth in the private credit industry under limited prudential oversight could give rise to system risks.

- **The growth of private credit markets** (
- **Rest of the World**
- **Europe**
- **North America**
- **Dry powder (undeployed capital)**

Cyber incidents pose an increasing threat to macrofinancial stability.

- **Estimated Maximum Annual Firm Loss** (
- **2017**
- **2021**

POLICIES

- **Central banks** should avoid easing monetary policy prematurely and push back against overly optimistic market expectations for rate cuts. In jurisdictions displaying ample evidence that inflation is moving sustainably toward target, policy should gradually move to a more neutral stance.
- **Emerging and frontier economies** should strengthen efforts to contain debt vulnerabilities.
- **Regulatory authorities** should use supervisory tools to ensure that banks and nonbank financial institutions are resilient to the credit cycle downturn.

- **Consider a more proactive supervisory and regulatory approach.**
- **Close data gaps and enhance reporting requirements to comprehensively assess risks.**
- **Strengthen cross-sectoral and cross-border regulatory cooperation.**

- **Develop national cybersecurity strategies and effective regulation and supervisory frameworks.**
- **Enhance data reporting and information sharing.**
- **Strengthen response and recovery procedures to boost resilience against cyber incidents.**