

MSCI Liquidity Risk Monitor Report

Data through January 28, 2020

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

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

- After the year end peak, transaction costs decreased sharply for corporate bonds of developed countries, due to a significant decrease in the market impact cost component.
- In emerging markets, investment-grade corporate bonds' market impact has somewhat increased, resulting in rising transaction costs.
- The increasing trend observed for the U.K. in the last weeks of 2020 has reversed and transaction costs have decreased to below their pre-crisis levels.

US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



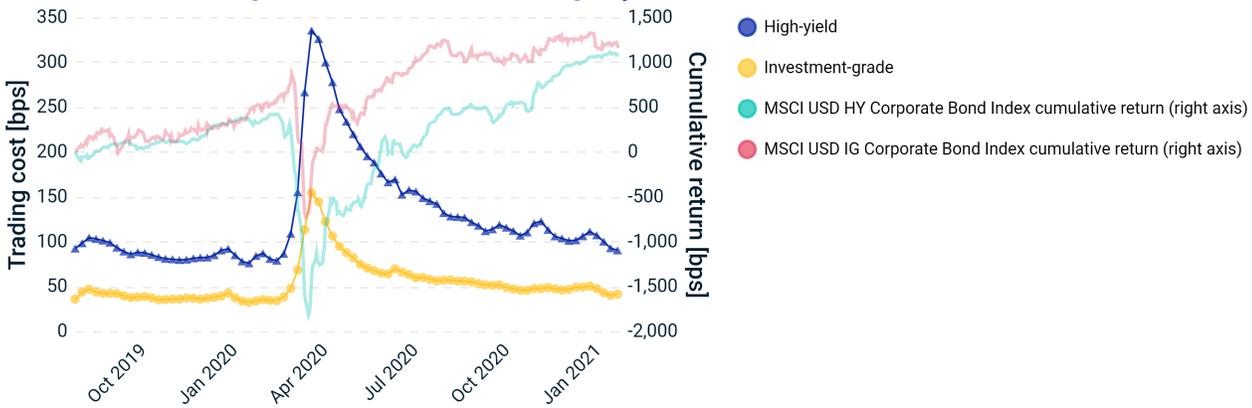
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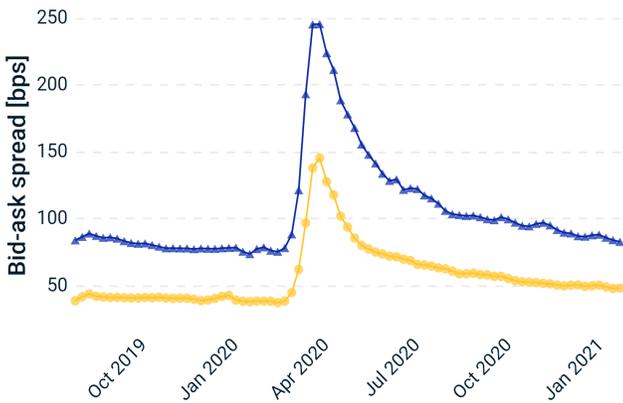
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US corporate bonds

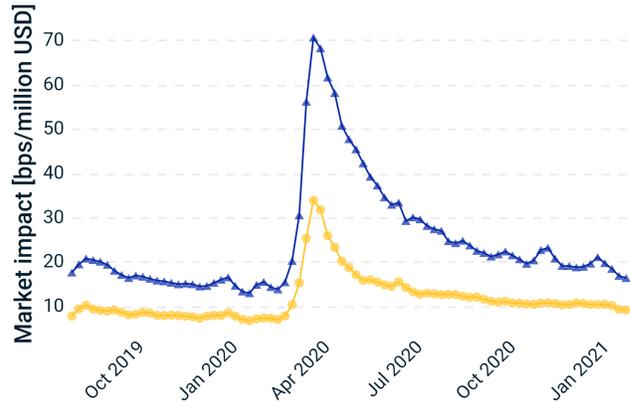
Cost of forced selling of USD 10M in one trading day



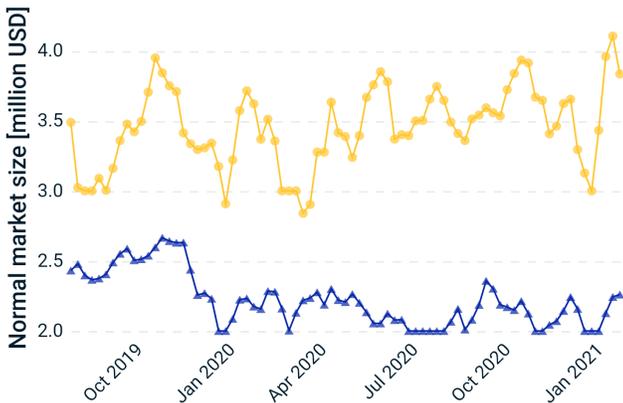
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



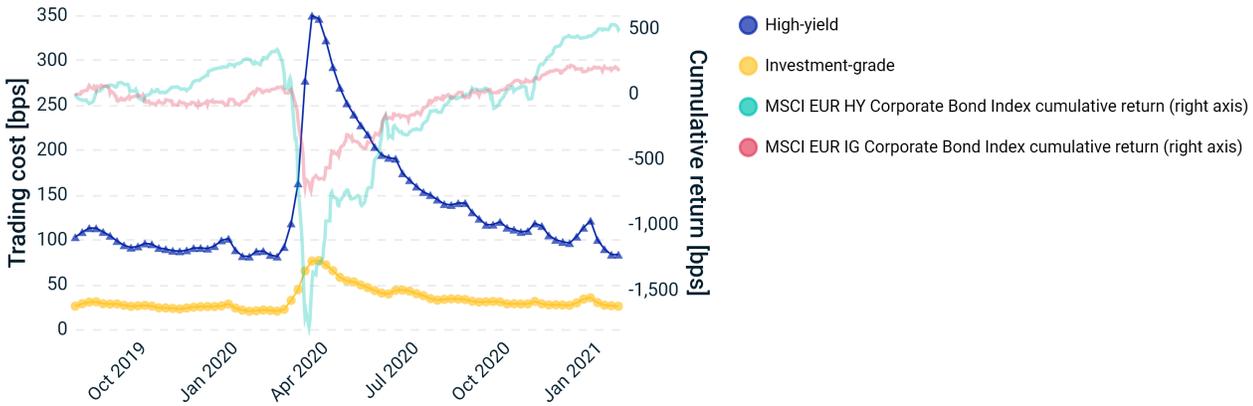
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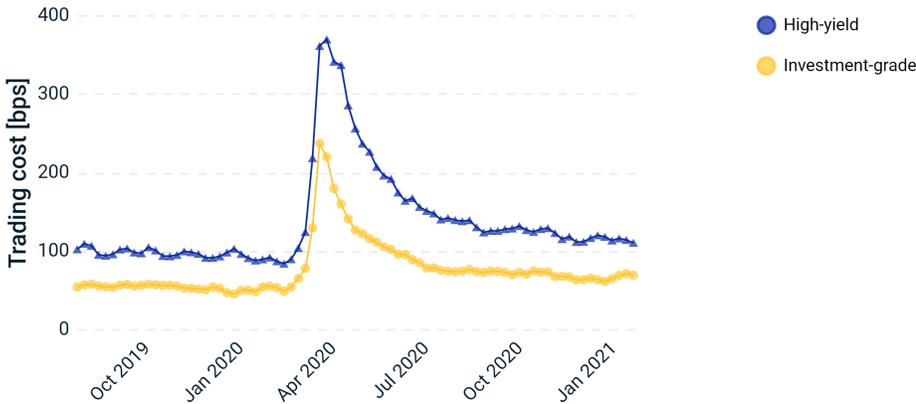
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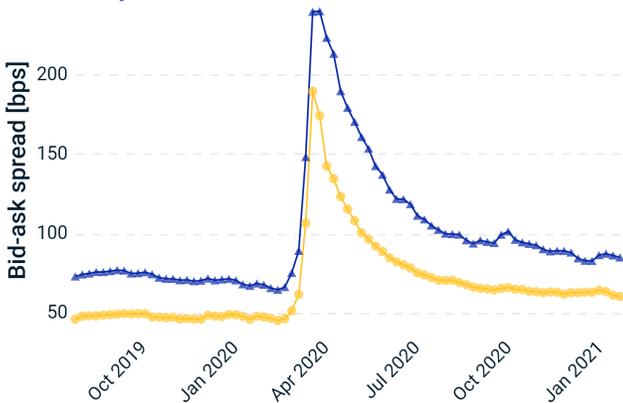
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Corporate bonds - emerging countries

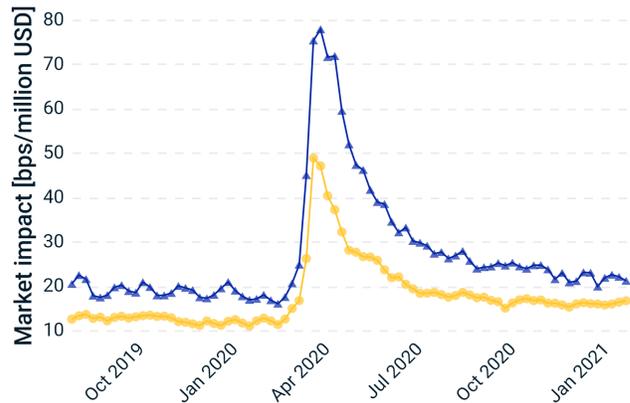
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Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



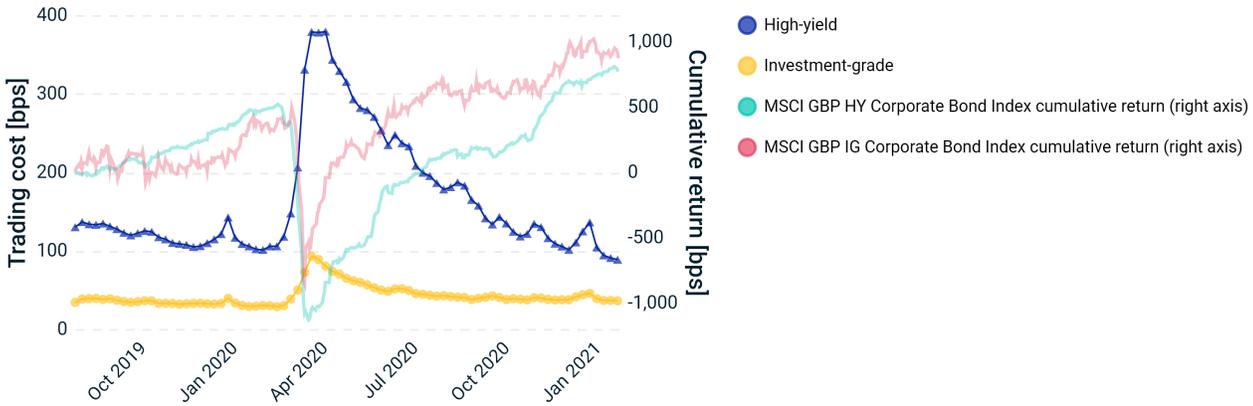
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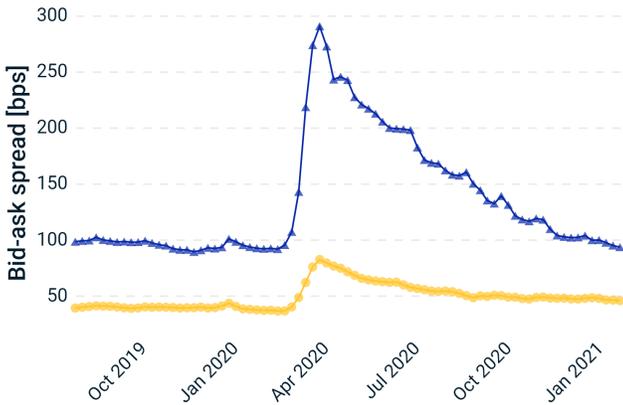
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Corporate bonds - United Kingdom

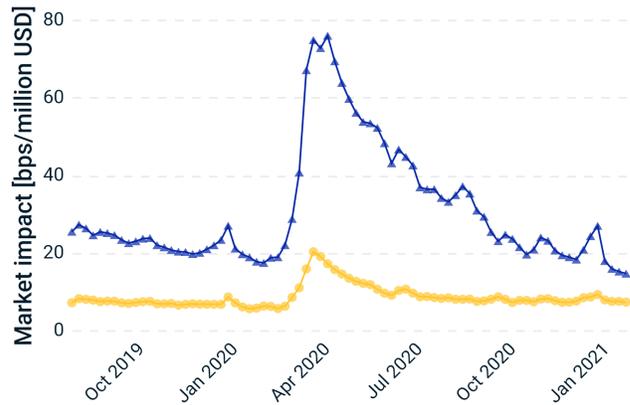
Cost of forced selling of USD 10M in one trading day



Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



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

- Transaction costs continued to decrease for both U.S. and non-U.S. bank loans.
- Bid-ask spreads, market impact and market depth have all reached their pre-crisis levels for bank loans across all regions.
- The dispersion of quoted prices appears to have stabilized at a level higher than before the COVID-19 crisis.

US bank loans



Non-US bank loans



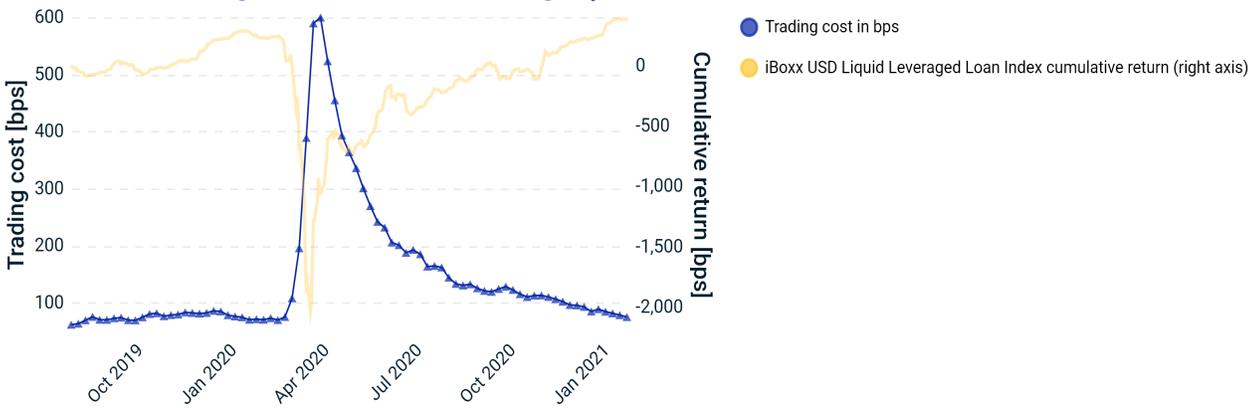
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US bank loans

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



Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



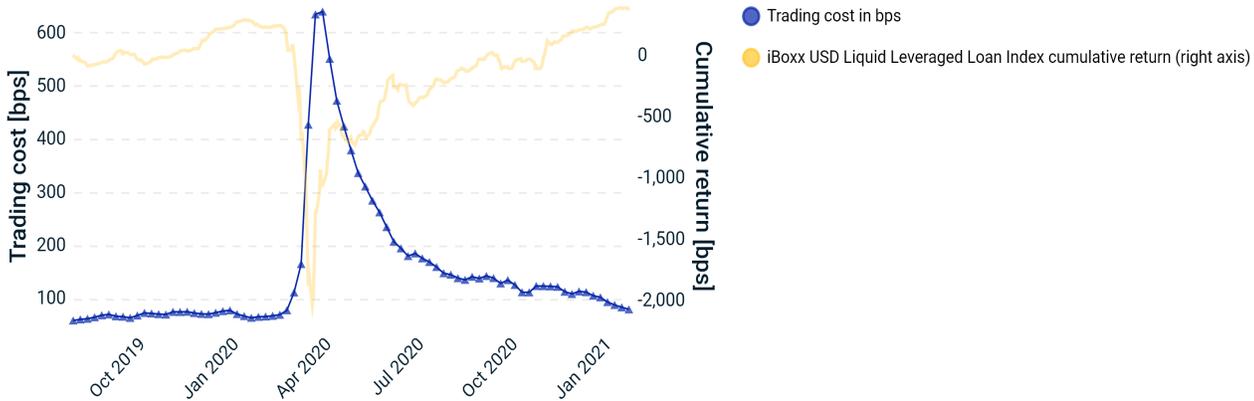
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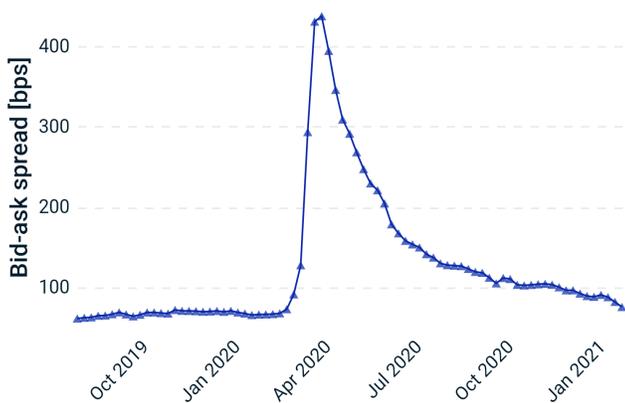
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Non-US bank loans

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



Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty

