Cost of forced selling of USD 10 million

- Transaction costs for both investment-grade and high-yield corporate bonds have decreased further across all markets since last week.
- Price discovery has improved significantly as the dispersion of quoted prices have markedly decreased. Market-making activity has also increased slightly over the last week.
- The observed improvement in trends is somewhat more pronounced for U.S. corporate bonds than for other developed countries and emerging markets.
MSCI Liquidity Risk Monitor Special Report
Data through April 10, 2020

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

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MSCI Liquidity Risk Monitor Special Report
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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

Market impact

Depth at best price

Quoted price uncertainty
Cost of forced selling of USD 10 million

- Bid-ask spreads and market impact have decreased for bank loans across all markets.
- A significant improvement is observed in price discovery with decreasing uncertainty of quoted prices. The average number of dealers quoting instruments has also increased slightly.
- The improvements in liquidity show very similar trends for U.S. and non-U.S. bank loans.
US bank loans

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

Bid-ask spread

Depth at best price

Market impact

Quoted price uncertainty
Non-US bank loans

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

Trading cost [bps]
Cumulative return [bps]

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

Trading cost in bps
iBoxx USD Liquid Leveraged Loan Index cumulative return (right axis)