From the Director

I am pleased to present this *2017 Financial Stability Report,* which provides the Office of Financial Research's in-depth analysis of U.S. financial stability. In the first chapter, we analyze three key vulnerabilities in depth. In the second chapter, we discuss our overall assessment of financial stability, weighing vulnerabilities in the financial system against its resilience. The chapter reviews systemwide risks in six categories, and introduces two new tools: our Financial System Vulnerabilities Monitor, a heat map of indicators of potential vulnerabilities; and our Financial Stress Index, a daily measure of current financial-system stress.

These new tools are only the latest examples of the work the OFR does to meet the needs of its stakeholders by assessing and monitoring threats to U.S. financial stability; improving the scope, quality, and accessibility of financial data; performing essential financial-system research; and evaluating policies designed to improve the resilience of the financial system.

This report supplements our *2017 Annual Report to Congress,* which fulfills our responsibility under Section 154(d)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act to report annually to Congress on the state of the U.S. financial system, including an analysis of threats to U.S. financial stability, key findings of our research and analysis, and the status of the efforts of the Office in meeting its mission.

I am honored to have had the opportunity to stand up and lead the OFR during the past six-and-a-half years. In our *2012 Annual Report,* our first, I wrote that building the OFR's research and data capabilities would take time. As I leave the Office this year, we are taking stock of those capabilities and looking for ways to improve them. I am confident that the resulting improvements will enable the OFR to fully meet the needs of its stakeholders, its mission, and its responsibilities for thought leadership.

Richard Berner
Director, Office of Financial Research