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.
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

US corporate bonds

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

- High-yield
- Investment-grade
- iBoxx $ Liquid High Yield Index cumulative return (right axis)
- iBoxx $ Liquid Investment Grade Index cumulative return (right axis)

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

- High-yield
- Investment-grade

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

Powered by IHS Markit
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

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

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

Trading cost in bps
Iboxx USD Liquid Leveraged Loan Index cumulative return (right axis)
Non-US bank loans

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

![Graph of Cost of forced selling of USD 10M in one trading day]

Bid-ask spread

![Graph of Bid-ask spread]

Market impact

![Graph of Market impact]

Depth at best price

![Graph of Depth at best price]

Quoted price uncertainty

![Graph of Quoted price uncertainty]