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.
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

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
Corporate bonds - non-US developed countries

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

Bid-ask spread

Depth at best price

Market impact

Quoted price uncertainty
Corporate bonds - emerging countries

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

- High-yield
- Investment-grade

**Bid-ask spread**

**Market impact**

**Depth at best price**

**Quoted price uncertainty**
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.
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

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

Powered by IHS Markit
Non-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