1. **Macroeconomic risks** are lower, mainly from improved signs of recovery in advanced economies.

2. **Emerging market risks** are unchanged but elevated. External conditions, including current account balances, have improved, but liquidity has weakened and credit ratings have deteriorated.

3. **Risk appetite** has decreased, primarily as a result of substantial outflows from emerging markets, although the allocation to, and performance of, riskier assets have declined somewhat.

4. **Market and liquidity risks** have increased following a broad worsening of market conditions. Liquidity is weaker and volatility higher following the deterioration in markets and downturn in sentiment.

5. **Credit risks** are unchanged although their composition has shifted. Banking valuations have deteriorated and corporate defaults have increased. Household credit risks have decreased.

6. **Monetary and financial conditions** are unchanged, as real interest rates remain very low and central bank balance sheets are at highly expansionary levels.

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 below each label indicates the number of individual indicators within each subcategory of risks and conditions. For lending conditions, positive values represent slower pace of tightening or faster easing. CB = central bank; QE = quantitative easing.