

MSCI Liquidity Risk Monitor Special Report

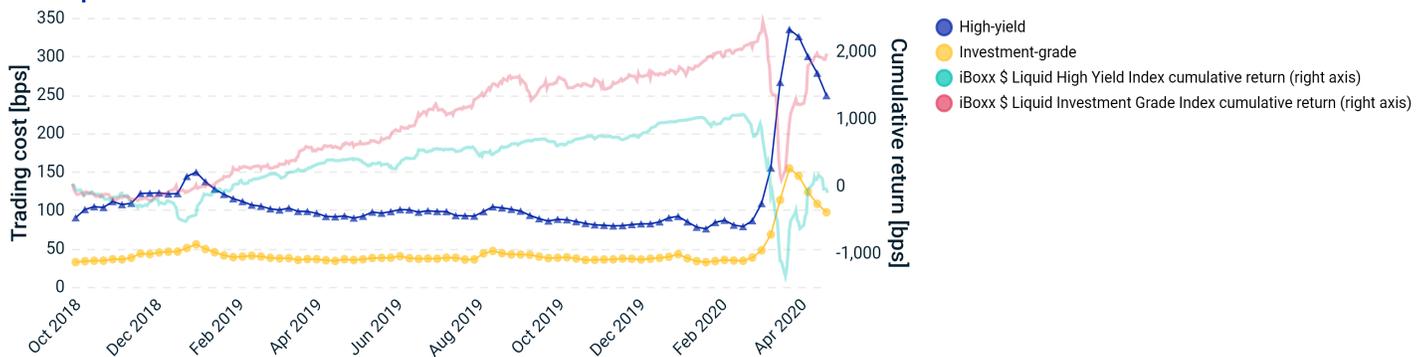
Data through April 23, 2020

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

Cost of forced selling of USD 10 million

- Transaction costs across all regions have decreased further. Both the bid-ask spread and the market impact for investment-grade and high-yield corporate bonds have decreased since last week.
- A marked reduction was observed in the dispersion of quoted bond prices, which indicates less price uncertainty and higher market efficiency.
- However, the levels of these key liquidity indicators are still significantly higher than they were before the COVID-19 crisis. The market depths are also lower, especially for high-yield corporate bonds.

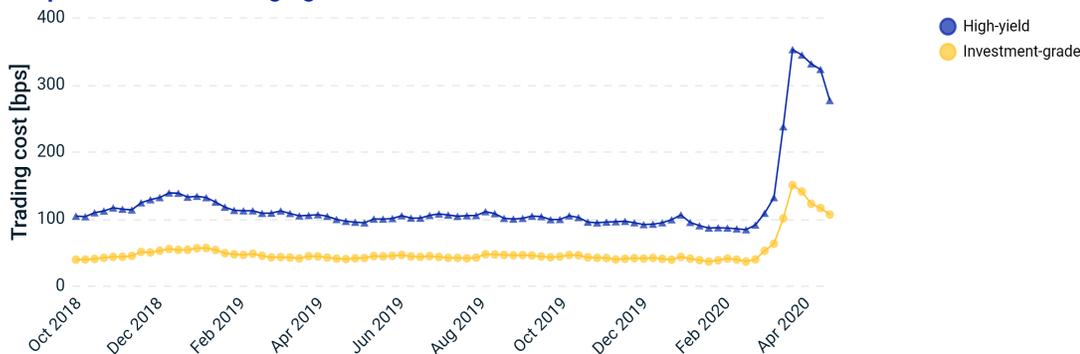
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



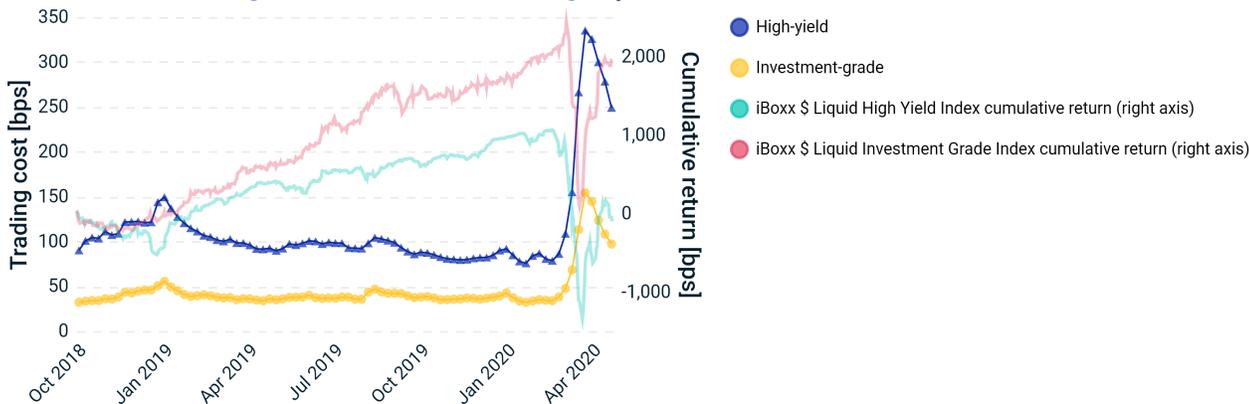
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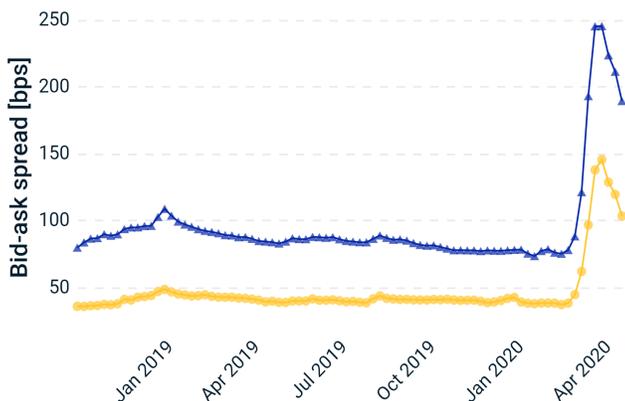
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US corporate bonds

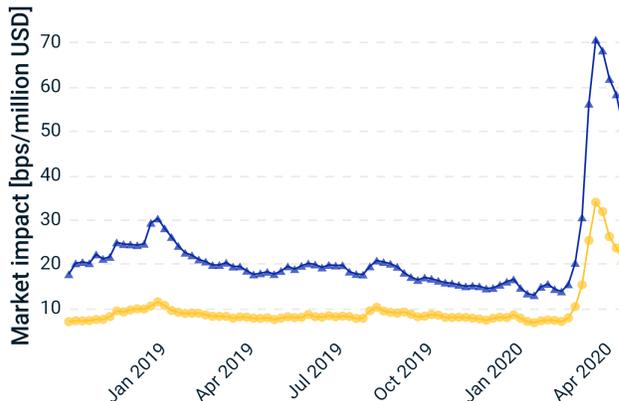
Cost of forced selling of USD 10M in one trading day



Bid-ask spread



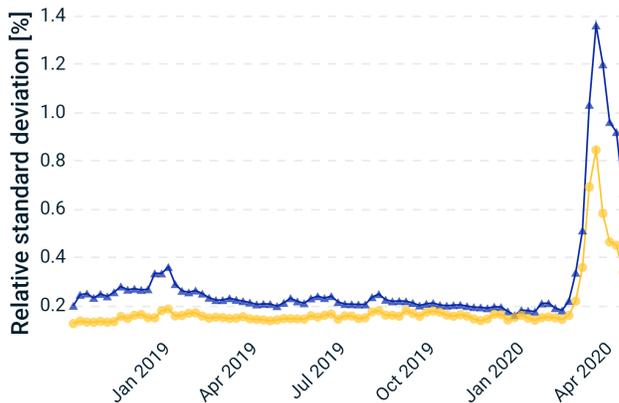
Market impact



Depth at best price



Quoted price uncertainty



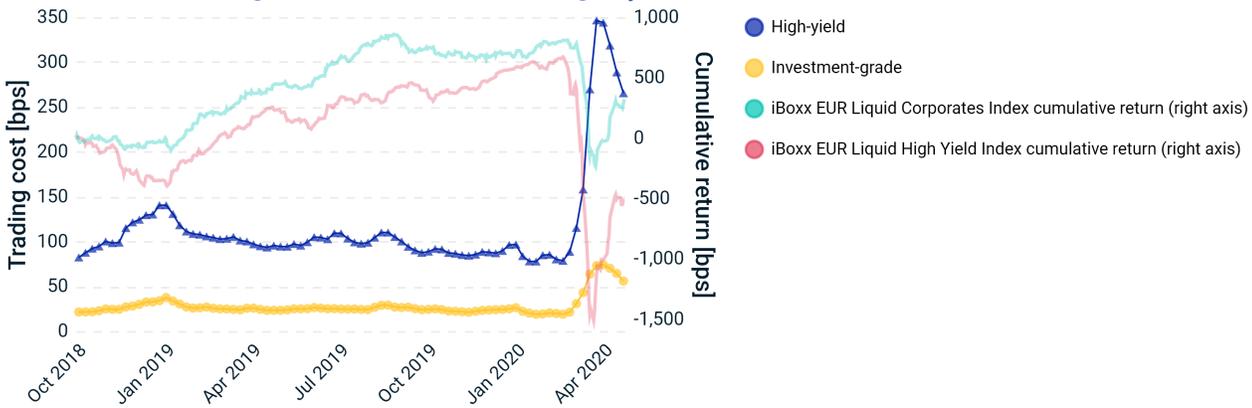
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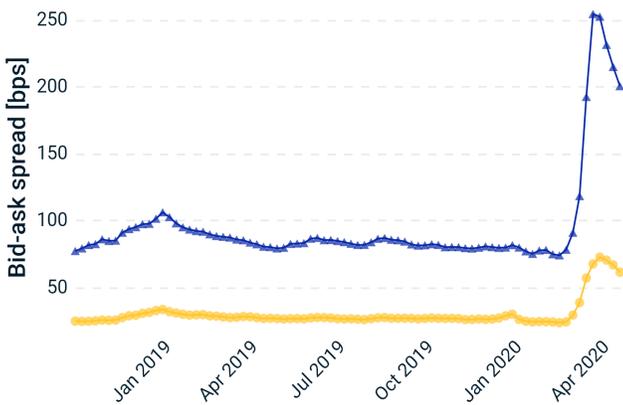
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Corporate bonds - non-US developed countries

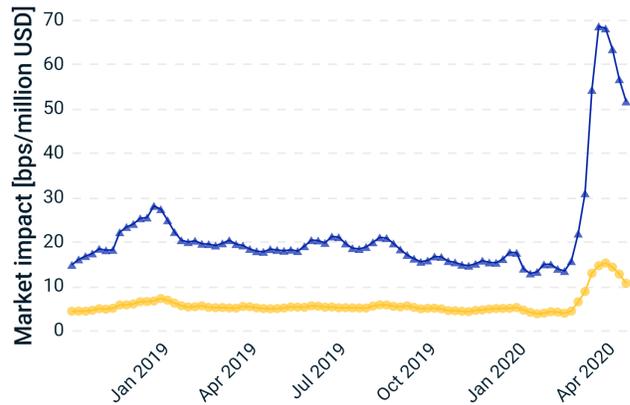
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Bid-ask spread



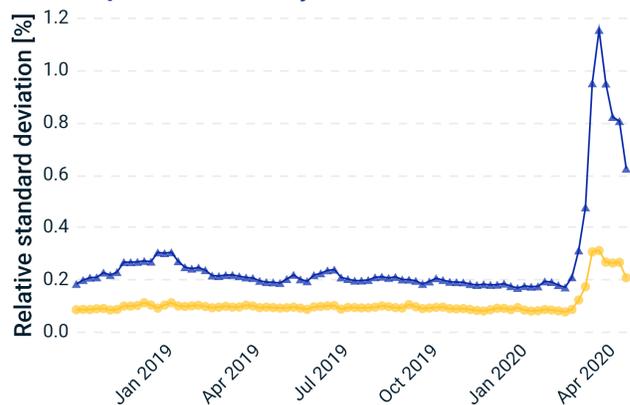
Market impact



Depth at best price



Quoted price uncertainty



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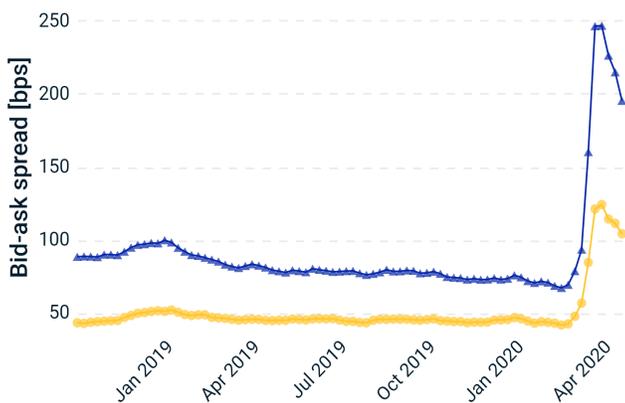
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Corporate bonds - emerging countries

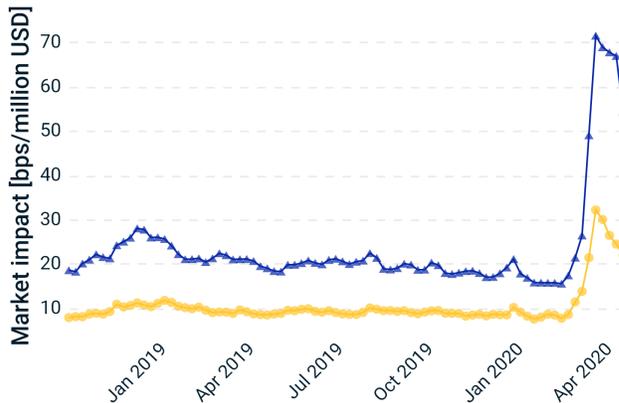
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Bid-ask spread



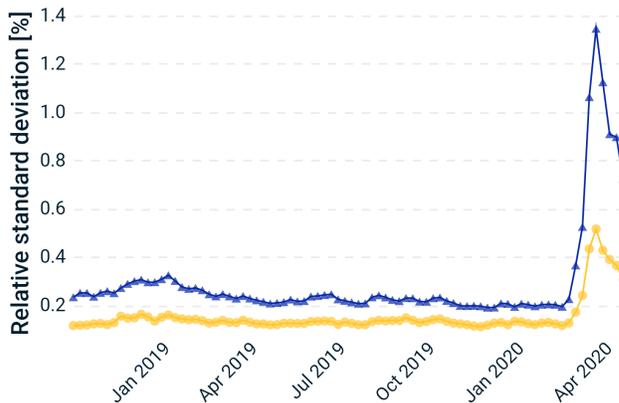
Market impact



Depth at best price



Quoted price uncertainty



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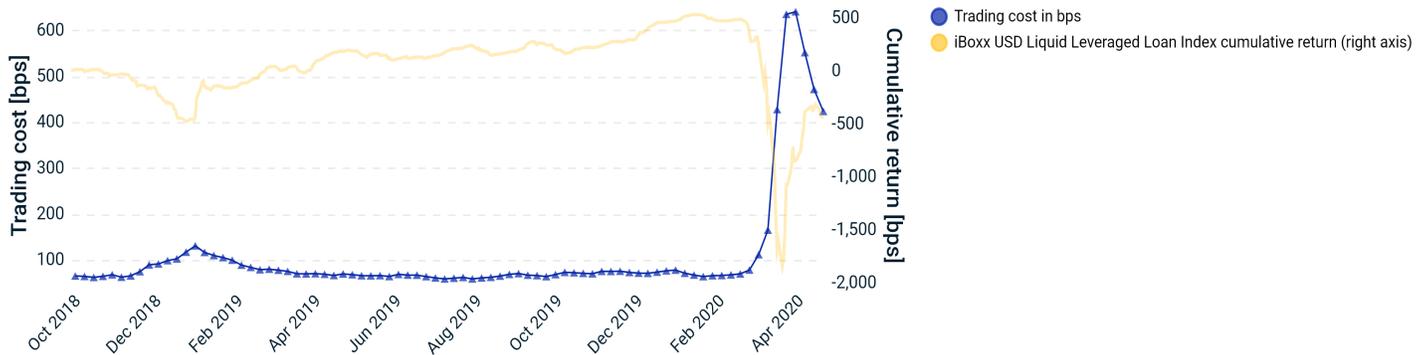
Cost of forced selling of USD 10 million

- Transaction costs, including the bid-ask spread and the market impact components, have decreased for both U.S. and non-U.S. bank loans since last week.
- A decrease in quoted-price dispersions is observed, indicating a significantly lower level of price uncertainty.
- The market depth of U.S. bank loans has continued to improve, while for non-U.S. bank loans it has flattened at a low level.

US bank loans



Non-US bank loans



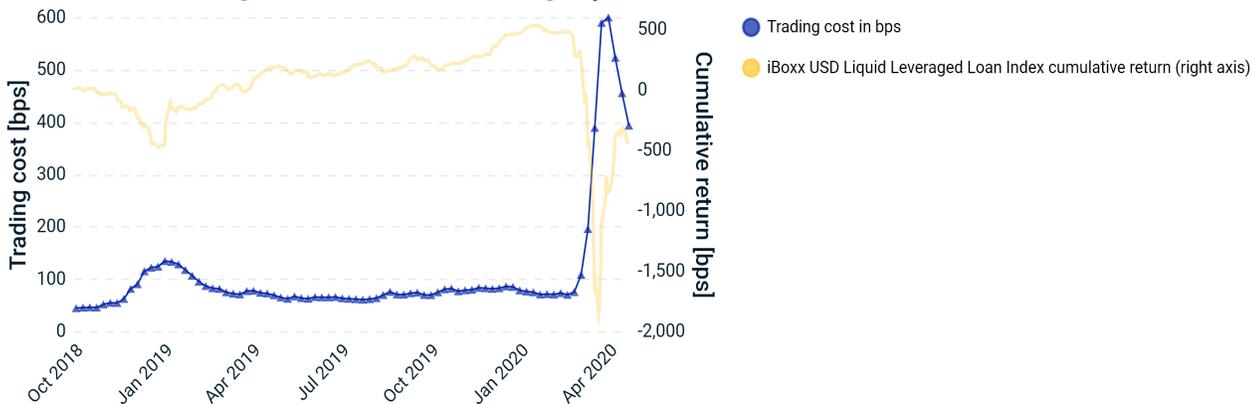
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US bank loans

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Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



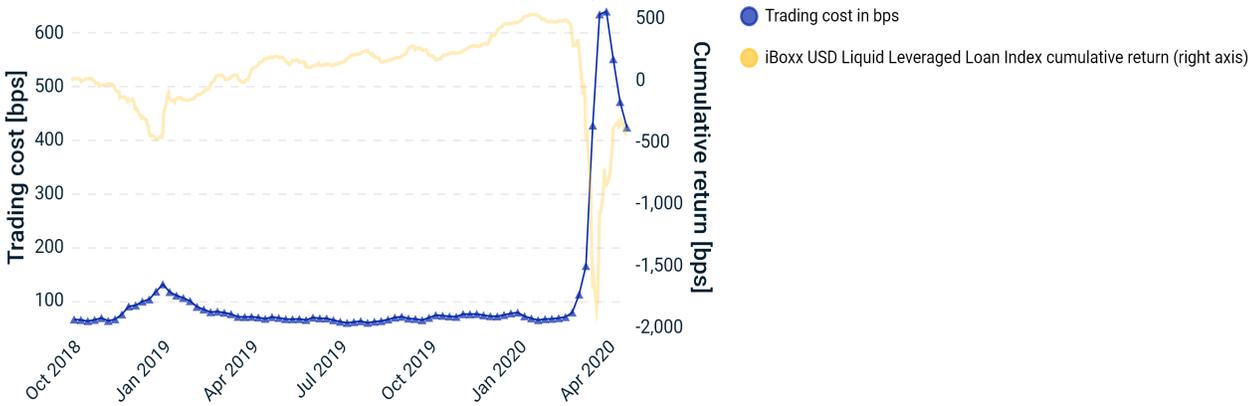
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