Cost of forced selling of USD 10 million

- Bid-ask spreads as well as market impact have increased for U.S. corporate bonds, resulting in a small increase in transaction costs.
- For non-U.S. developed countries and emerging markets the transaction costs have slightly decreased for both high-yield and investment-grade corporate bonds.
- The dispersion of quoted prices has decreased slightly across all regions for both high-yield and investment-grade bonds.
MSCI Liquidity Risk Monitor Special Report
Data through July 2, 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

Powered by IHS Markit
Corporate bonds - non-US developed countries

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

- High-yield
- Investment-grade
- iBoxx EUR Liquid Corporates Index cumulative return (right axis)
- iBoxx EUR Liquid High Yield 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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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

- Breaking the trend observed for the last several weeks, the transaction costs have increased slightly for both U.S. and non-U.S. bank loans. The increase was driven mainly by the increasing market impact component.
- For non-U.S. bank loans, a sharp decrease was observed in the market depth. For U.S. bank loans, the depth did not change significantly.
- The quoted-price uncertainty of U.S. bank loans has increased slightly.
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
**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**

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