

# MSCI Liquidity Risk Monitor Report

Data through June 30, 2022

Quarterly report highlighting the behavior of key liquidity indicators in global markets

## Corporate bonds liquidity - Cost of forced selling of USD 10 million

- In the wake of the Russia-Ukraine war and rising inflation, transaction costs have increased for corporate bonds across all regions, especially for the high-yield market.
- The prices quoted by broker-dealers showed a high standard deviation, indicating elevated uncertainty in pricing these bonds. The effect was again most marked for high-yield bonds.
- The quoted sizes have also decreased, especially for developed markets bonds, indicating that market depths have decreased.

### US corporate bonds



### Corporate bonds - non-US developed countries



### Corporate bonds - emerging countries



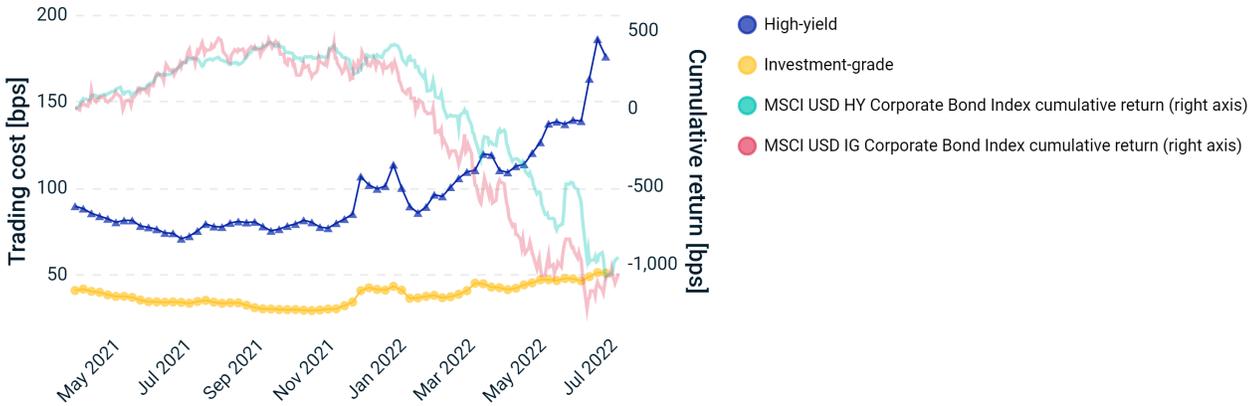
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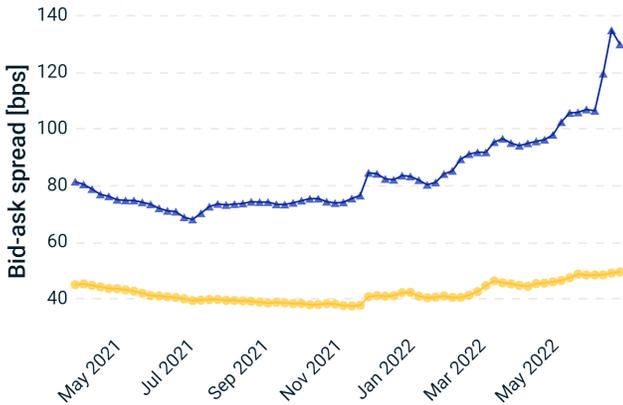
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## US corporate bonds

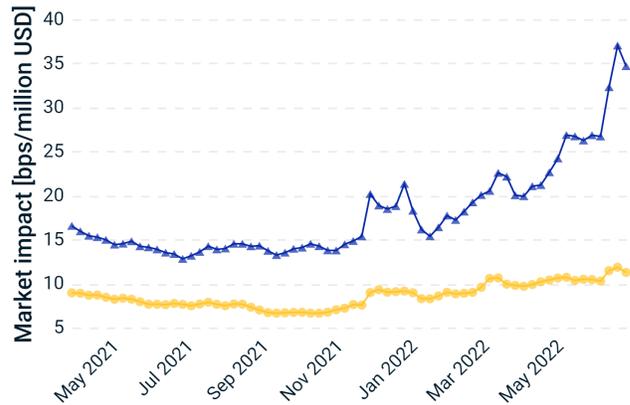
### Cost of forced selling of USD 10M in one trading day



### Bid-ask spread



### Market impact



### Depth at best price



### Quoted price uncertainty



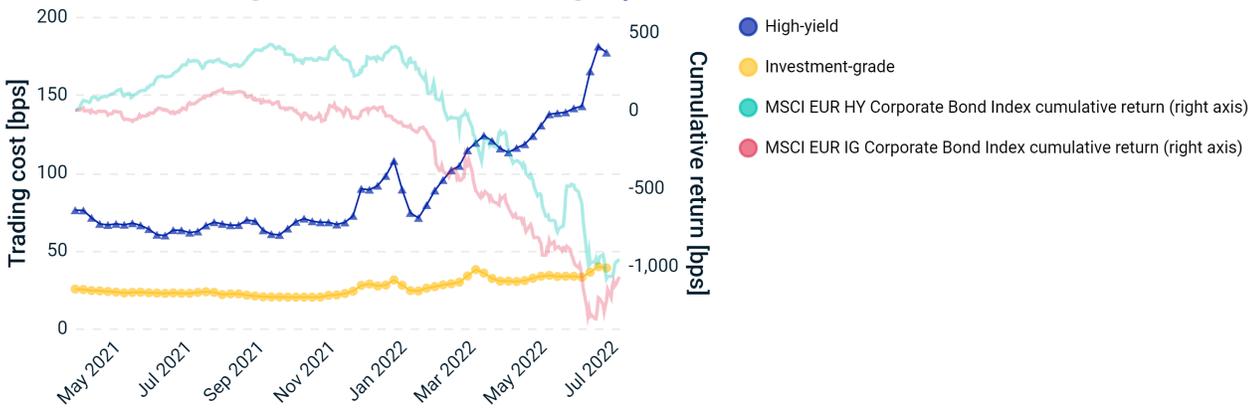
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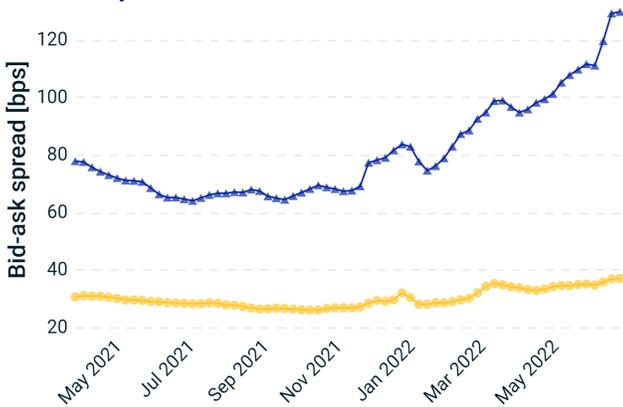
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## Corporate bonds - non-US developed countries

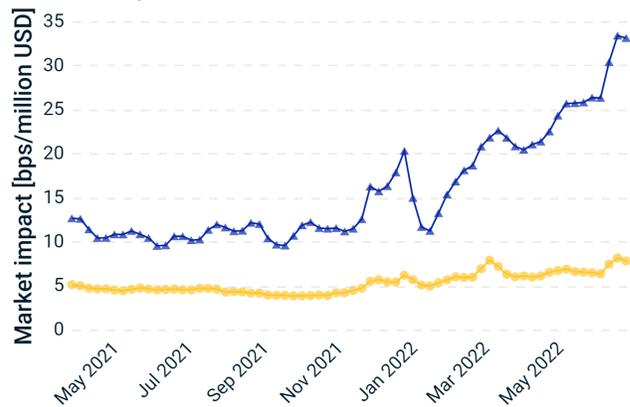
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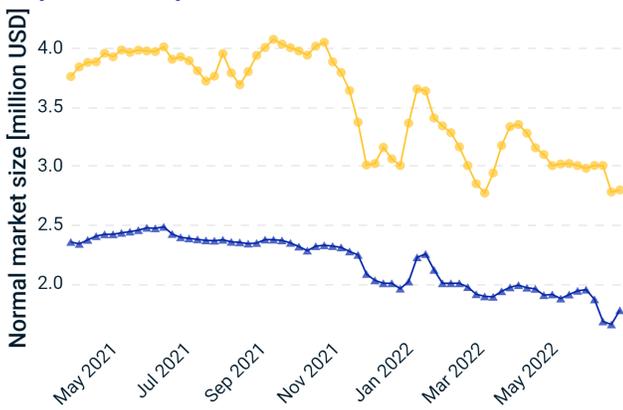
### Bid-ask spread



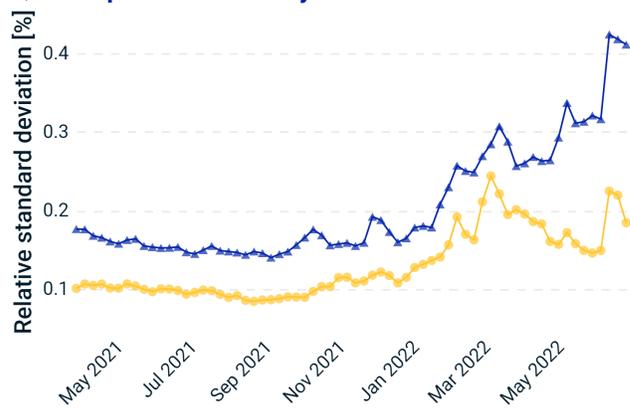
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## Corporate bonds - emerging countries

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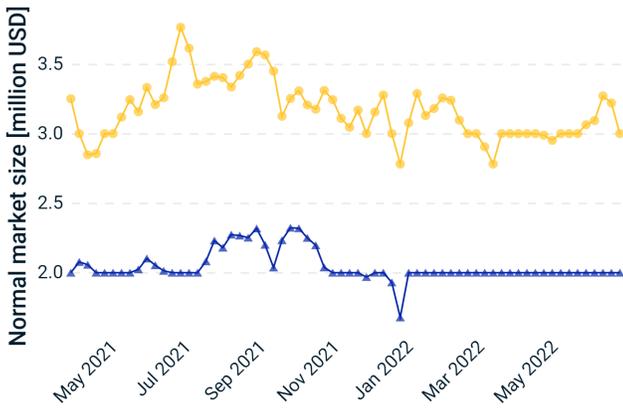
### Bid-ask spread



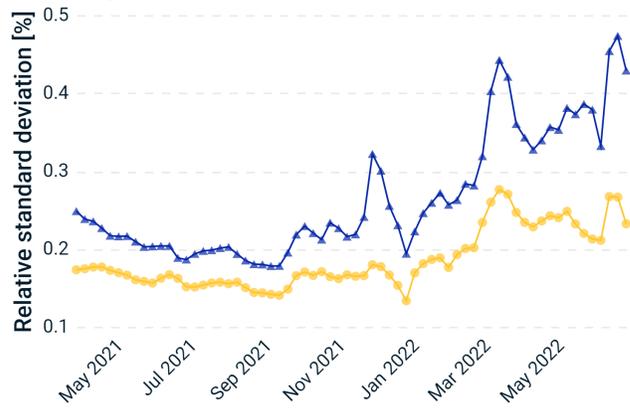
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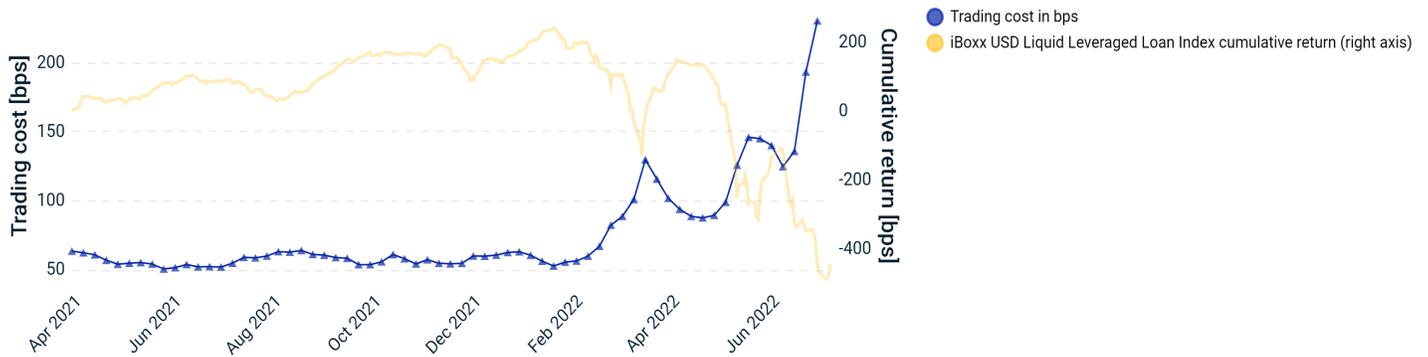
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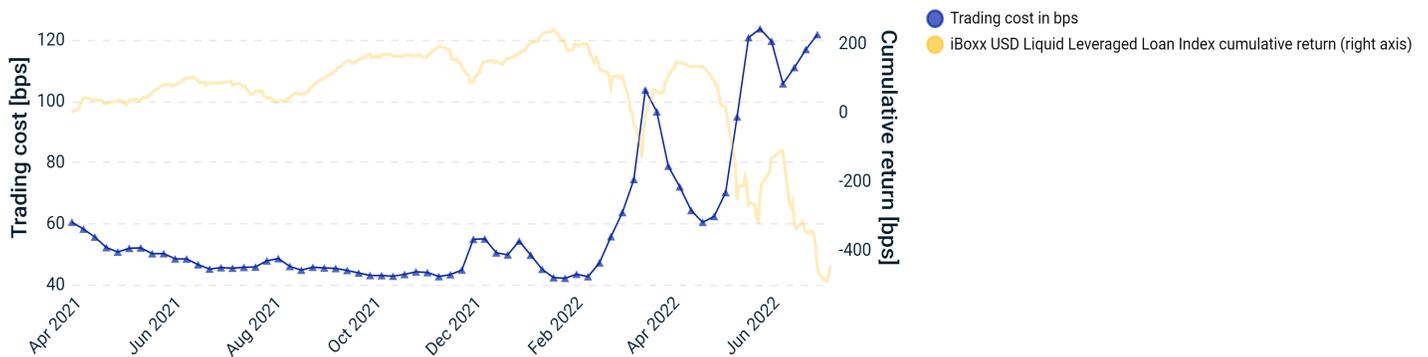
## Bank loans liquidity - Cost of forced selling of USD 10 million

- Bank loan investors may have faced an even greater increase in transaction costs than investors in high-yield bonds as estimated costs have more than doubled since the start of Q2.
- After a marked drop in Q1, quoted sizes have continued to decrease over the second quarter of 2022 for both U.S. and non-U.S. bank loans.
- The quoted-price uncertainty has also skyrocketed, with non-U.S. bank loans affected to a greater extent than U.S. bank loans.

### Non-US bank loans



### US bank loans



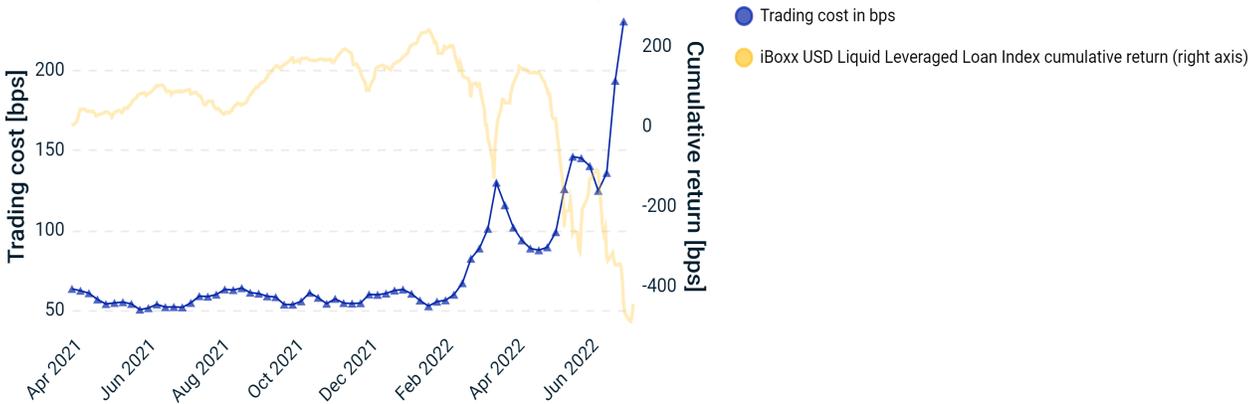
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## Non-US bank loans

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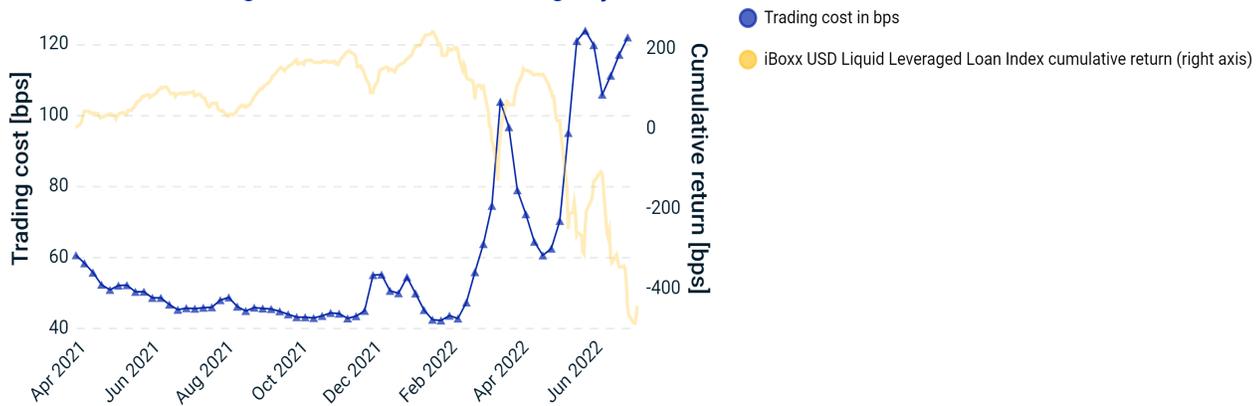
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