Cost of forced selling of USD 10 million

- Transaction costs for U.S. corporate bonds have decreased over the past week. A significant reduction was observed for high-yield bonds while investment-grade bonds saw a minor decrease.
- In other developed countries, the transaction costs of high-yield bonds saw a marked decrease. However, no improvement was observed for investment-grade corporate bonds.
- Transaction costs have not changed for emerging markets corporate bonds over the past week.
- The dispersion of quoted prices has decreased across all markets, with a more marked improvement observed for high-yield bonds.
US corporate bonds

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

Bid-ask spread

Depth at best price

Market impact

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 June 25, 2020
Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis
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Corporate bonds - emerging countries

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

Trading cost [bps]

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

MSCI
Powered by IHS Markit
Cost of forced selling of USD 10 million

- Transaction costs have decreased for bank loans across all regions.
- The bid-ask spreads and market impact are both still significantly higher than before the COVID-19 crisis.
- The quoted-price uncertainty has continued to decrease, indicating further improvement in market efficiency.
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
MSCI Liquidity Risk Monitor Special Report
Data through June 25, 2020

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

Non-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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