



PREFACE

The *Global Financial Stability Report* (GFSR) assesses global financial market developments with a view to identifying potential systemic weaknesses. By calling attention to potential fault lines in the global financial system, the report seeks to play a role in preventing crises, thereby contributing to global financial stability and to sustained economic growth of the IMF's member countries.

The report was prepared by the International Capital Markets (ICM) Department, under an Editorial Committee comprising Hung Q. Tran (Chairman), Peter Dattels, Todd Groome, and Ceyla Pazarbasioglu, and it benefited from comments and suggestions from Axel Bertuch-Samuels and Charles R. Blitzer. Other ICM staff who contributed to this issue include Jochen Andritzky, Geoffrey Bannister, Brian Bell, Nicolas Blancher, Elie Canetti, Marcelo Carvalho, Mangal Goswami, Dale Gray, François Haas, Kristian Hartelius, Andreas Jobst, John Kiff, Peter Kunzel, William Lee, Cheng Hoon Lim, Carlos Medeiros, Paul Mills, Chris Morris, Shinobu Nakagawa, Michael Papaioannou, Bozena Radzewicz-Bak, Parmeshwar Ramlogan, Jack Ree, Paul Ross, Mustafa Saiyid, Hemant Shah, G. Edwin Smith III, Christopher Walker, Mark Walsh, and Luisa Zanforlin. A staff team led by Daniel Hardy and including Sean Craig, Edward Frydl, and Antonio Garcia Pascual from the Monetary and Financial Systems Department (MFD) contributed on banking sector developments in emerging markets. Udaibir S. Das and Kristian Flyvholm (also MFD) contributed on asset management issues. Martin Edmonds, Patricia Gillett, Ivan Guerra, Silvia Iorgova, Oksana Khadarina, Yoon Sook Kim, Ned Rumpelton, and Peter Tran (all ICM), as well as Kalin Tintchev (MFD), provided analytical support. Caroline Bagworth, Norma Cayo, Vera Jasenovc, Natasha Minges, Elsa Portaro-Cracel, and Ramanjeet Singh provided expert word processing assistance. Archana Kumar of the External Relations Department edited the manuscript and coordinated production of the publication.

This particular issue draws, in part, on a series of discussions with commercial and investment banks, securities firms, asset management companies, hedge funds, insurance companies, pension funds, stock and futures exchanges, credit rating agencies, and academic researchers, as well as regulatory and other public authorities in major financial centers and countries. Unless indicated otherwise, the report reflects information available up to July 14, 2006.

The report benefited from comments and suggestions from staff in other IMF departments, as well as from Executive Directors following their discussion of the *Global Financial Stability Report* on August 23, 2006. However, the analysis and policy considerations are those of the contributing staff and should not be attributed to the Executive Directors, their national authorities, or the IMF.