

# Global Financial Stability Report

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# GLOBAL FINANCIAL STABILITY REPORT

## About Global Financial Stability Report

- It is a **semiannual report** by the **International Monetary Fund (IMF)** that assesses the stability of global financial markets and emerging-market financing.
- It is released twice per year, **in April and October**.
- It focuses on current conditions, especially financial and structural imbalances, that could risk an upset in global financial stability and access to financing by emerging-market countries.

## Highlights of the report

- It has warned about the risks to the global financial system from persistent **high inflation**, rising lending in the **unregulated credit market**, and **increasing cyber-attacks** on financial institutions.
- **Geopolitical risks** such as the ongoing war in West Asia and Ukraine could affect aggregate supply and lead to higher prices. This, it believes, might stop central banks from lowering rates anytime soon.
- In calendar year 2023, India was the **second-largest** recipient of **foreign capital** after the U.S. But things could change quickly if western central banks signal that they could keep interest rates high for a long time.
- In its report also noted that the growing **unregulated private credit market**, in which non-bank financial institutions lend to corporate borrowers, is a growing concern as troubles in the market might affect the

broader financial system in the future.

- The borrowers in the private credit market may not be financially sound and noted that many of them do not have current earnings that exceed even their interest costs.
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## Q1: What Are Financial Markets?

Financial markets refer broadly to any marketplace where securities trading occurs, including the stock market, bond market, forex market, and derivatives market. Financial markets are vital to the smooth operation of capitalist economies.

**Source:** [What is the outlook on the global economy? | Explained](#)

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