

MSCI Liquidity Risk Monitor Report

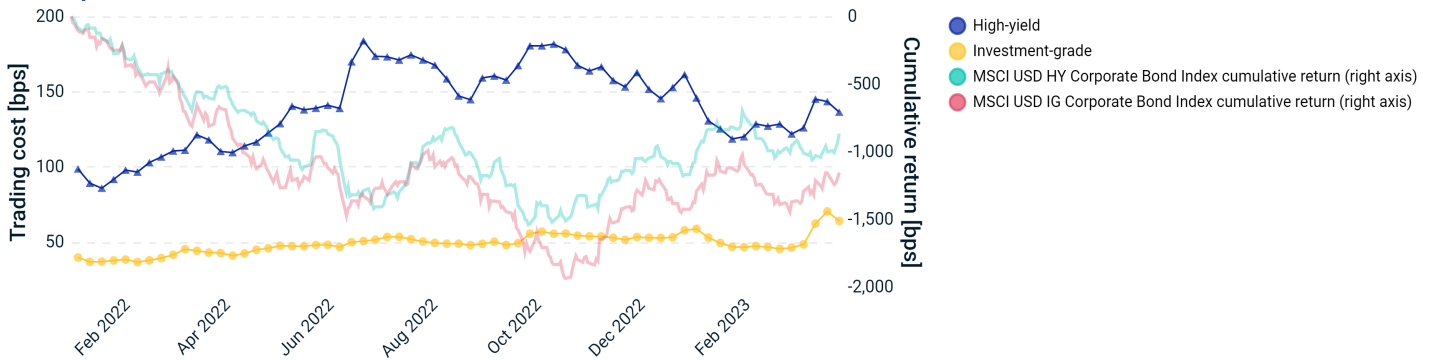
Data through March 31, 2023

Quarterly report highlighting the behavior of key liquidity indicators in global markets

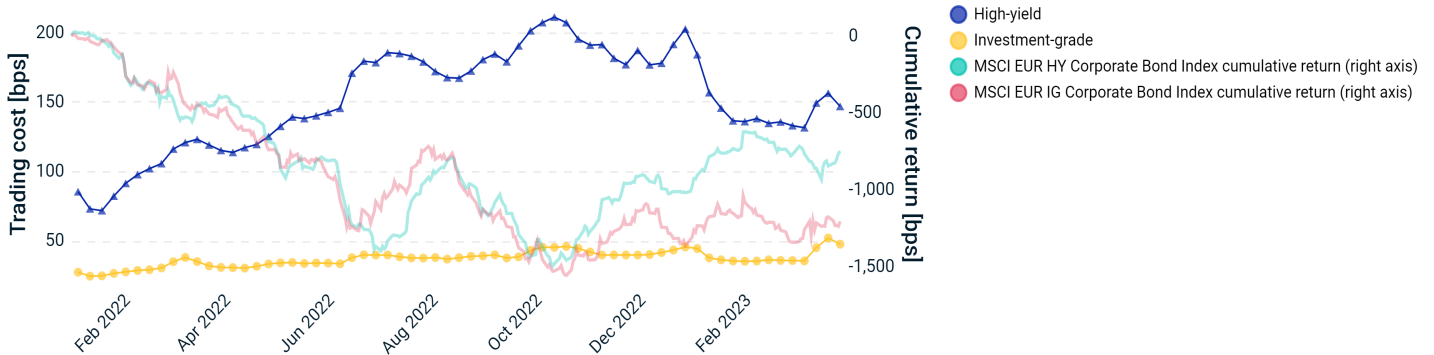
Corporate bonds liquidity - Cost of forced selling of USD 10 million

- Corporate bond liquidity had improved in the first half of the quarter throughout all regions, for both investment-grade and high-yield bonds, as transaction costs had dropped and market depths had increased slightly.
- In March 2023, as signs of trouble emerged in the banking sector, transaction costs increased sharply, particularly for investment-grade bonds where increases were significant even compared to the volatile period of 2022.
- The deterioration of liquidity has reversed in the last couple of weeks of the quarter as the banking sector issues seemed to have eased.

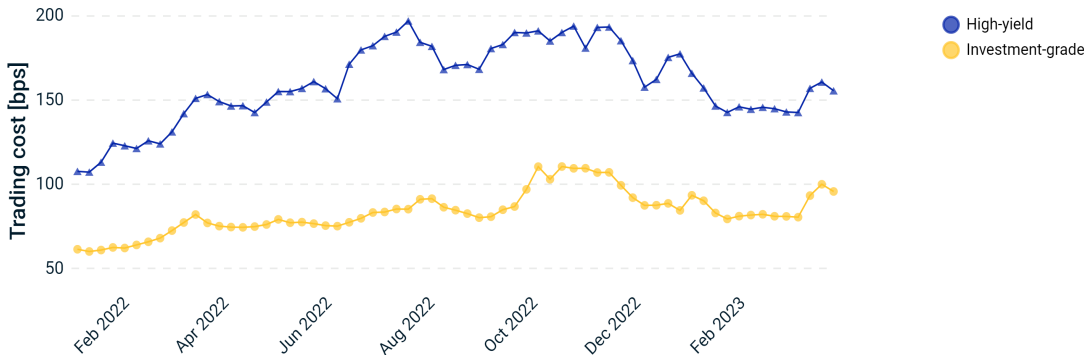
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



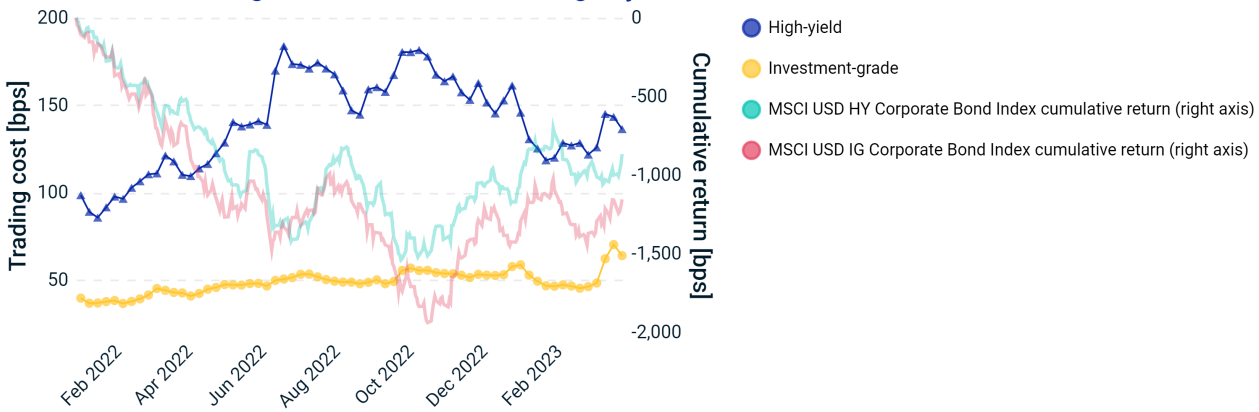
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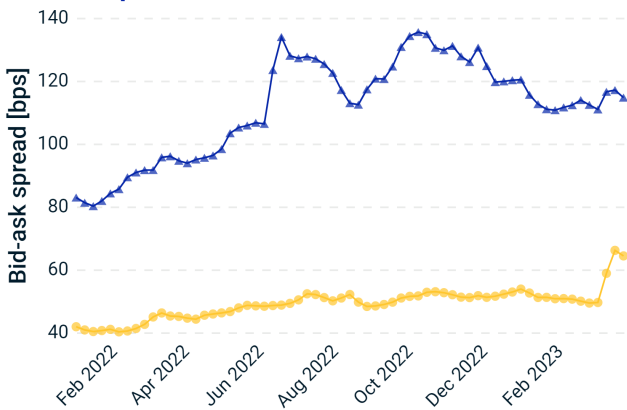
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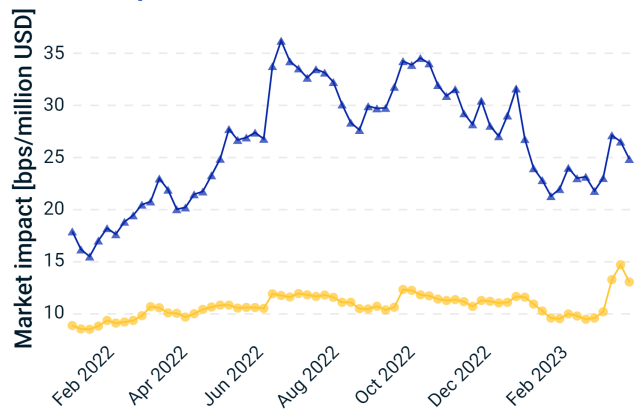
Cost of forced selling of USD 10M in one trading day



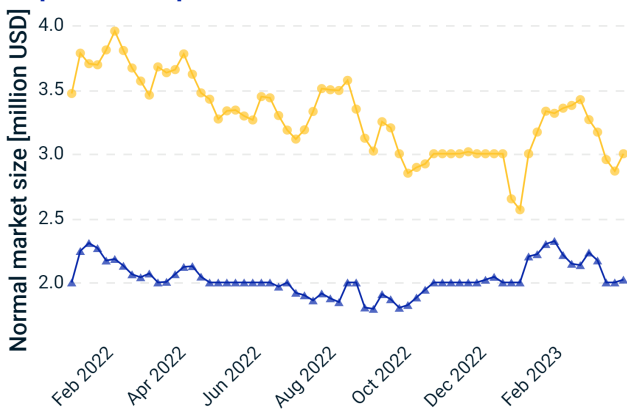
Bid-ask spread



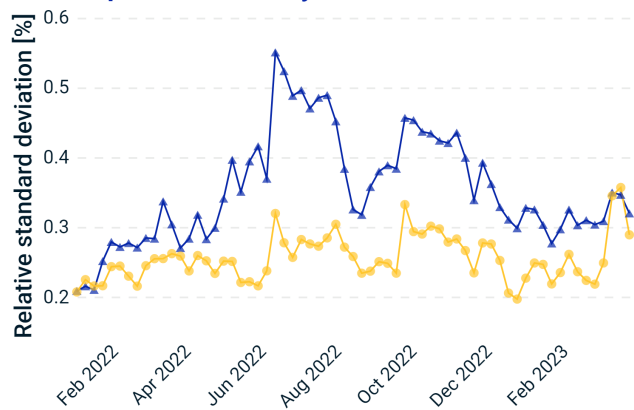
Market impact



Depth at best price



Quoted price uncertainty



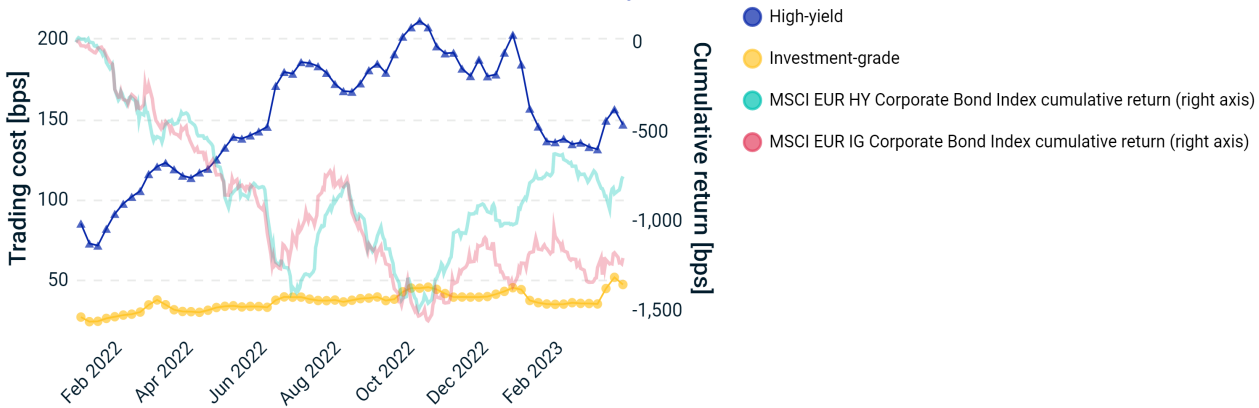
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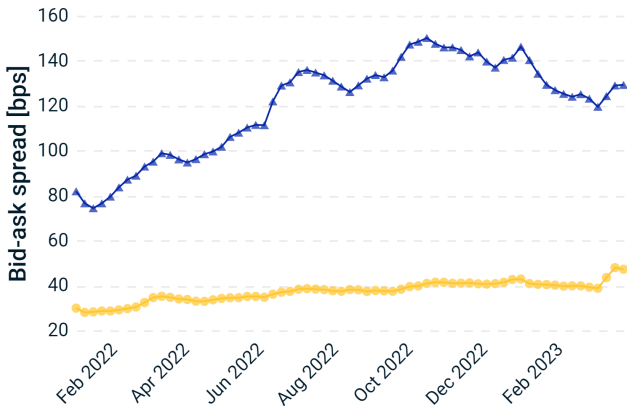
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Corporate bonds - non-US developed countries

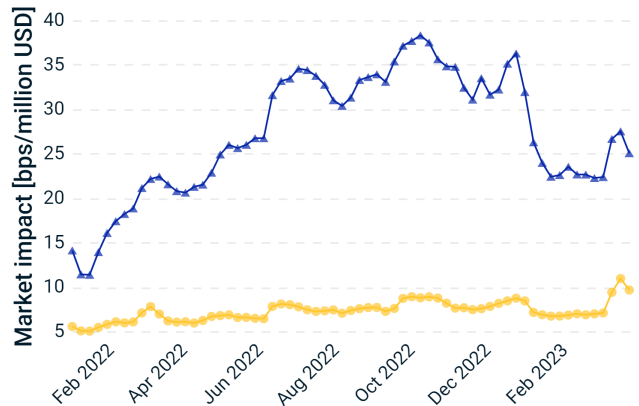
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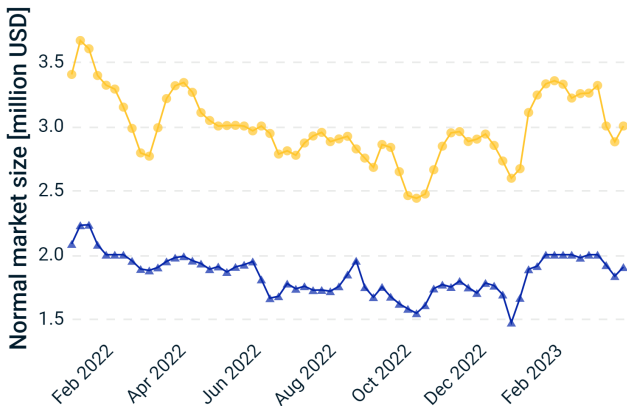
Bid-ask spread



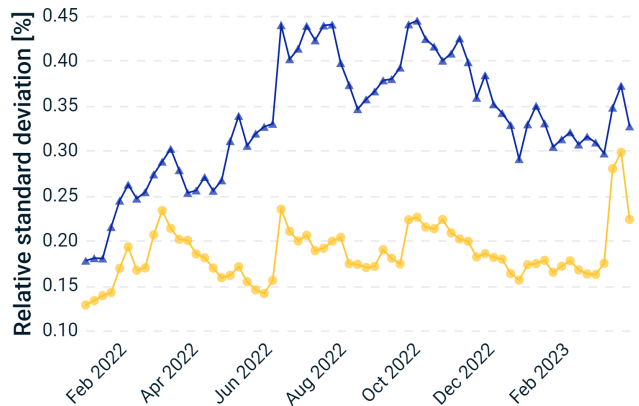
Market impact



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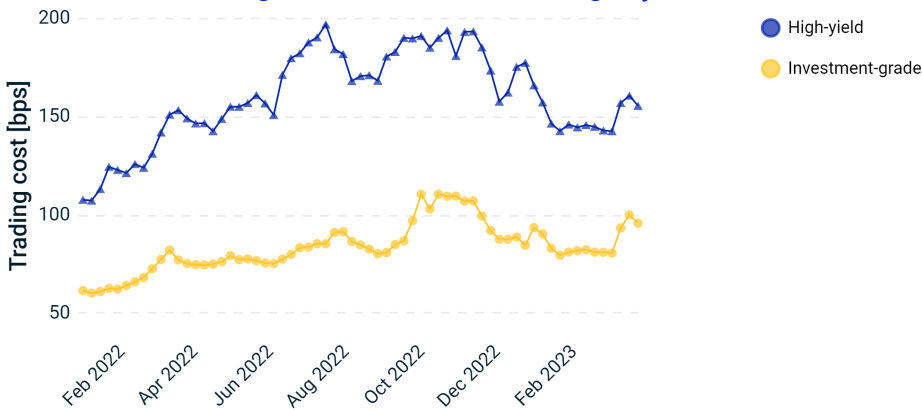
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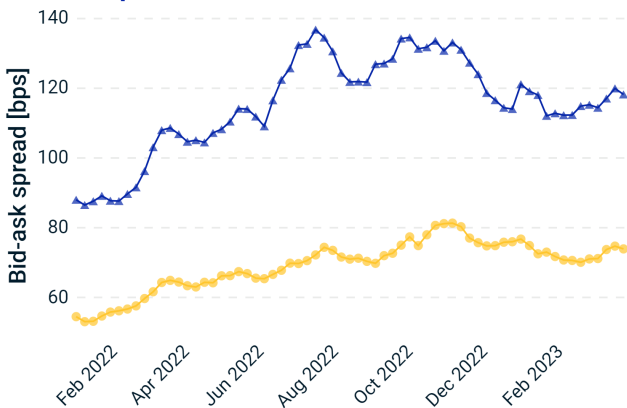
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Corporate bonds - emerging countries

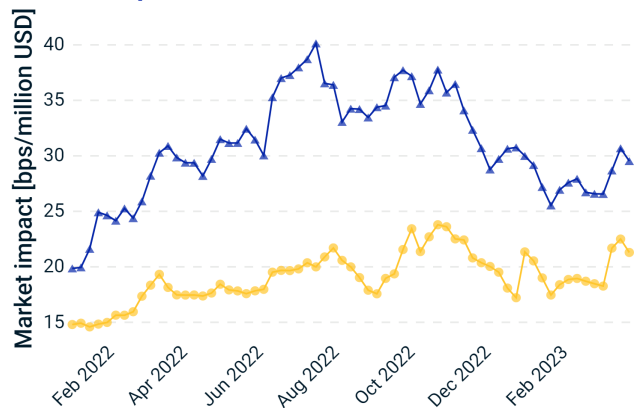
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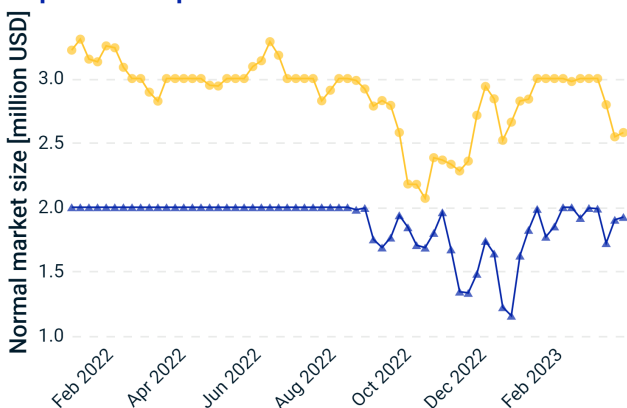
Bid-ask spread



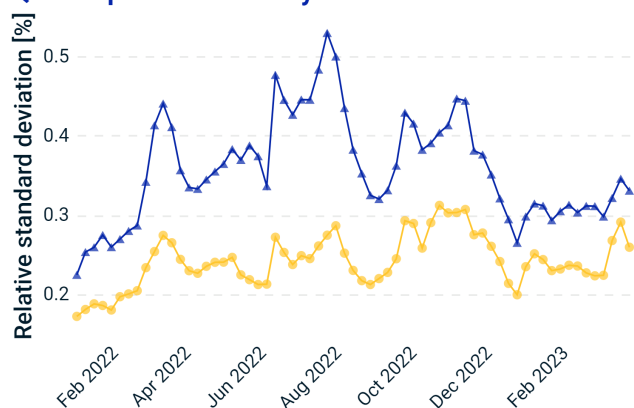
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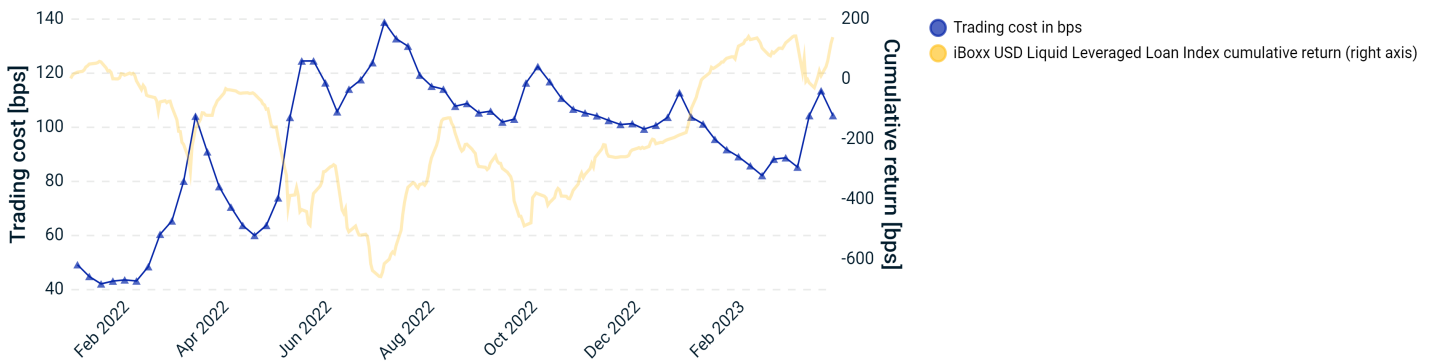
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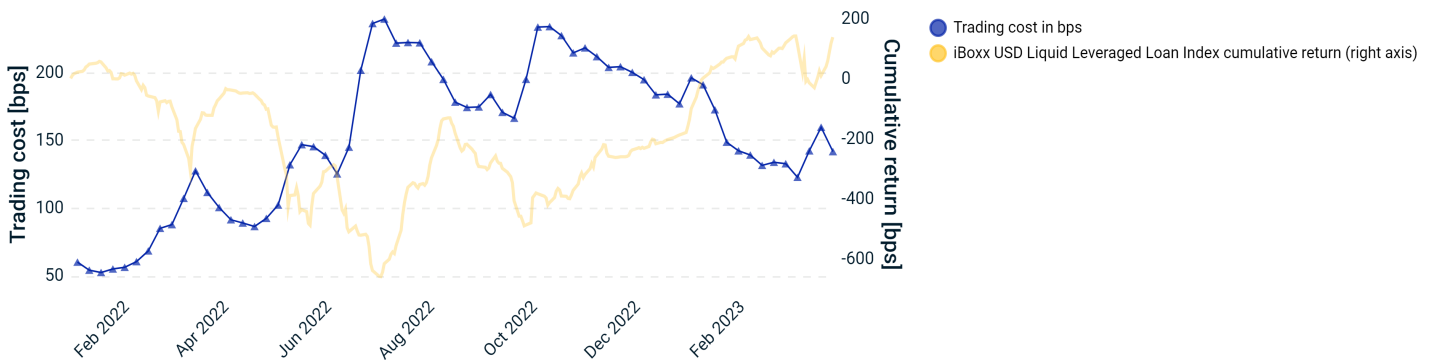
Bank loans liquidity - Cost of forced selling of USD 10 million

- The liquidity of bank loans has followed a similar path as high-yield corporate bonds over the first quarter of 2023.
- Liquidity indicators had shown improving trends over the first half of the quarter, while transaction costs and quoted-price uncertainty had jumped in March at the sign of troubles in the banking sector.
- An easing trend was observed for both U.S. and non-U.S. bank loan liquidity in the last week of the quarter.

US bank loans



Non-US bank loans



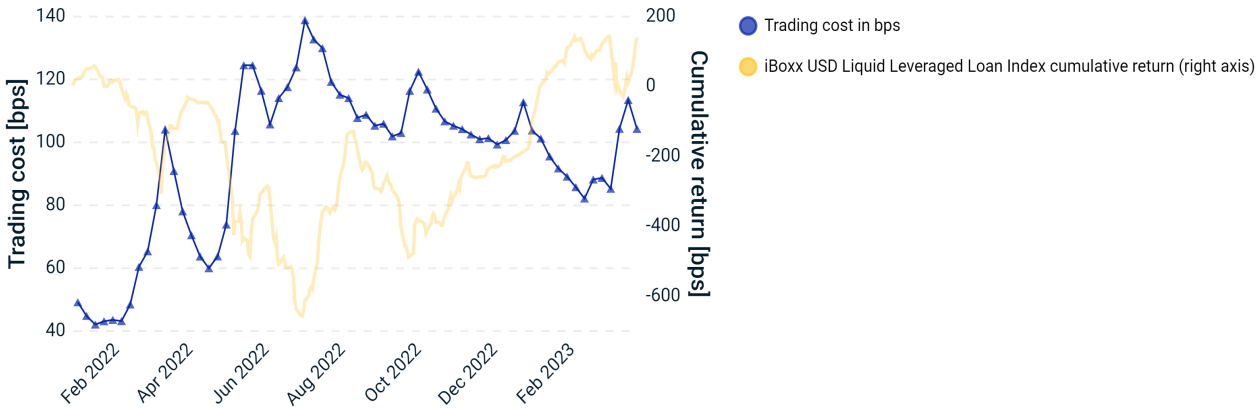
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US bank loans

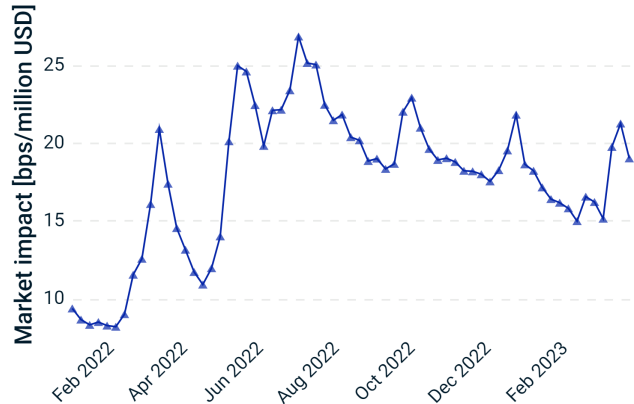
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Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



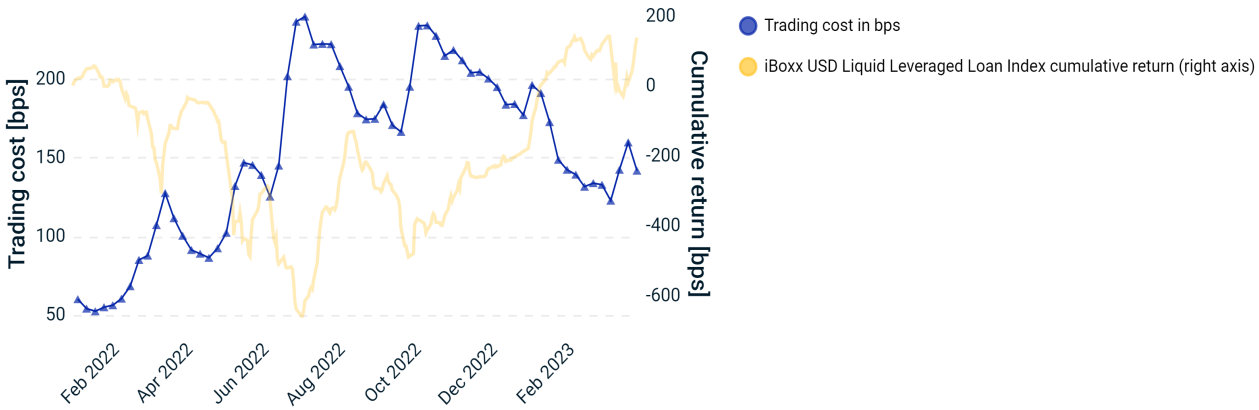
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Non-US bank loans

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