Cost of forced selling of USD 10 million

- The slow improvement of corporate bond liquidity has continued across all regions.
- The uncertainty of quoted prices, as well as the bid-ask spreads and the market impact have decreased further for both investment-grade and high-yield corporate bonds. There was no significant change in the market depth and market making activity.
- All liquidity indicators are still at a significantly worse level than before the COVID-19 crisis.
US corporate bonds

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

- High-yield
- Investment-grade
- iBoxx $ Liquid High Yield Index cumulative return (right axis)
- iBoxx $ Liquid Investment Grade Index cumulative return (right axis)

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty
MSCI Liquidity Risk Monitor Special Report
Data through April 30, 2020

Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis

Corporate bonds - non-US developed countries

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

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty
Corporate bonds - emerging countries

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

Bid-ask spread

Depth at best price

Market impact

Quoted price uncertainty

MSCI Liquidity Risk Monitor Special Report
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Corporate bonds - emerging countries

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

Bid-ask spread

Depth at best price

Market impact

Quoted price uncertainty

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Cost of forced selling of USD 10 million

- The liquidity of U.S. and non-U.S. bank loans has improved since last week. Both the bid-ask spread and market impact components of transaction costs have decreased.
- The quoted-price dispersion was also significantly lower. However, all liquidity indicators are worse than before the COVID-19 crisis.
- In the last week, a small recovery was observed in the market depth of non-U.S. bank loans. Previously the market depth had flattened out at a low level, and remained unchanged for several weeks.
MSCI Liquidity Risk Monitor Special Report
Data through April 30, 2020
Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis

US bank loans

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

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

Trading cost [bps]
IBoxx USD Liquid Leveraged Loan Index cumulative return (right axis)
MSCI Liquidity Risk Monitor Special Report

Data through April 30, 2020

Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis

Non-US bank loans

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

- Trading cost [bps]
- iBoxx USD Liquid Leveraged Loan Index cumulative return (right axis)

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty