

MSCI Liquidity Risk Monitor Special Report

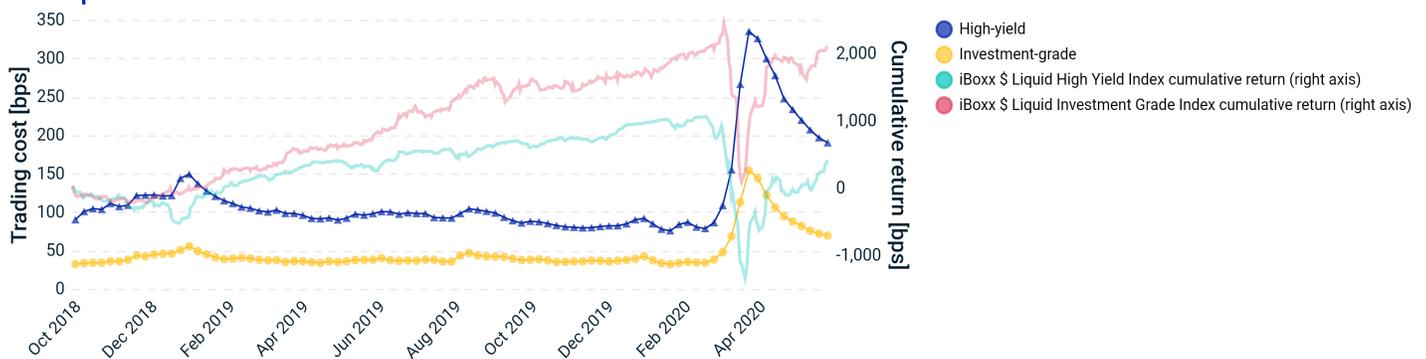
Data through May 28, 2020

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

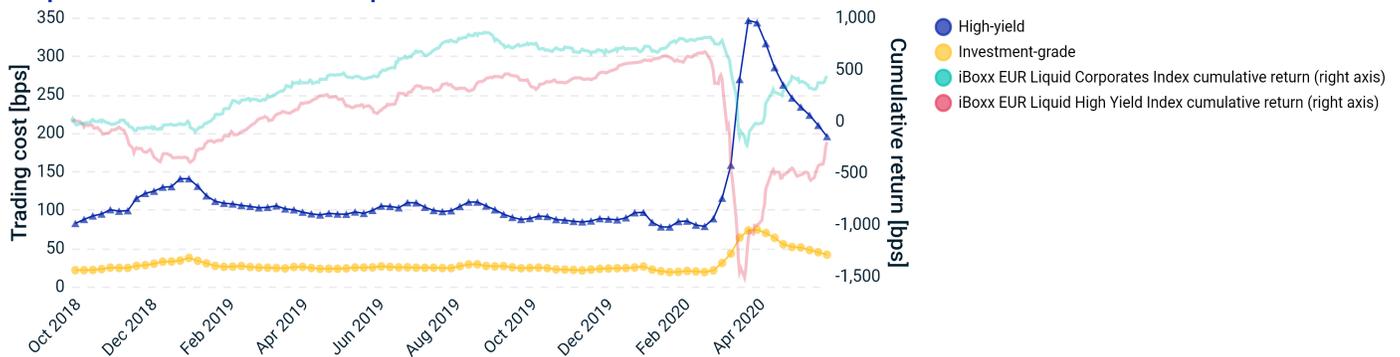
Cost of forced selling of USD 10 million

- Transaction costs across all regions continued to decrease over the past week for both investment-grade and high-yield corporate bonds.
- The quoted-price uncertainty appears to have flattened out at a highly elevated level, meaning that prices quoted by different dealers for the same asset have an unusually wide range, making it hard to pinpoint the true market price.
- The levels of most liquidity indicators are still significantly worse than at the peak of the December 2018 high-yield sell-off. An exception to this observation is the market depth, which appears to have recovered to pre-crisis levels for corporate bonds.

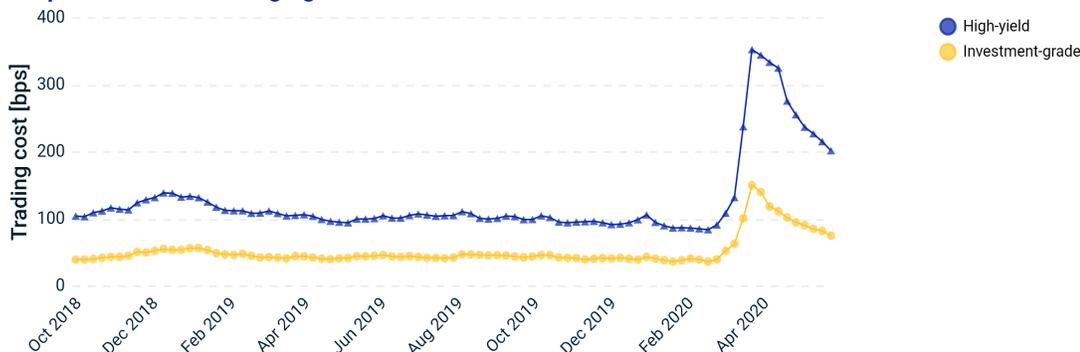
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



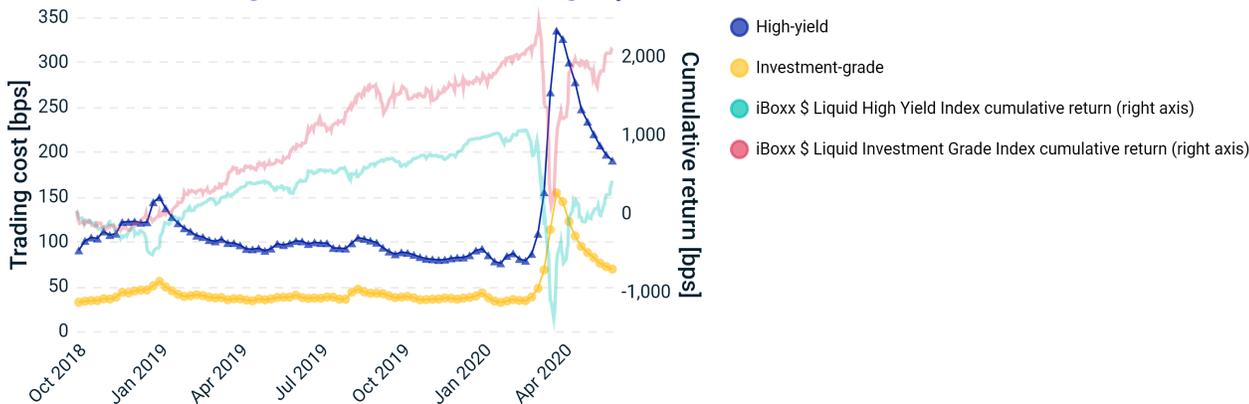
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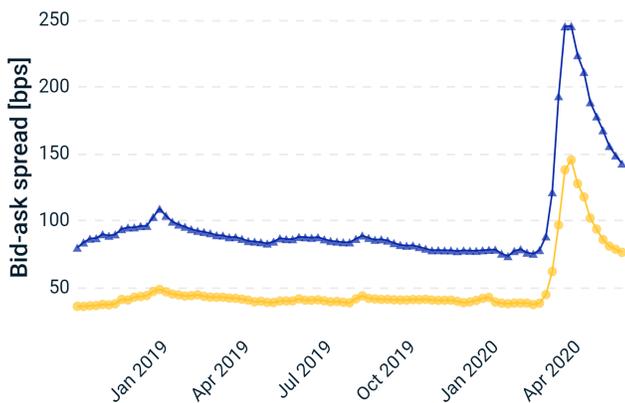
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US corporate bonds

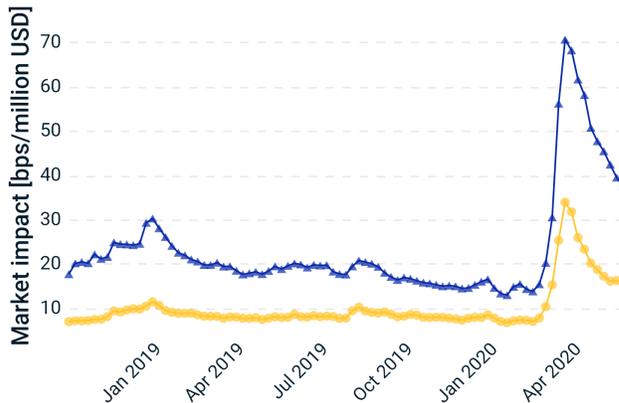
Cost of forced selling of USD 10M in one trading day



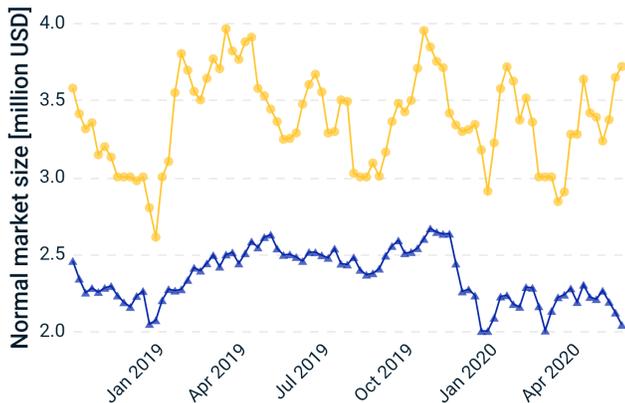
Bid-ask spread



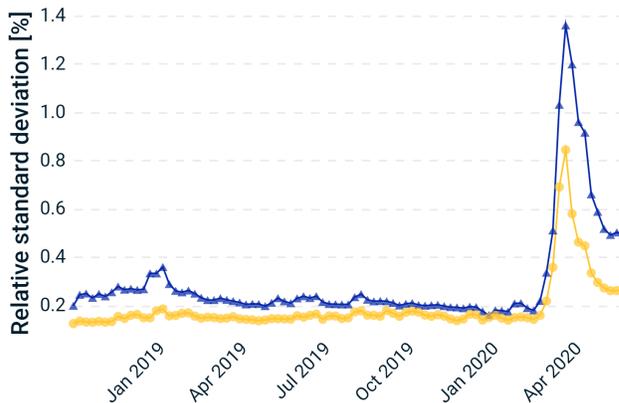
Market impact



Depth at best price



Quoted price uncertainty



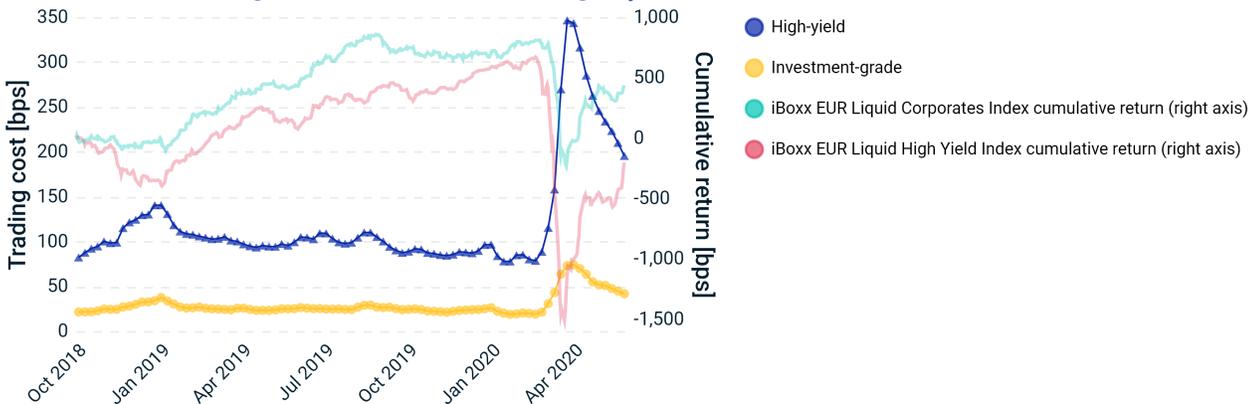
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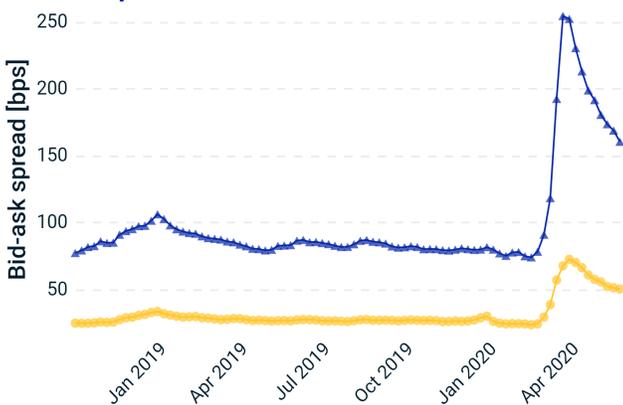
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Corporate bonds - non-US developed countries

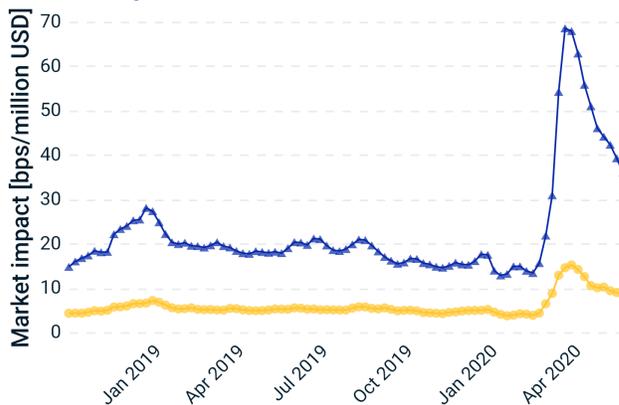
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Bid-ask spread



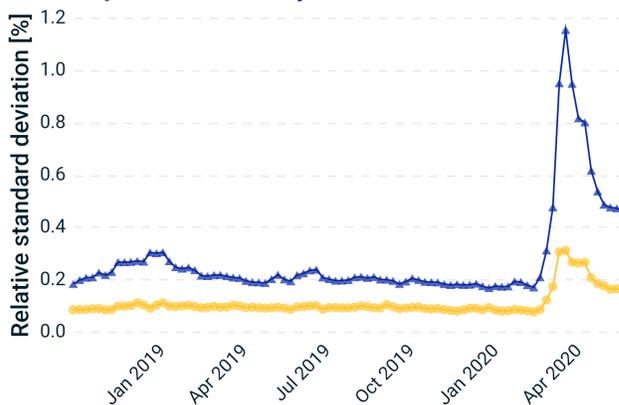
Market impact



Depth at best price



Quoted price uncertainty



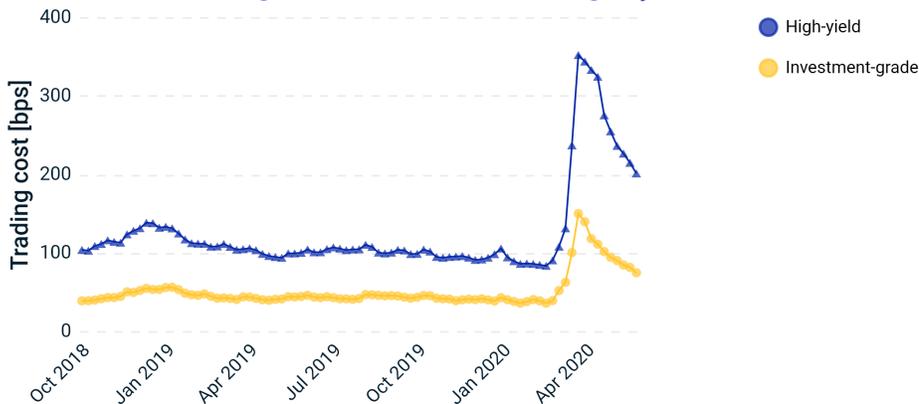
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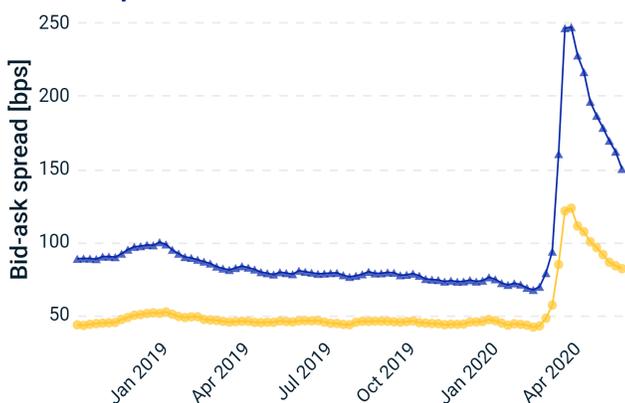
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Corporate bonds - emerging countries

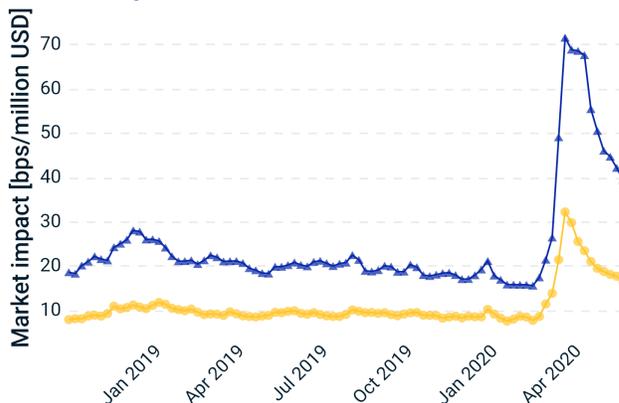
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Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



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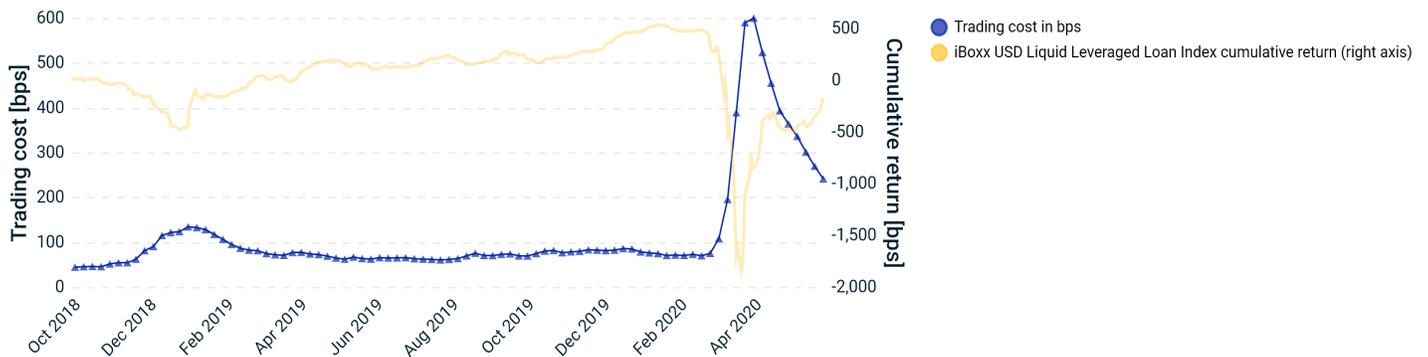
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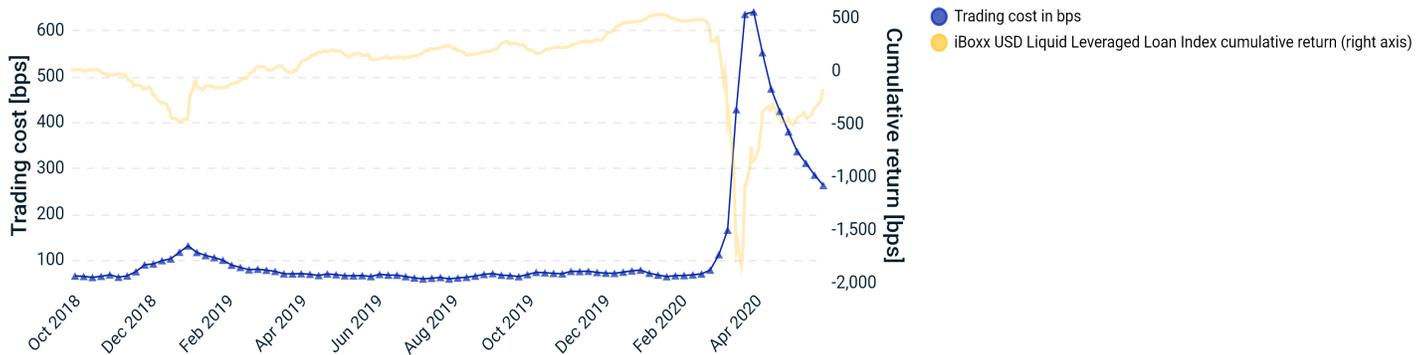
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- Transaction costs for bank loans have continued to slowly decrease since last week. Both the bid-ask spreads and the market impact components have decreased.
- The market depth for U.S. bank loans has continued to recover and a modest increase was observed for non-U.S. bank loans as well.
- The decreasing trend in the quoted-price uncertainty has halted. The dispersion of quoted prices has increased slightly for U.S. bank loans.

US bank loans



Non-US bank loans



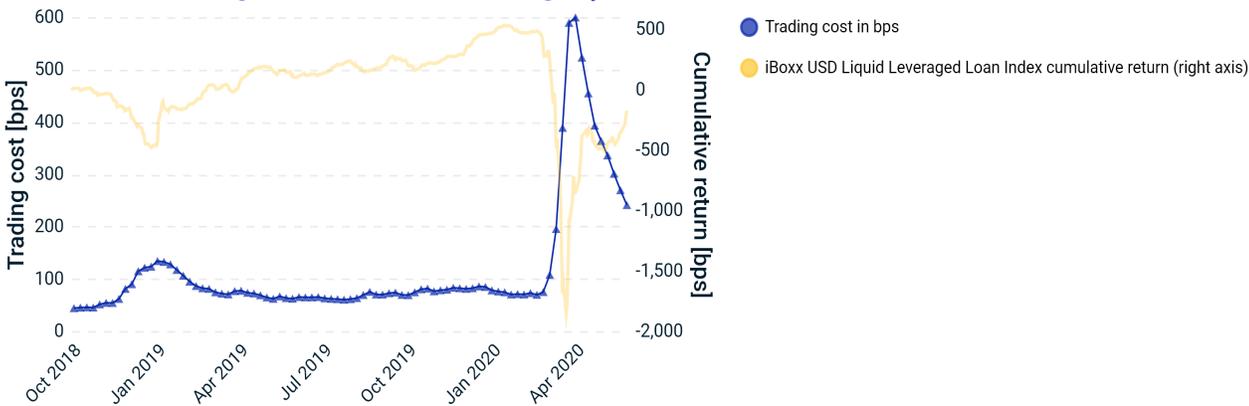
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US bank loans

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



Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



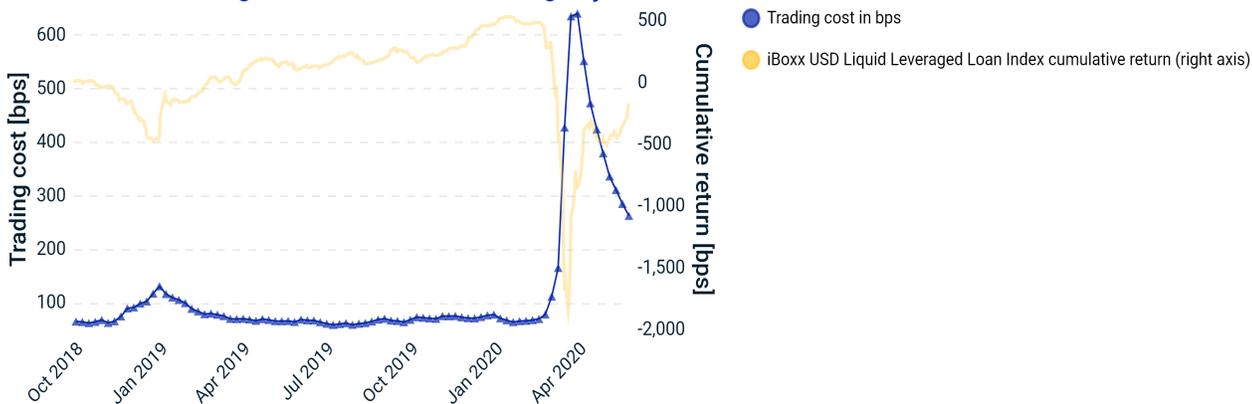
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Non-US bank loans

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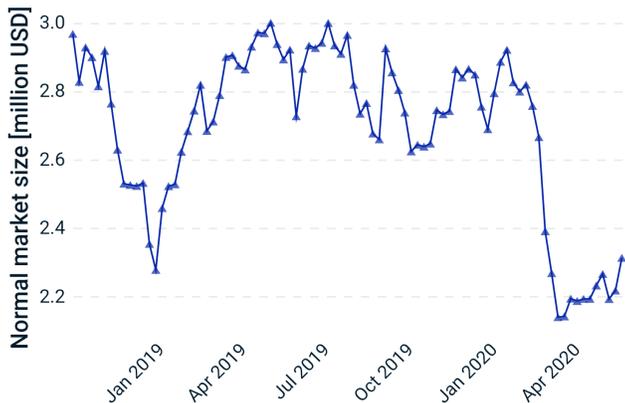
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty

