Cost of forced selling of USD 10 million

- The recovery of corporate bonds, both investment-grade and high-yield, continued since last week across all regions. The bid-ask spreads and the market impact cost decreased further.
- The dispersion of quoted prices appears to have stabilized at a highly elevated level, which indicates significantly lower market efficiency than before the COVID-19 crisis.
- The recovery for corporate bonds of emerging countries seems to be markedly slower than what is observed for the U.S. and other developed markets. Market impact has remained especially high for emerging markets.
MSCI Liquidity Risk Monitor Special Report
Data through April 16, 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

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

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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

Depth at best price

Market impact

Quoted price uncertainty

MSCI Liquidity Risk Monitor Special Report
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Cost of forced selling of USD 10 million

- The liquidity of both U.S. and non-U.S. bank loans has improved since last week and transaction costs have decreased. Bid-ask spreads, market impact and quoted-price dispersion have all dropped.
- The market depth of bank loans took a significant hit from the COVID-19 crisis and there appears to be a difference between U.S. and non-U.S. bank loans in terms of recovery. While for U.S. bank loans the depth is recovering gradually, for non-U.S. bank loans the market depth appears to have stabilized at a lower level.
MSCI Liquidity Risk Monitor Special Report
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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

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

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty
MSCI Liquidity Risk Monitor Special Report
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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 in bps
- iBoxx USD Liquid Leveraged Loan Index cumulative return (right axis)

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

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