

MSCI Liquidity Risk Monitor Special Report

Data through June 18, 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 for both investment-grade and high-yield U.S. corporate bonds have slightly increased over the past week. The cost increase was driven by an increase in the market impact component for investment-grade bonds, while for high-yield bonds both the bid-ask spread and market impact have increased.
- In other developed countries and in emerging markets, the transaction costs have increased for investment-grade bonds but have not changed significantly for high-yield bonds.
- The dispersion of quoted prices has remained high across all regions for both investment-grade and high-yield corporate bonds.

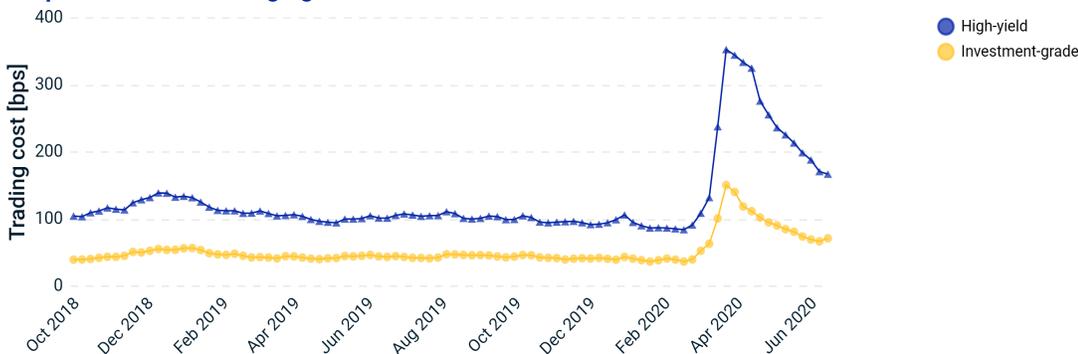
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



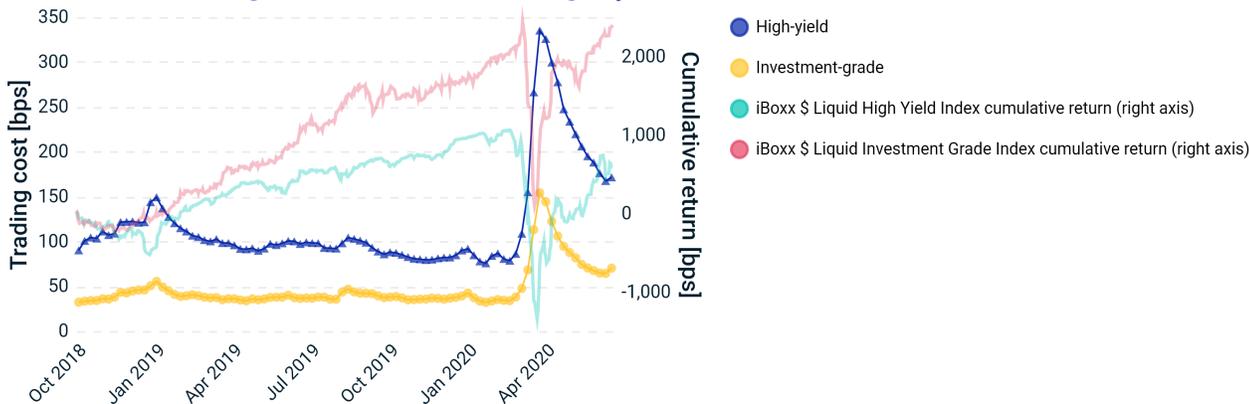
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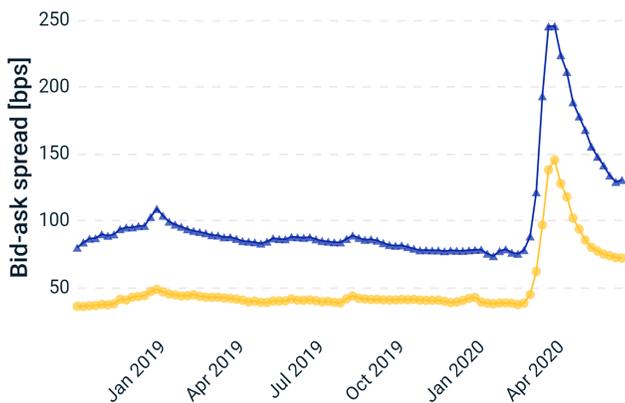
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US corporate bonds

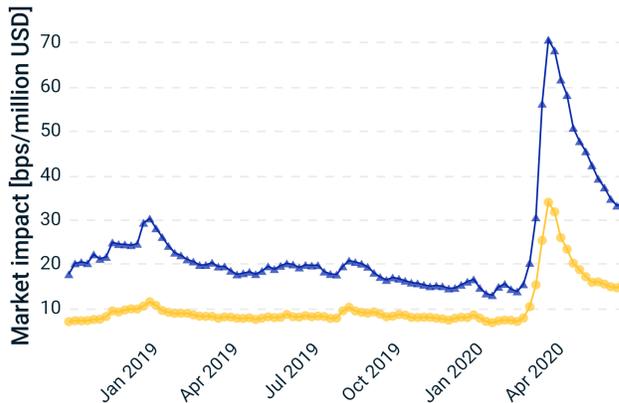
Cost of forced selling of USD 10M in one trading day



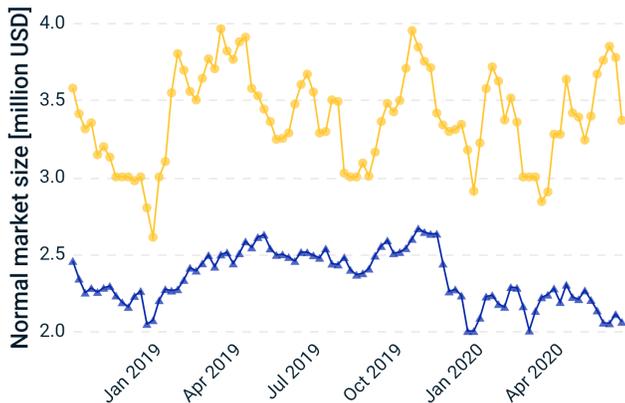
Bid-ask spread



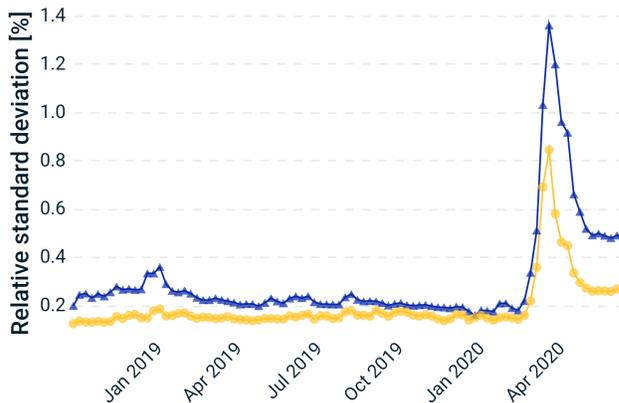
Market impact



Depth at best price



Quoted price uncertainty



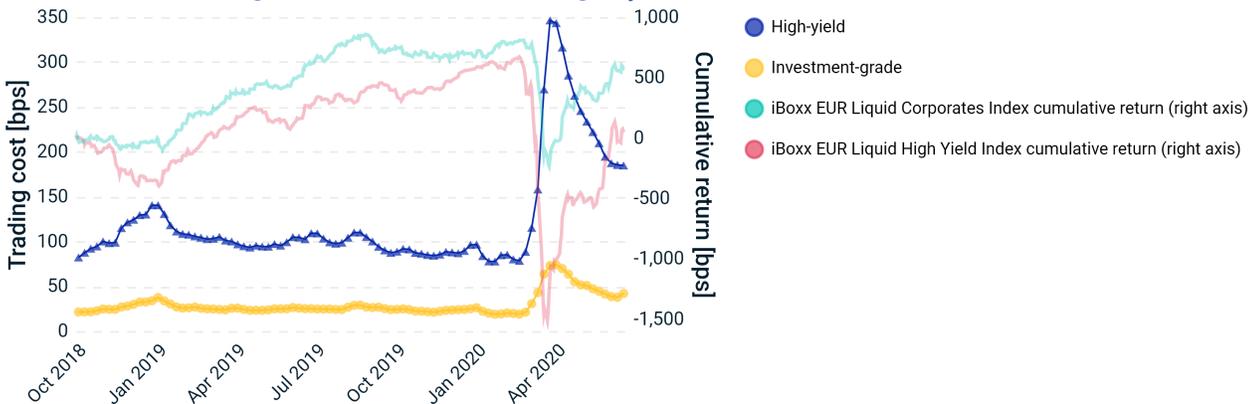
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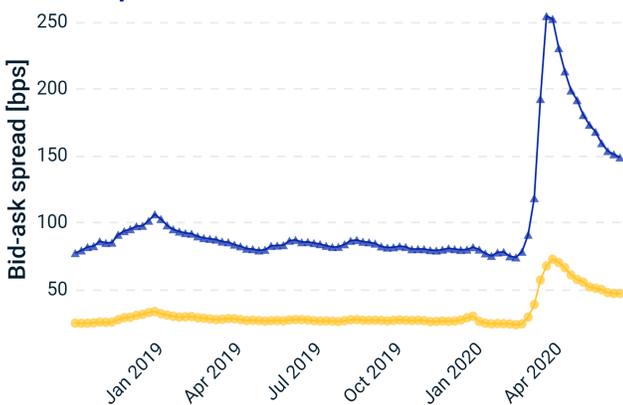
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Corporate bonds - non-US developed countries

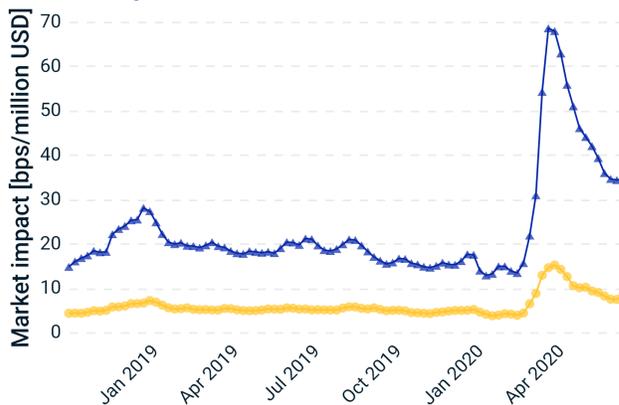
Cost of forced selling of USD 10M in one trading day



Bid-ask spread



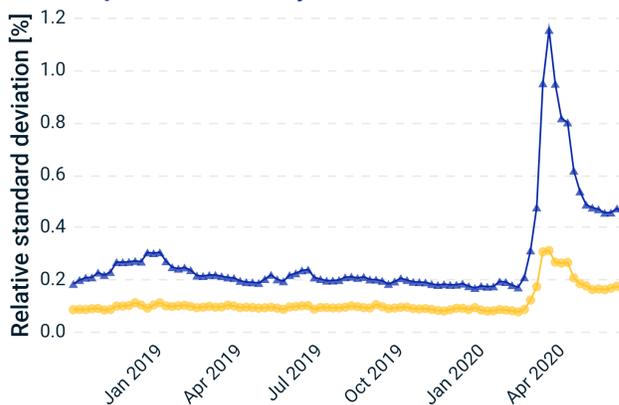
Market impact



Depth at best price



Quoted price uncertainty



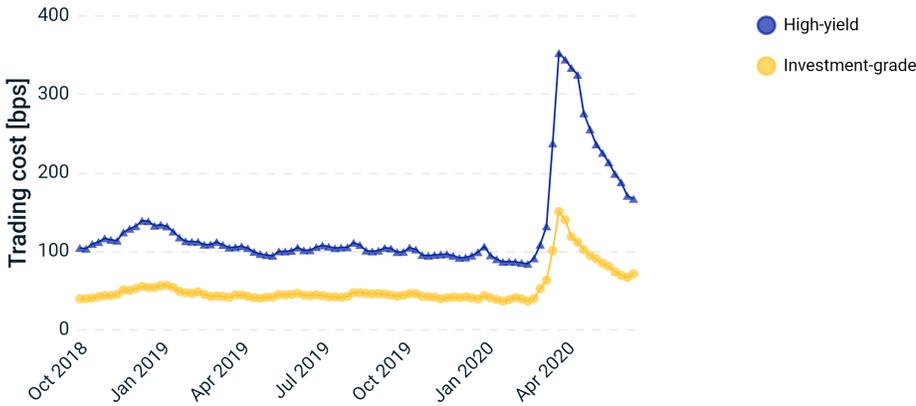
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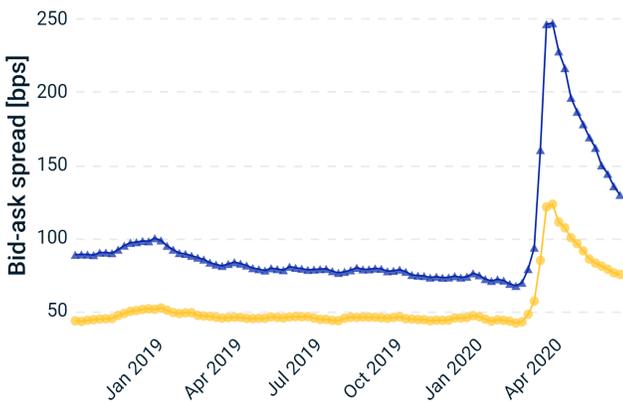
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Corporate bonds - emerging countries

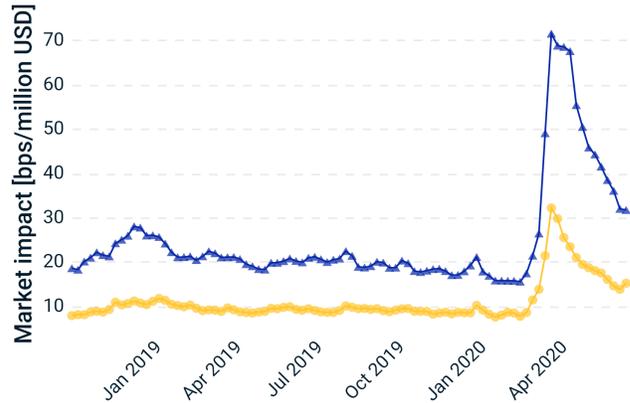
Cost of forced selling of USD 10M in one trading day



Bid-ask spread



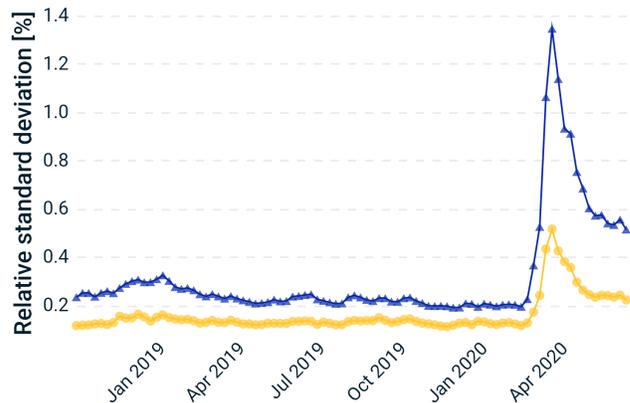
Market impact



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Cost of forced selling of USD 10 million

- Transaction costs for both U.S. and non-U.S. bank loans have continued to decrease slowly, including both the bid-ask spread and market impact components.
- A small reduction in the market depth was observed across all regions over the past week.
- Unlike for corporate bonds, the uncertainty of quoted prices has continued to decrease for bank loans. The quoted-price dispersion for U.S. bank loans is now firmly below its level at the peak of the December 2018 high-yield sell-off.

US bank loans



Non-US bank loans



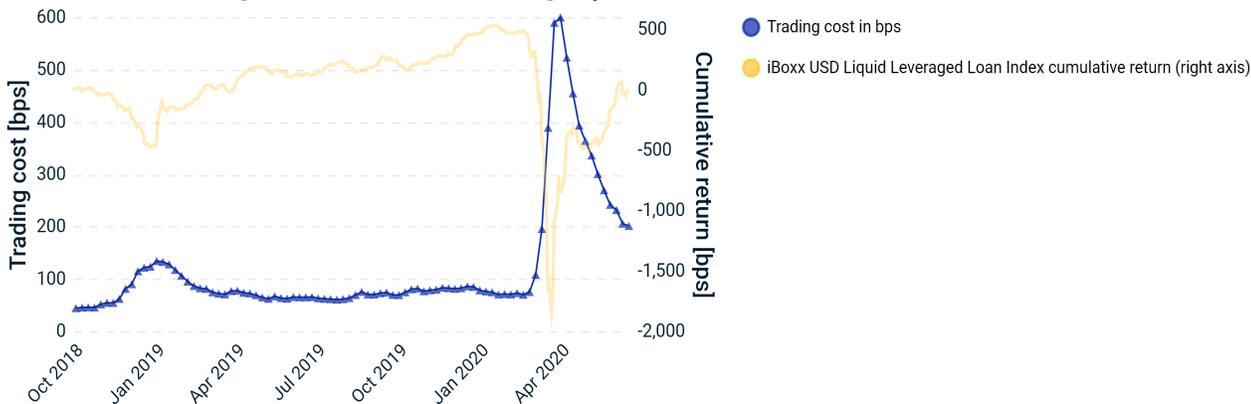
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Bid-ask spread



Market impact



Depth at best price



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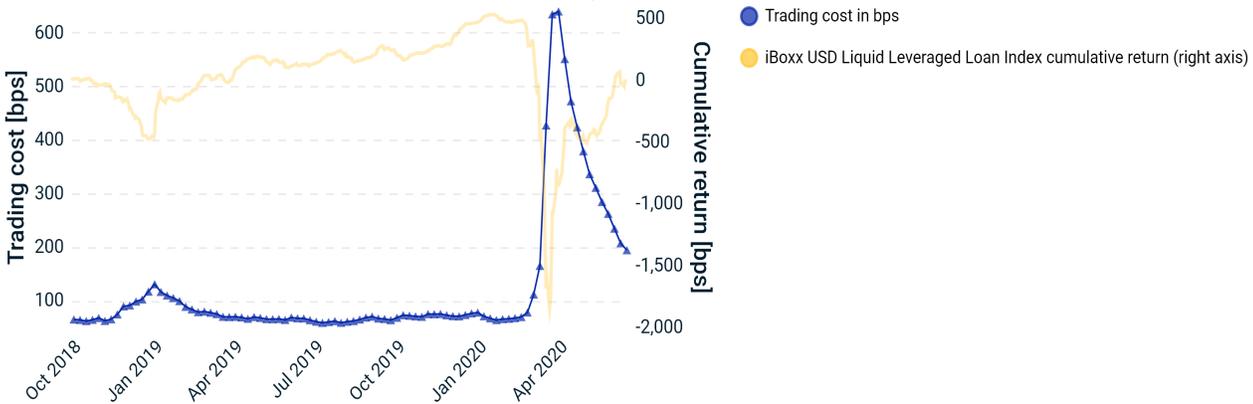
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Non-US bank loans

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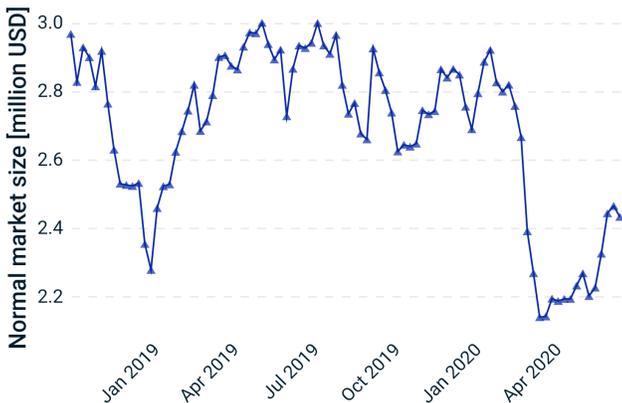
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty

