



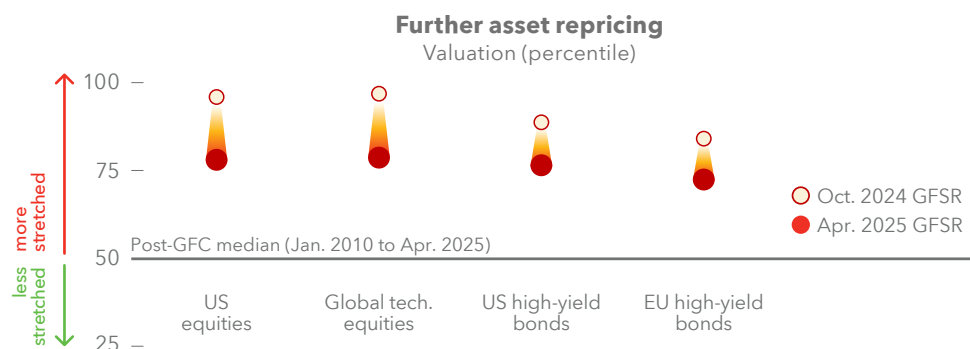
# GLOBAL FINANCIAL STABILITY REPORT

## Key Highlights

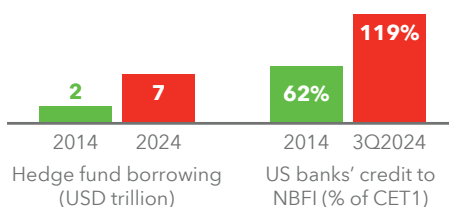
2025  
APR

Financial stability risks have meaningfully increased, driven by abrupt tightening in financial conditions.

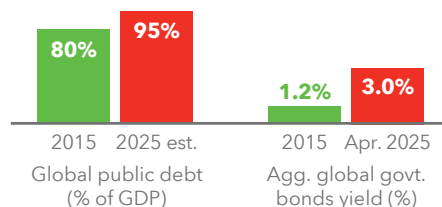
### Key vulnerabilities keeping financial stability risks elevated:



### Strains among highly leveraged financial institutions, especially those highly connected with banking system



### Debt sustainability for highly indebted sovereigns and turbulence in bond markets



### POLICIES



Prepare to manage and mitigate risks from severe market turmoil



Implement international prudential standards including Basel III and measures aimed at mitigating risks of nonbank leverage



Enhance multilateral surveillance and global financial safety net

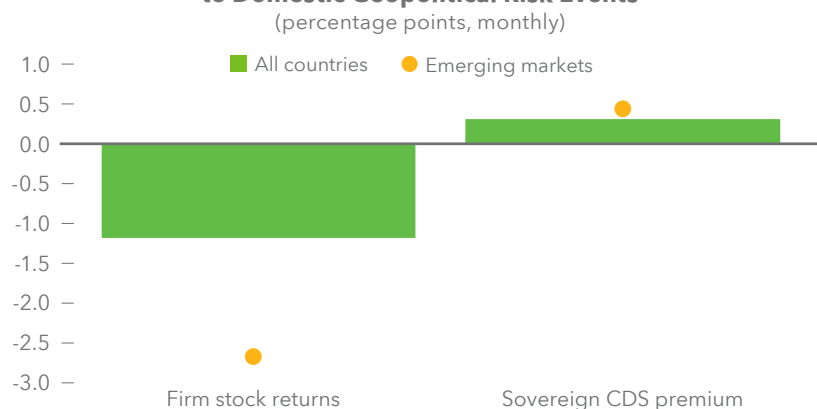


Rebuild fiscal buffers credibly

Sources: Bloomberg Finance L.P., Federal Reserve Board, LSEG Datastream, MSCI, S&P Capital IQ Pro, US Office of Financial Research, US Securities and Exchange Commission, IMF World Economic Outlook database and IMF staff calculations.

Conflicts and other geopolitical risk events can severely impact asset prices - threatening global financial stability.

### Average Response of Stock Returns and Sovereign Risk Premium to Domestic Geopolitical Risk Events



Sources: Bloomberg Finance L.P.; Caldara and Iacoviello 2022; IMF, World Economic Outlook database; LSEG Datastream; and IMF staff calculations.

### POLICIES



Tailor oversight of financial institutions based on country-specific geopolitical risks



Identify, quantify, and manage geopolitical risks while holding adequate capital and liquidity buffers



Develop and deepen financial markets in developing economies to help investors manage geopolitical risks



Maintain adequate macroeconomic policy space and international reserve buffers

Read more in the April 2025 Global Financial Stability Report