Read the two articles below and give a short description of possible concerns currently within Global Financial Markets:

[1]

BOE Warns of Growing Risks in Global Debt Markets

Bank of England sees threats to financial stability coming from unease over Italian debts and worries about borrowing in China

The BOE's warning comes as the global economy faces multiple challenges, as major central banks step back from the easy-money policies of the past decade and as trade tensions escalate.

Jason Douglas

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LONDON—The Bank of England sounded an alarm Wednesday over global debt markets, saying it sees pockets of risk to the stability of the financial system in places ranging from U.S. corporate borrowing to risky loans in Britain to foreign-currency lending to emerging markets.

The BOE's warning comes as the global economy faces multiple challenges, as major central banks led by the U.S. Federal Reserve step back from the easy-money policies of the past decade and as trade tensions escalate.

"The recent tightening in global financial conditions could be a precursor to a much more substantial snapback in world interest rates and more challenging bank, corporate and sovereign funding conditions," BOE Governor Mark Carney said at a press conference, adding that growing protectionism "could sap some of the current strength of the global economy."

The U.K. central bank said in its twice-yearly financial stability report that the risks to financial stability world-wide have increased in the past six months. Officials cited a range of threats, including renewed unease over Italy's ability to pay its debts and perennial worries about borrowing in China.

They also voiced particular concern about the U.S., where corporate borrowing has ballooned to 290% of first-quarter earnings, according to BOE calculations. Rising indebtedness has been accompanied by looser lending standards, leading to a surge in high-risk lending, the central bank said, a large share of which is being parceled into securitized assets sold to investors world-wide.

Borrowers may struggle to repay their loans if interest rates continue to rise or global growth falters, the BOE said.

Officials voiced similar worries about emerging markets, where governments and the private sector have loaded up on dollar-denominated debt and now face a squeeze from both a rising greenback and higher U.S. interest rates. British banks' exposure to major emerging markets excluding China amounts to around 15% of their total assets, the BOE said.