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The global economic outlook is unusually benign, with 2018 growth expected to be at or even above trend in most major economies. With inflation pressures low, the principal central banks continue to follow accommodative policies, with prospects for only gradual policy tightening in the future. Financial markets are priced consistently with this favorable outlook. Thus, even with many financial asset values at historic highs, there isn't a sense of any imminent danger of market weakness or a new financial crisis. While it is recognized there are both fundamental and policy risks that could undermine this positive outlook, by and large they are not reflected in current market prices.

While the process of post-crisis systemic reforms remains incomplete, bank capital increases and reduced leverage have helped to increase the sector's stability. However, further progress is warranted regarding balance sheet cleanup for some Eurozone banks as well as strengthening their profitability. Further steps remain to complete the EU's banking union and capital markets union, and resolution mechanisms remain incomplete and/or untested virtually everywhere. While the FSB is promoting financial sector reforms with success, the regulation of non-bank financial sectors is very much a work in progress. Moreover, other aspects of global governance reforms of relevance to the financial system – including macroeconomic policy cooperation, trade liberalization and IFI reforms – are advancing slowly, if at all. Finally, the IMF's lack of an effective crisis prevention instrument remains a systemic weakness that can and should be addressed.