Figure 1.2. Global Financial Stability Map: Assessment of Risks and Conditions
(Notch changes since the April 2017 Global Financial Stability Report)

1. Macroeconomic risks have fallen, and macroeconomic conditions have improved.

2. Emerging market risks are lower, driven by improved fundamentals and external financing conditions.

3. Credit risks are unchanged, with improvements in the banking sector contrasting with increasing corporate and household sector risks.

4. Monetary and financial conditions remain accommodative, as slightly higher real rates are offset by easier lending conditions and financial conditions.

5. Risk appetite continues to increase, as reflected in robust capital flows to emerging markets and increased performance and allocations to risk assets.

6. Market and liquidity risks are unchanged, as compressed risk premiums and low volatility offset less-extended market positioning and improved trading liquidity conditions.

Source: IMF staff estimates.
Note: Changes in risks and conditions are based on a range of indicators, complemented by IMF staff judgment. See Annex 1.1 in the April 2010 Global Financial Stability Report and Dattels and others 2010 for a description of the methodology underlying the global financial stability map. Overall notch changes are the simple average of notch changes in individual indicators. The number in parentheses next to each category on the x-axis indicates the number of individual indicators within each subcategory of risks and conditions. For lending conditions, positive values represent a slower pace of tightening or faster easing.