

# MSCI Liquidity Risk Monitor Special Report

Data through May 14, 2020

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

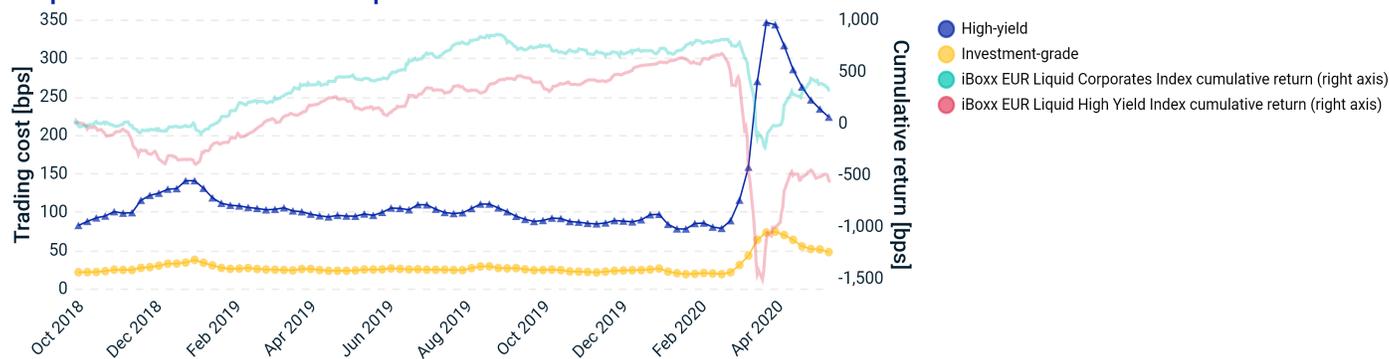
## Cost of forced selling of USD 10 million

- The recovery of liquidity indicators continued for corporate bonds across all regions. Transaction costs decreased further for both investment-grade and high-yield corporate bonds.
- The dispersion of quoted prices decreased further, indicating improving market efficiency.
- To put the current state of liquidity indicators into perspective, their levels are still much worse than the peak of the December 2018 high-yield sell-off, which was a significant liquidity deterioration event that saw transaction costs almost double.

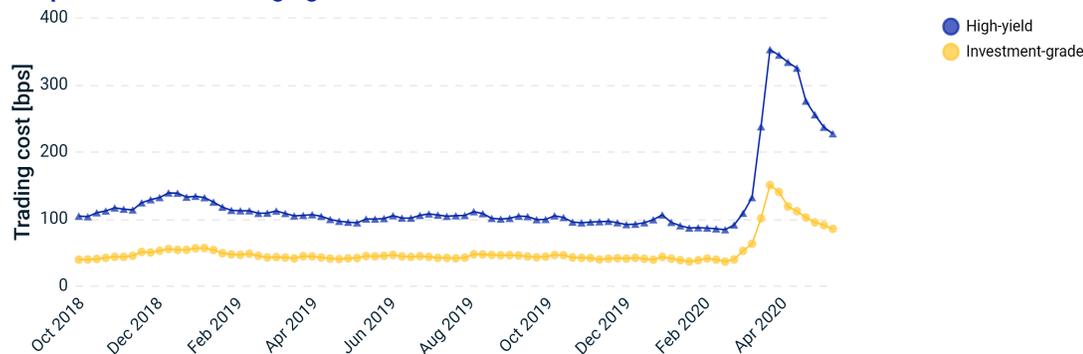
### US corporate bonds



### Corporate bonds - non-US developed countries



### Corporate bonds - emerging countries



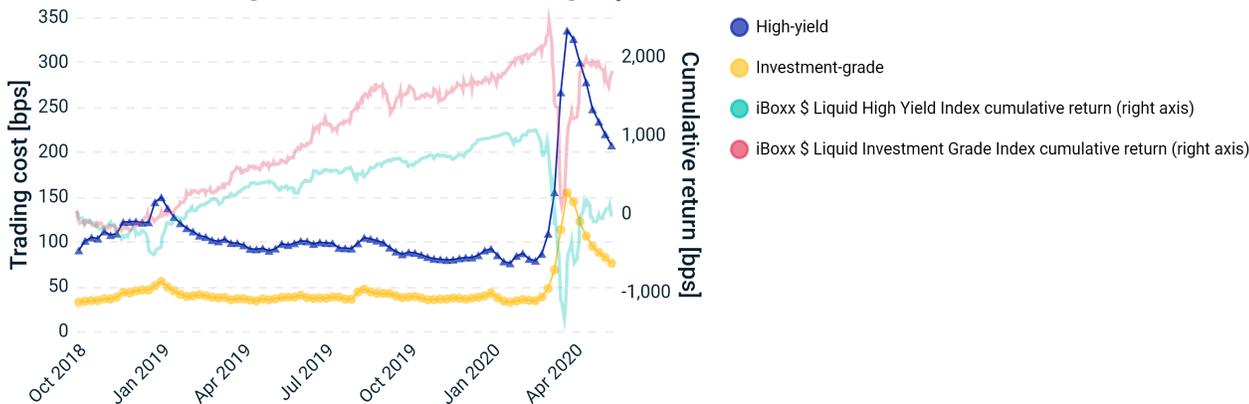
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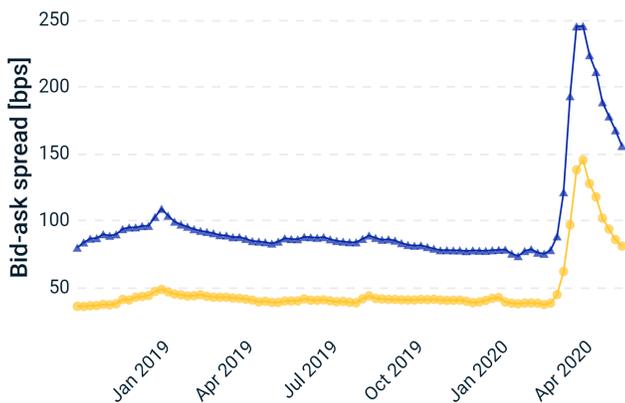
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## US corporate bonds

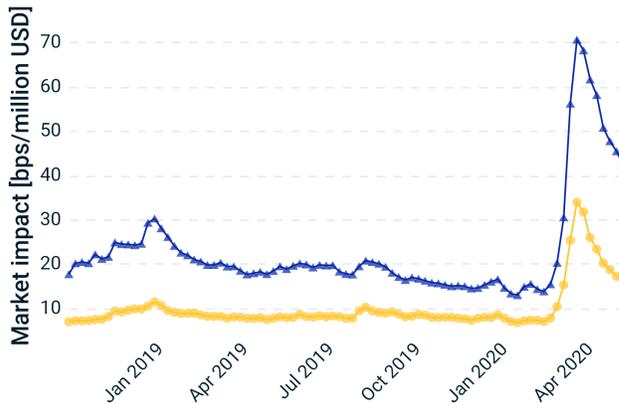
### Cost of forced selling of USD 10M in one trading day



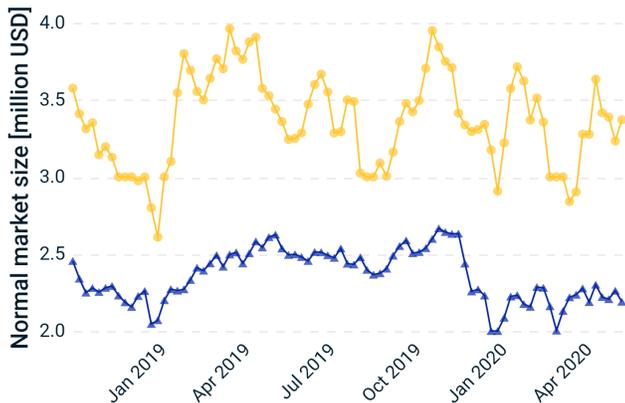
### Bid-ask spread



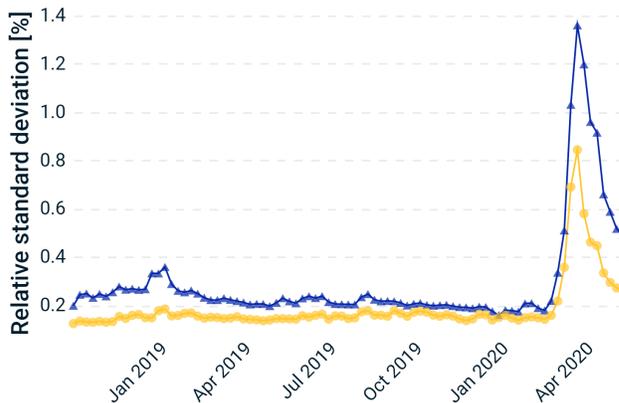
### Market impact



### Depth at best price



### Quoted price uncertainty



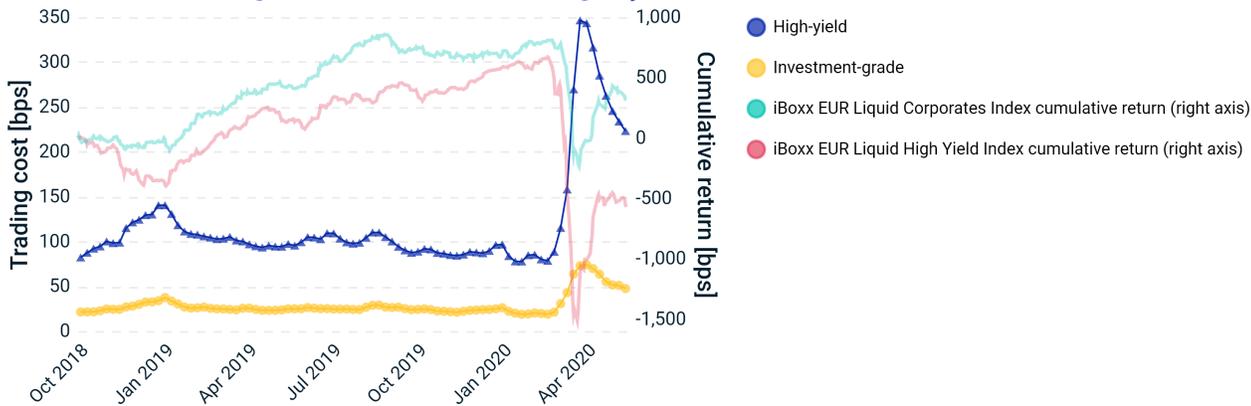
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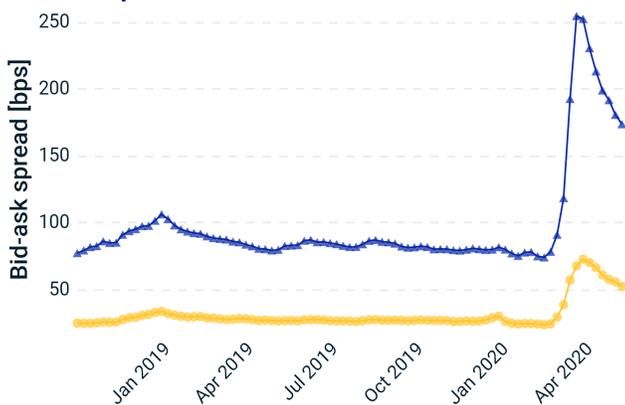
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## Corporate bonds - non-US developed countries

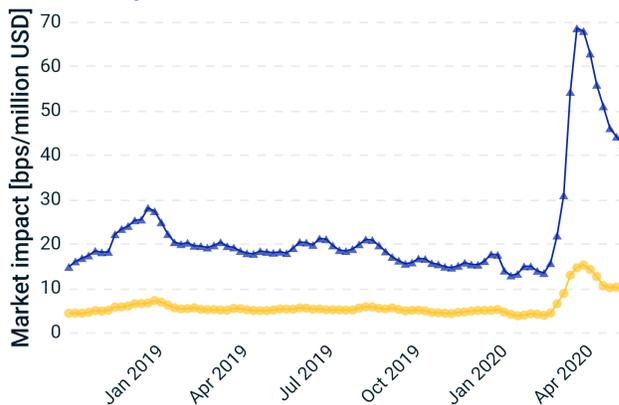
### Cost of forced selling of USD 10M in one trading day



### Bid-ask spread



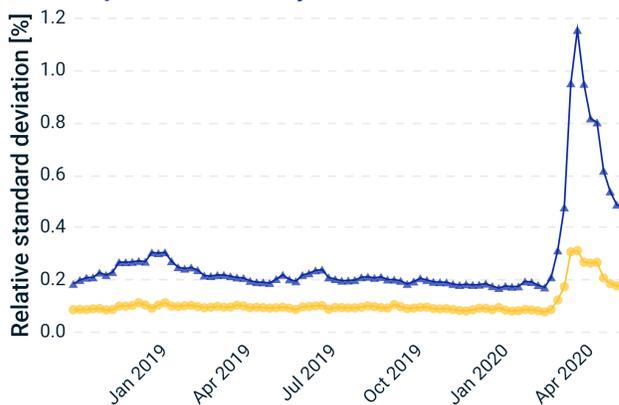
### Market impact



### Depth at best price



### Quoted price uncertainty



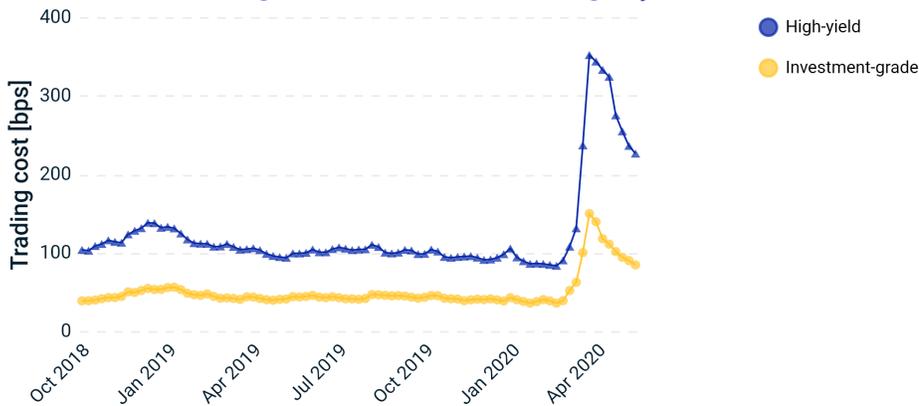
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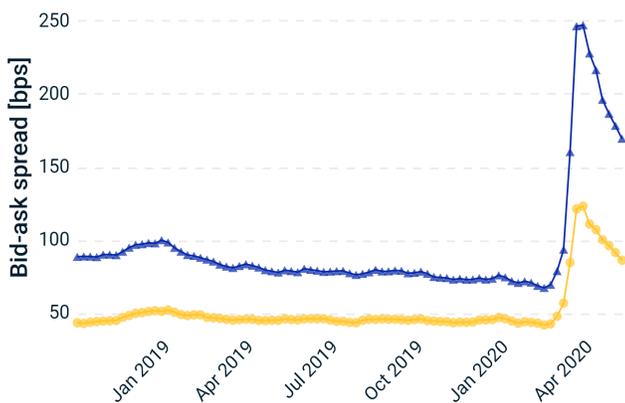
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## Corporate bonds - emerging countries

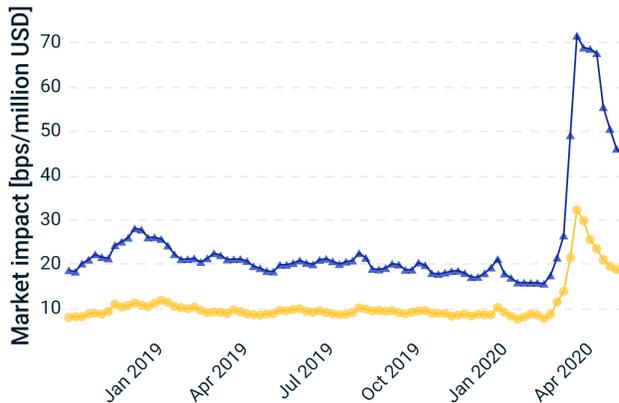
### Cost of forced selling of USD 10M in one trading day



### Bid-ask spread



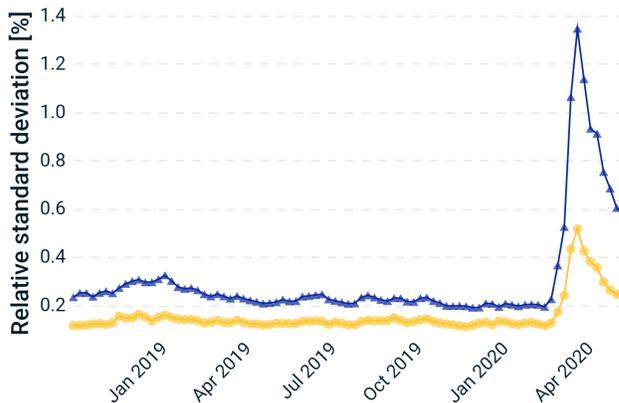
### Market impact



### Depth at best price



### Quoted price uncertainty



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## Cost of forced selling of USD 10 million

- Transaction costs for bank loans continued to decrease over the last week across all regions. The bid-ask spread and market impact levels are very similar for both U.S. and non-U.S. bank loans.
- A difference between the market depth recovery of U.S. and non-U.S. bank loans can still be observed. While the market depth of U.S. bank loans continued to increase, it remained low for non-U.S. bank loans.
- Similar to the trend observed for corporate bonds, the transaction costs for bank loans are still significantly higher than during the peak of the December 2018 sell-off.

### US bank loans



### Non-US bank loans



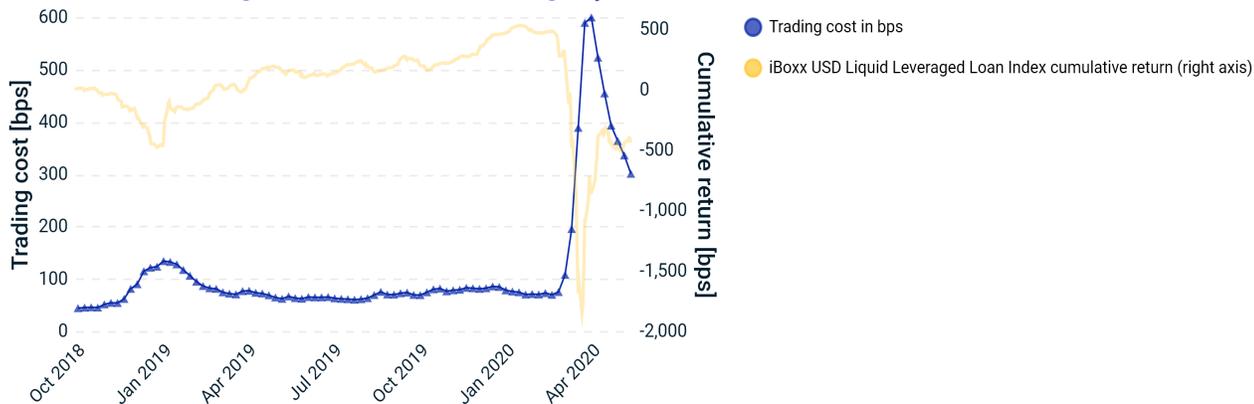
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## US bank loans

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



### Bid-ask spread



### Market impact



### Depth at best price



### Quoted price uncertainty



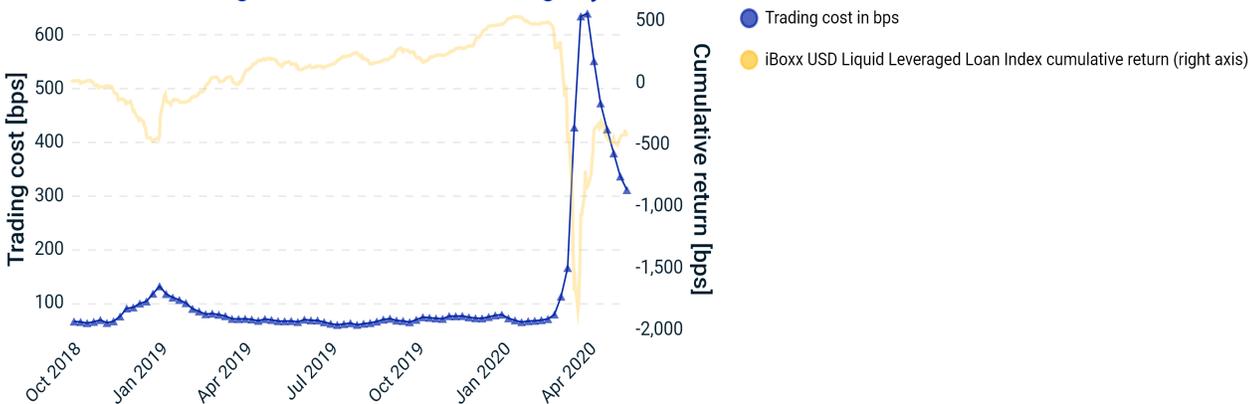
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## Non-US bank loans

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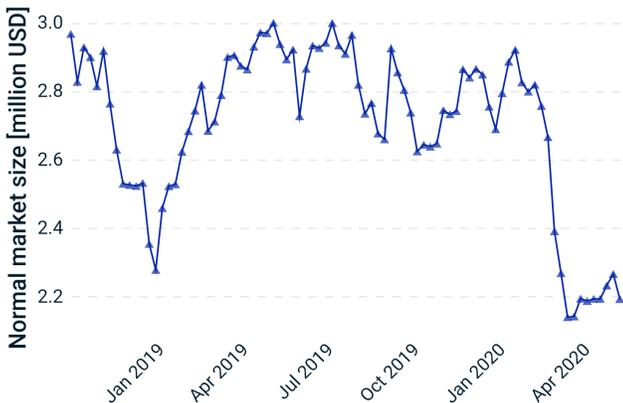
### Bid-ask spread



### Market impact



### Depth at best price



### Quoted price uncertainty

