

# Financial Stability Report

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## Statement by Vice Chair Lael Brainard

The volatility over the past six months once again demonstrates the importance of our efforts in the Financial Stability Report to identify, analyze, and closely monitor financial system vulnerabilities. Over the period, household and business indebtedness has remained generally stable, and on aggregate households and businesses have maintained the ability to cover debt servicing, despite rising interest rates.

Today's environment of rapid synchronous global monetary policy tightening, elevated inflation, and high uncertainty associated with the pandemic and the war raises the risk that a shock could lead to the amplification of vulnerabilities, for instance due to strained liquidity in core financial markets or hidden leverage.

It's important to remain attentive to the risks raised in the report and to work with domestic and international regulators to support the resilience of the financial system.

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