

OFR Financial Stress Index

As of 2/12/2021 the JP Morgan Emerging Market Volatility Index (EM-VXY) is classified as Emerging Markets (EM).

Certain datasets were not available at the time of publication. We regret any inconvenience this may cause.

The OFR Financial Stress Index (OFR FSI) is a daily market-based snapshot of stress in global financial markets. It is constructed from 33 financial market variables, such as yield spreads, valuation measures, and interest rates. The OFR FSI is positive when stress levels are above average, and negative when stress levels are below average.

The OFR FSI incorporates five categories of indicators: credit, equity valuation, funding, safe assets and volatility. The FSI shows stress contributions by three regions: United States, other advanced economies, and emerging markets.

Current Index: **-1.317** Thu. Feb. 16, 2023 (not seasonally adjusted)

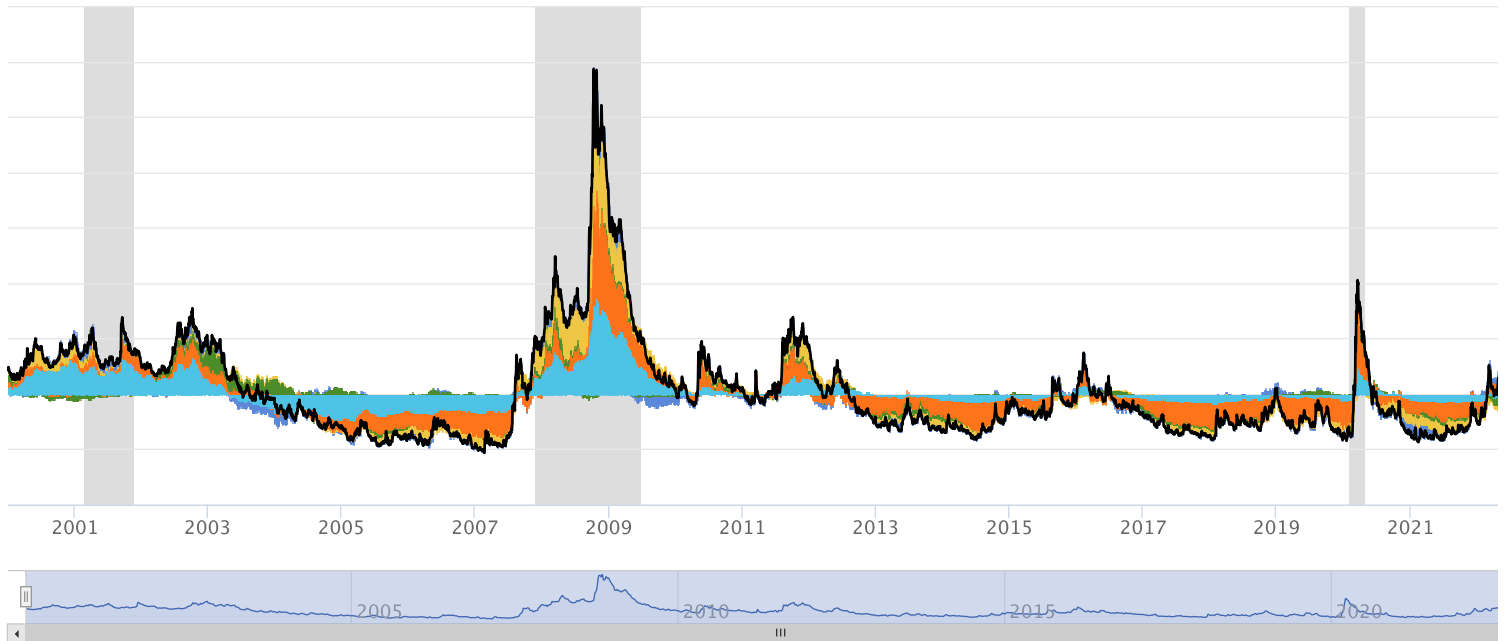
Indicator Categories

Regions

Show line chart Data

Select categories: ■ Credit ■ Equity valuation ■ Funding ■ Safe assets ■ Volatility — FSI

Select time range: 1 week 1 month 6 months 1 year All From To



Shaded areas indicate U.S. rec

NOTE

On 10/27/2022, the FSI visualization was changed to illustrate the contents of the resulting measurements better. There was no change to the tool's input data, calculation, or output.

How to Interpret the Index

The OFR FSI measures systemic financial stress — disruptions in the normal functioning of financial markets. Each variable in the index measures a feature of financial stress. Financial stress can be captured by how the variables move together through time. A statistical algorithm captures this co-movement and produces a set of weights for the variables.

The value of the OFR FSI on a given day is the weighted average level of each variable observed in the market on that day, relative to its history. The index is zero when this average is zero, suggesting that stress is at normal levels. The index is calculated after each U.S. trading day.

Monitoring financial stability requires tracking both vulnerabilities and stress. The OFR has developed the Financial System Vulnerabilities Monitor to identify potential financial system vulnerabilities — underlying weaknesses in the system that can originate, amplify, or transmit stress.

Indicator Categories

Credit: Contains measures of credit spreads, which represent the difference in borrowing costs for firms of different creditworthiness. In times of stress, credit spreads may widen when default risk increases or credit market functioning is disrupted. Wider spreads may indicate that investors are less willing to hold debt, increasing costs for borrowers to get funding.

Equity valuation: Contains stock valuations from several stock market indexes, which reflect investor confidence and risk appetite. In times of stress, stock values may fall if investors become less willing to hold risky assets.

Funding: Contains measures related to how easily financial institutions can fund their activities. In times of stress, funding markets can freeze if participants perceive greater counterparty credit risk or liquidity risk.

Safe assets: Contains valuation measures of assets that are considered stores of value or have stable and predictable cash flows. In times of stress, higher valuations of safe assets may indicate that investors are migrating from risky or illiquid assets into safer holdings.

Volatility: Contains measures of implied and realized volatility from equity, credit, currency, and commodity markets. In times of stress, rising uncertainty about asset values or investor behavior can lead to higher volatility.

Regions

Variables are classified into regions based on the location of the markets they reflect.

United States: U.S.-centric variables.

Other advanced economies: Variables measuring stress from advanced economies other than the United States, including primarily the eurozone and Japan.

Emerging markets: Variables measuring stress from emerging markets.

Some variables span multiple regions. These variables are equally weighted among the regions they span. For example, the oil market is a global market, and so our measure of oil market volatility is equally weighted among the United States, other advanced economies, and emerging markets regions.

More Information

For additional information about the OFR FSI, see the working paper, "[The OFR Financial Stress Index](#)."

For a list of the indicators used to construct the OFR FSI, see [OFR FSI Indicators table](#).

For information on revisions to the OFR FSI, see [FSI Revision History](#).

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Suggested Citation

Office of Financial Research. "OFR Financial Stress Index." OFR, updated daily. <https://www.financialresearch.gov/financial-stress-index/> (accessed Fri. Feb. 17, 2023).