Cost of forced selling of USD 10 million

- For U.S. corporate bonds, the bid-ask spreads and market impact have continued to decrease, showing slowly improving transaction costs for both high-yield and investment-grade corporate bonds.
- For investment-grade bonds of non-U.S. developed markets the bid-ask spread and market impact seem to have flattened out at an elevated level. However, transaction costs continued to decrease for high-yield bonds.
- The liquidity indicators for investment-grade and high-yield corporate bonds of emerging markets also show some improvement.
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 May 7, 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

- In both the U.S. and non-U.S. bank loan markets a decrease in transaction costs was observed. Bid-ask spreads fell further and the market impact also decreased.
- The improving market depth trends from last week seem to have stalled. The depths at best price decreased across all markets.
- Liquidity indicators are still at significantly worse levels than before the COVID-19 crisis.
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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Non-US bank loans

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

Trading cost [bps]
Cumulative return [bps]

Bid-ask spread

Market impact

Depth at best price

Quoted price uncertainty