Cost of forced selling of USD 10 million

- The bid-ask spread and market impact for corporate bonds did not change significantly for U.S. and other developed countries. Transaction costs are still significantly higher than at the peak of the December 2018 high-yield sell-off.
- A moderate transaction cost decrease was observed for both high-yield and investment-grade corporate bonds of emerging countries. The transaction costs in emerging countries are currently at about the same level as at the peak of the high-yield sell-off.
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

- 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
Data through July 9, 2020
Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis
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
Cost of forced selling of USD 10 million

- Transaction costs have followed very similar trends for both U.S. and non-U.S. bank loans, and no significant change was observed over the past week.
- The quoted-price dispersion has decreased across all markets, indicating improving market efficiency.
- The market depth of U.S. bank loans have almost recovered to the pre-crisis levels, while for non-U.S. bank loans the market depth is still significantly lower than before the COVID-19 crisis.
US bank loans

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

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

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 Leverage Loan Index cumulative return (right axis)

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

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