

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

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



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



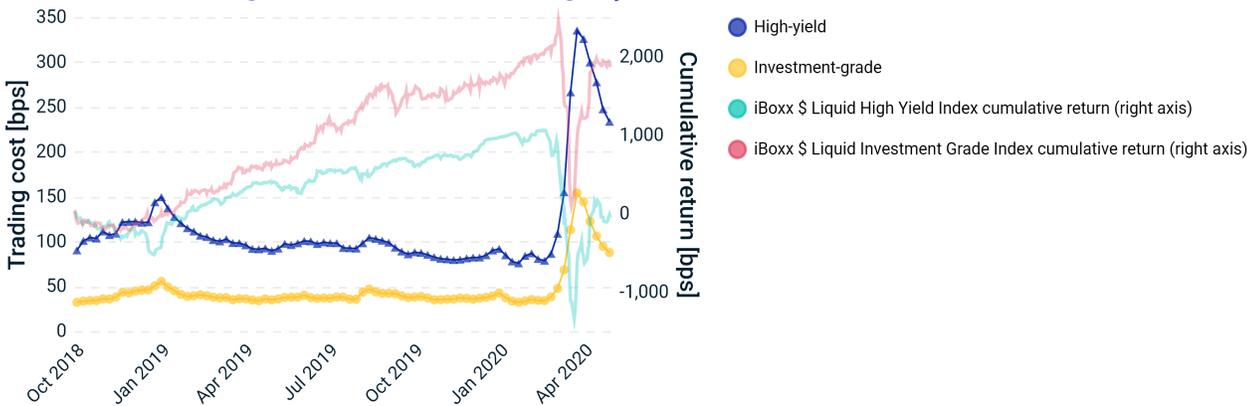
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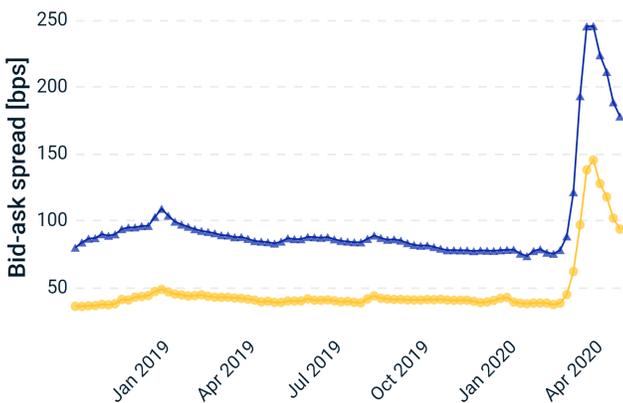
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US corporate bonds

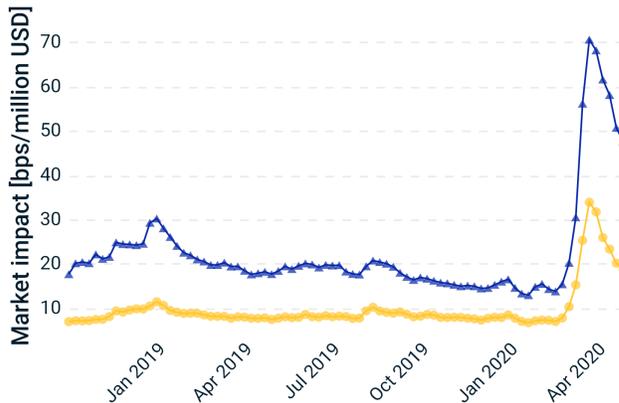
Cost of forced selling of USD 10M in one trading day



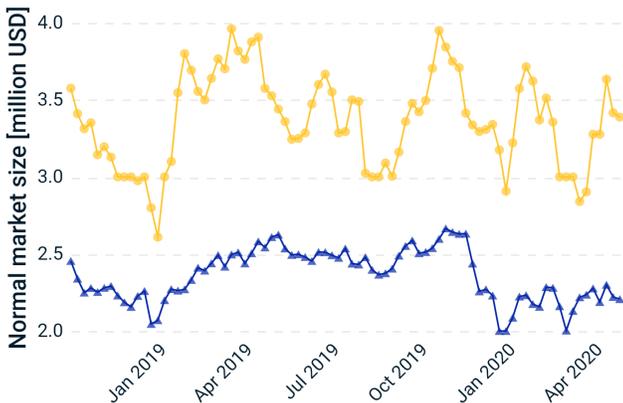
Bid-ask spread



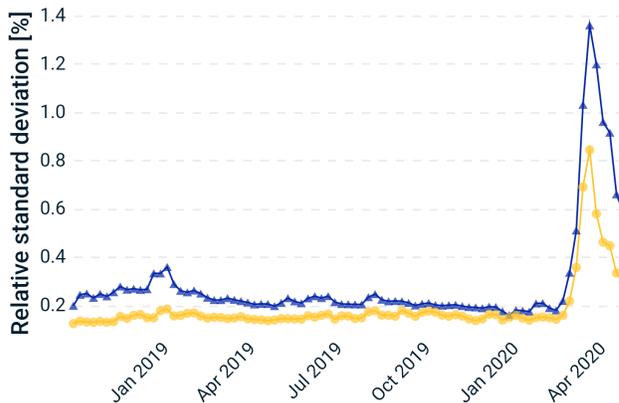
Market impact



Depth at best price



Quoted price uncertainty



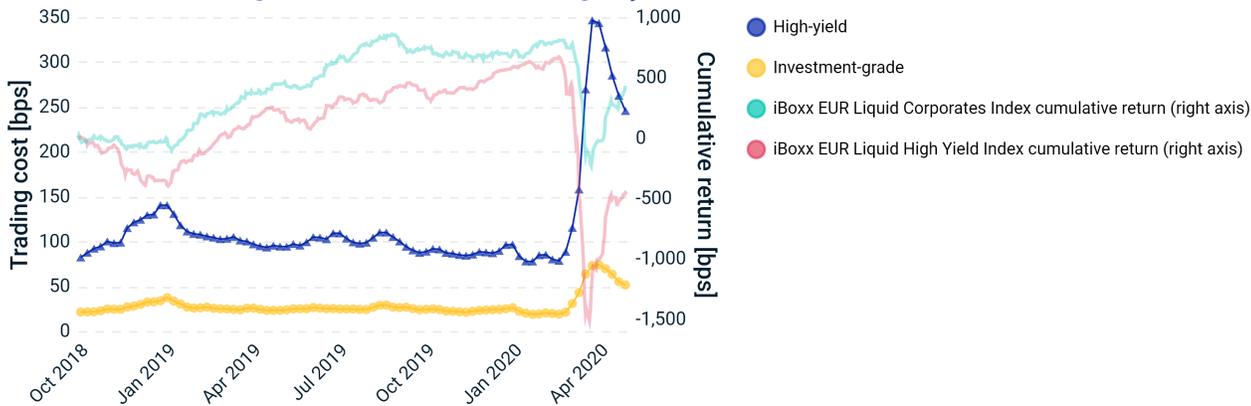
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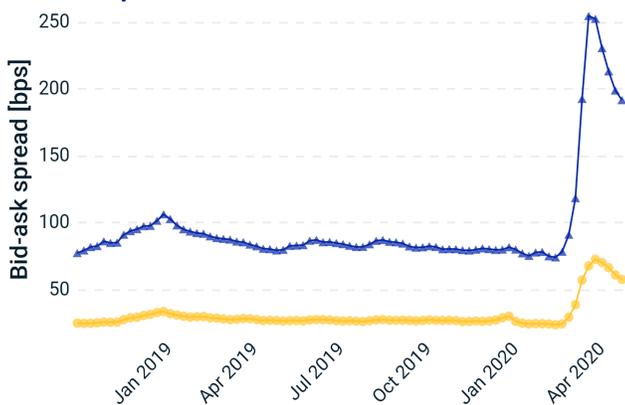
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Corporate bonds - non-US developed countries

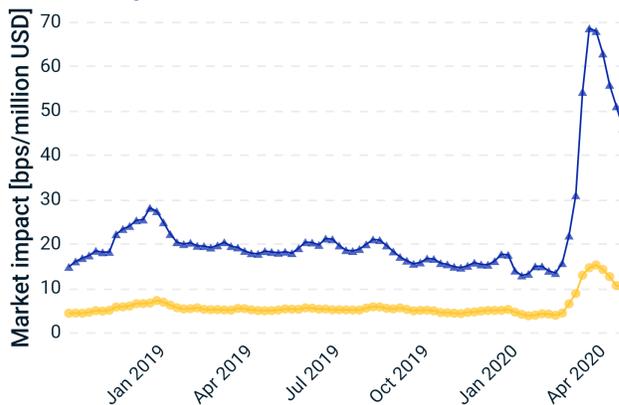
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Bid-ask spread



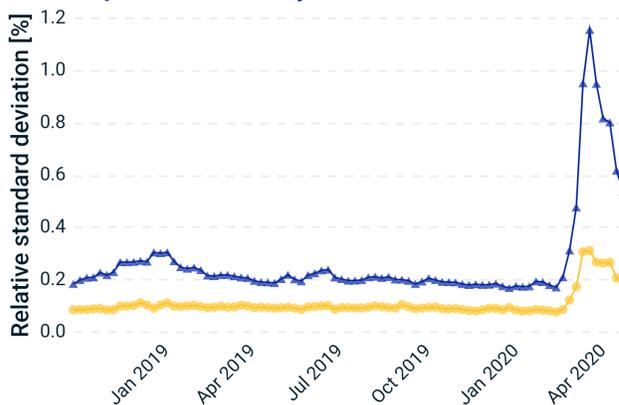
Market impact



Depth at best price



Quoted price uncertainty



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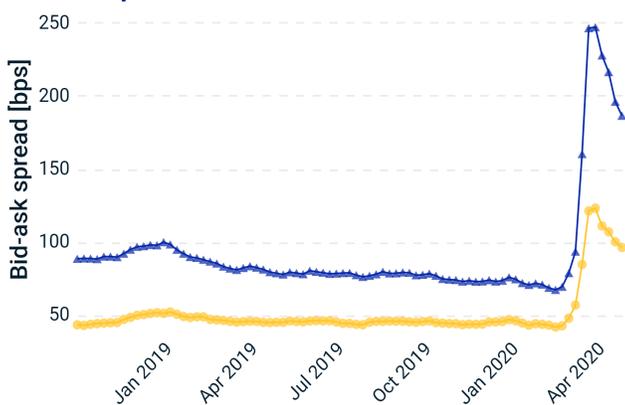
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Corporate bonds - emerging countries

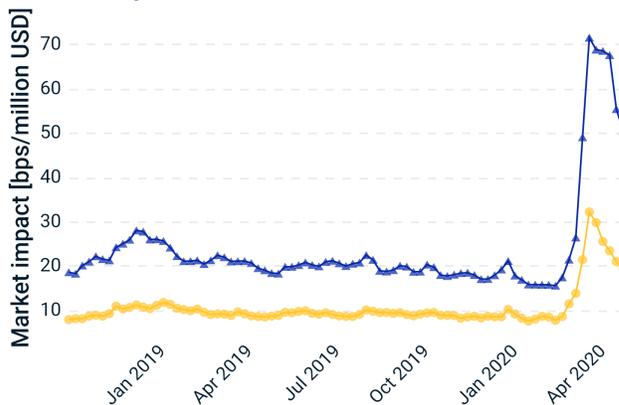
Cost of forced selling of USD 10M in one trading day



Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



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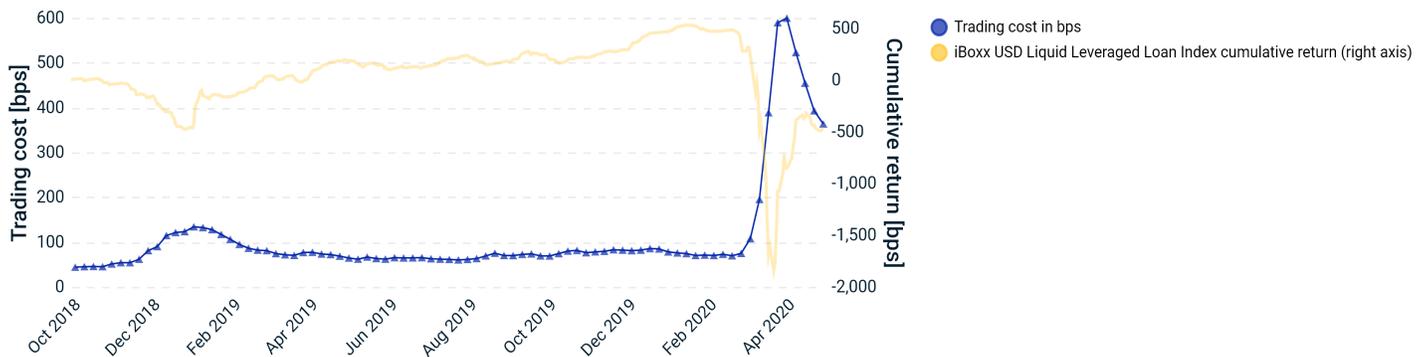
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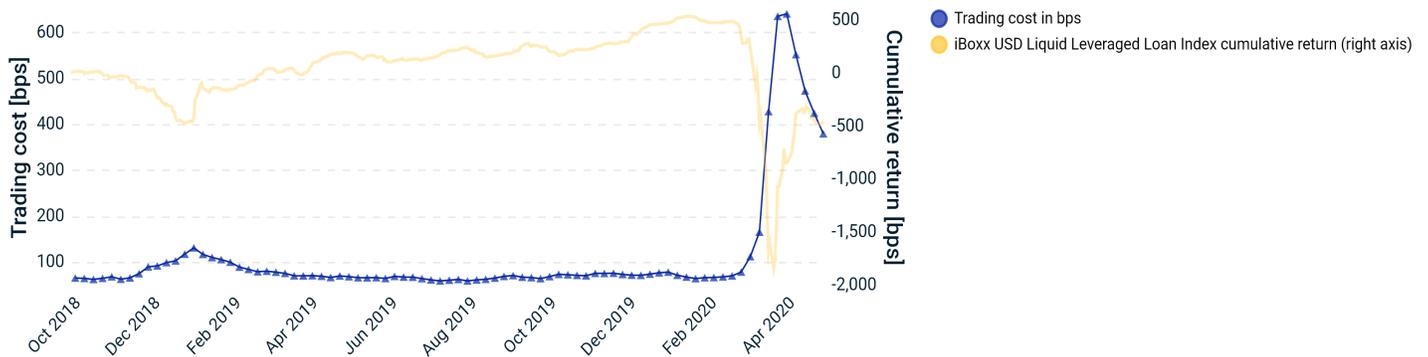
Cost of forced selling of USD 10 million

- 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.

US bank loans



Non-US bank loans



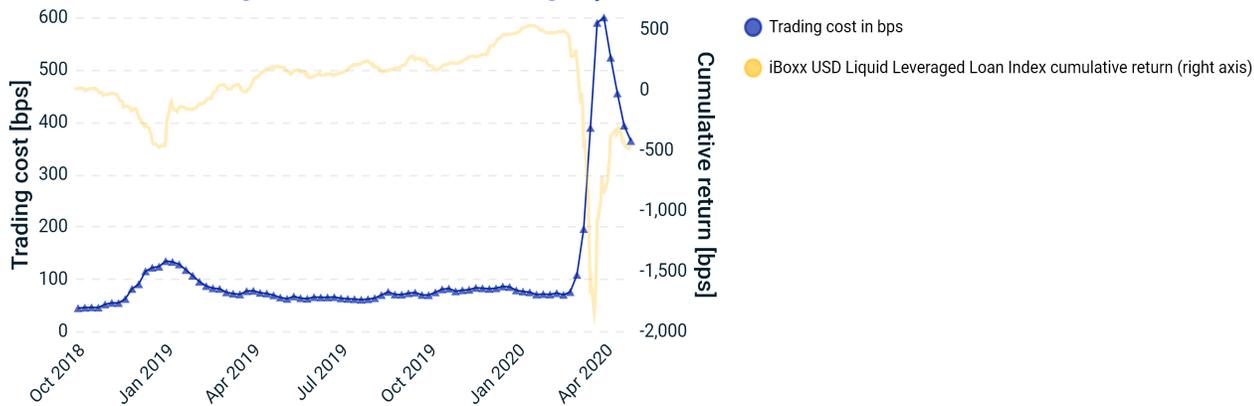
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US bank loans

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Bid-ask spread



Market impact



Depth at best price



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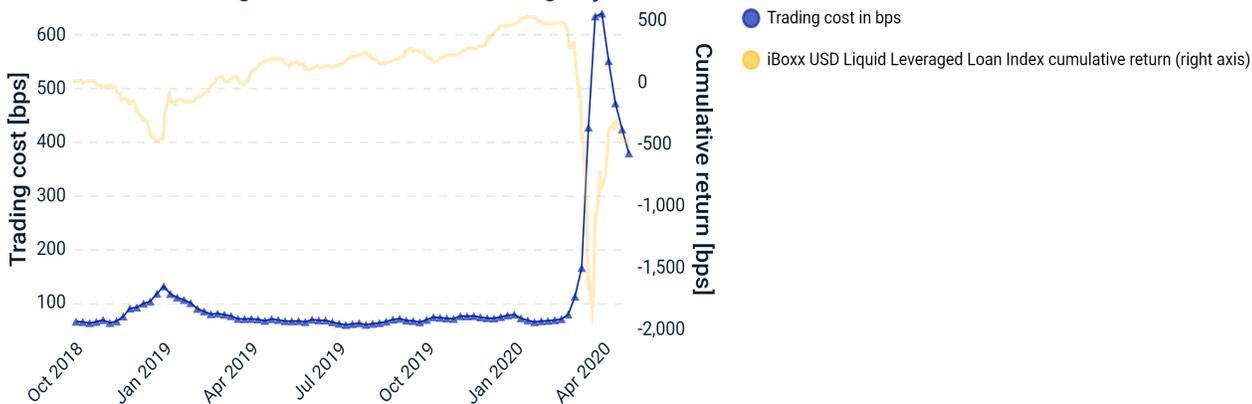
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Non-US bank loans

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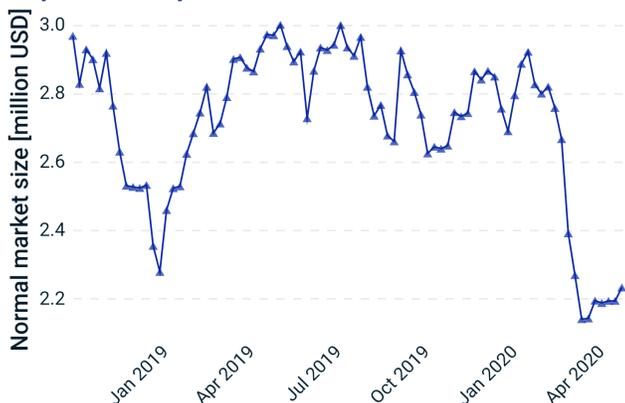
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty

