Cost of forced selling of USD 10 million

- Continuing the trend observed over the last few weeks, transaction costs for both investment-grade and high-yield corporate bonds decreased further.
- The observed trends in most liquidity indicators are very similar across all regions.
- The quoted-price uncertainty has remained very high, and has shown no improvement over the last few weeks. This indicates that market efficiency has not returned to the pre-crisis levels.
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

MSCI Liquidity Risk Monitor Special Report
Data through June 4, 2020
Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis
MSCI Liquidity Risk Monitor Special Report
Data through June 4, 2020
Weekly report highlighting the behavior of key liquidity indicators during the COVID-19 global crisis

Corporate bonds - non-US developed countries

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

Bid-ask spread

Depth at best price

Market impact

Quoted price uncertainty
MSCI Liquidity Risk Monitor Special Report
Data through June 4, 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

- The transaction costs for bank loans continued to decrease over the last week. The improvement in liquidity was more marked for non-U.S. bank loans.
- As observed for corporate bonds, the dispersion of quoted prices is very high, and even a small increase can be observed for both U.S. and non-U.S. bank loans over the last few weeks.
- A significant improving trend was observed in the market depth of non-U.S. bank loans.
US bank loans

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

- Trading cost in bps
- iBoxx USD Liquid Leveraged Loan 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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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

Cumulative return [bps]
Trading cost in bps
iBoxx USD Liquid Leveraged Loan Index cumulative return (right axis)

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty

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