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Proposal and Comment Information

Title: Request for Comment on Scenarios for the Board's 2026 Supervisory Stress Test, OP-1871

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Submitter Information

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Organization Type: Company

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Assuming all else equal and these are the only metrics being used the model unemployment, market volatility, corporate bond spreads, asset prices, house prices, commercial real estate prices:

1. When you consider values to use in the scenario to be used in the simulation, can't you just come up with a matrix of values that you could use and run the model on every scenario possible? Yes I'm sure the numbers chosen for 2026 are more realistic than let's say consider the unemployment rate rising to 99%. But a 99% unemployment rate, although highly unlikely, still possible. My suggestion would be to keep your values that are closest to reality, but just run the model on every possible scenario. This can be automated if the number of combinations of values is calculated, put in a table, rewire the model to run in a loop on the "scenario" table. The data would be vectorized and run in parallel and then can be run on a Hadoop cluster to minimize run times.

And also this can be quantum analyzed, scenarios with a certain level of market volatility, what are the different scenarios that could happen within the realm of volatility. Heteroskedasticity can throw off a model, if randomness can be better captured and used when calculating the model. I have yet to see metric explicitly for AI and volatility directly caused by AI. What happens when technological advancement has been exponential for so long that we can't quantify its affect on humanity, less an econonmy.