

MSCI Liquidity Risk Monitor Report

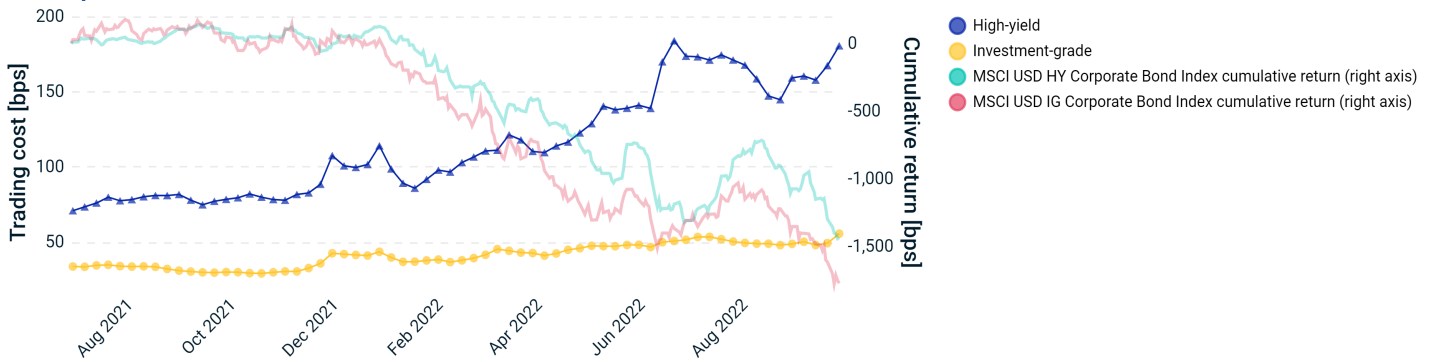
Data through September 30, 2022

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

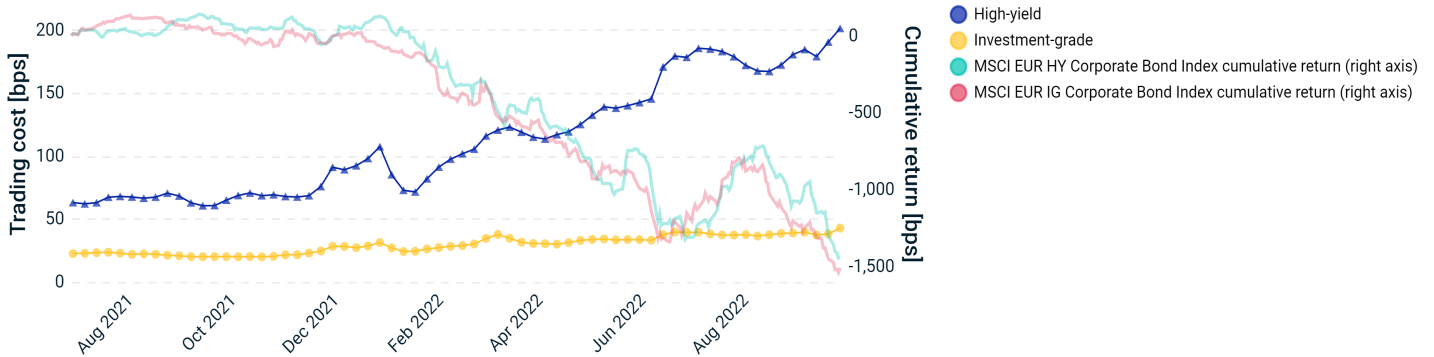
Corporate bonds liquidity - Cost of forced selling of USD 10 million

- Transaction costs have somewhat decreased in the first half of Q3, however, the trend has reversed in the second half of the quarter as trading costs exceeded their Q2 peaks for developed markets corporate bonds.
- Investment-grade bond transaction costs have reached their highest levels since the March 2020 peak during the COVID-19 crisis.
- The liquidity of non-US developed markets high-yield bonds, which mostly comprises of European bonds, has deteriorated significantly over the quarter, faring significantly worse than U.S. high-yield bonds.

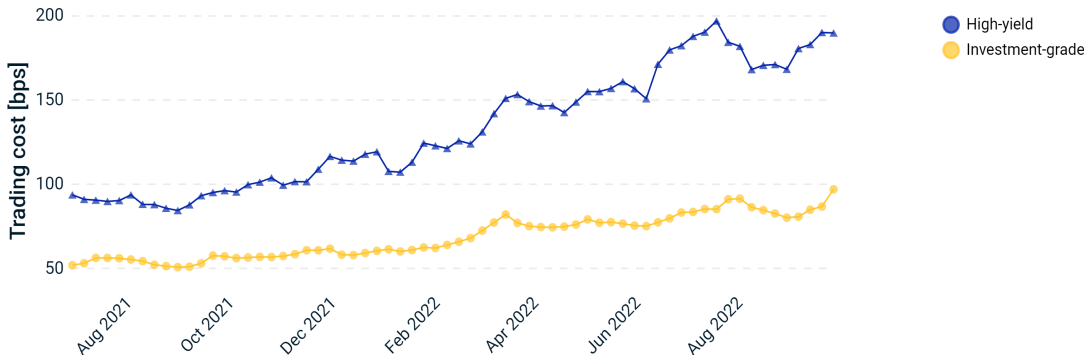
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



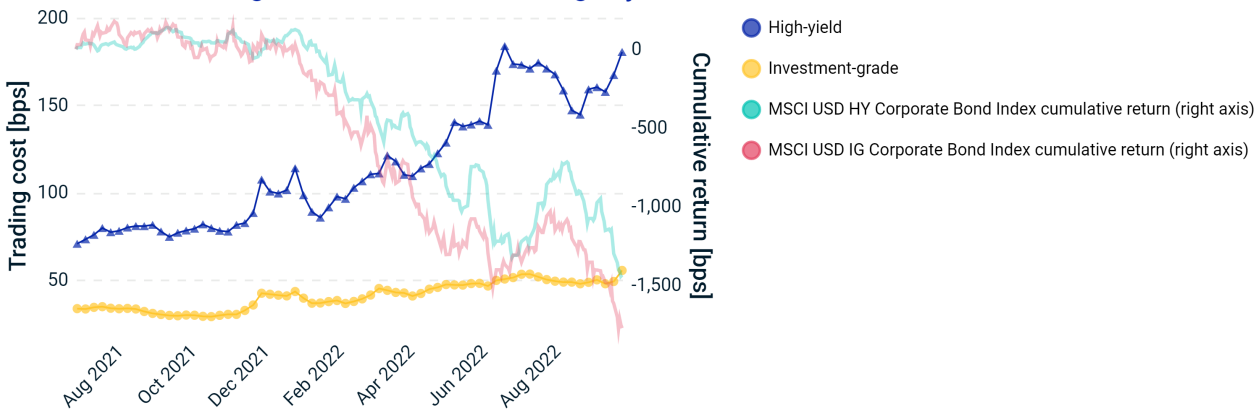
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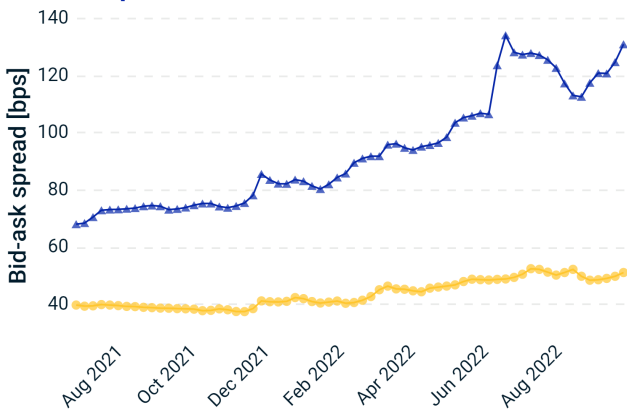
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US corporate bonds

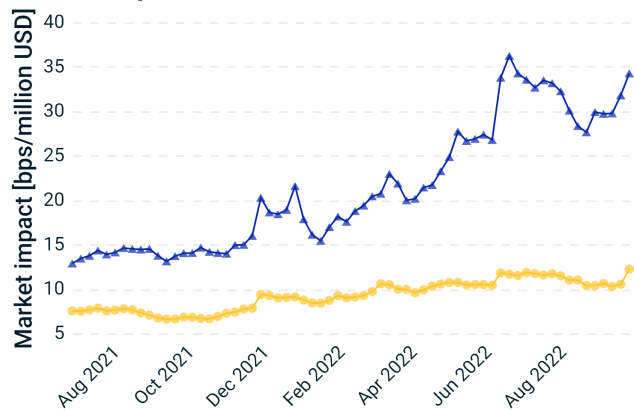
Cost of forced selling of USD 10M in one trading day



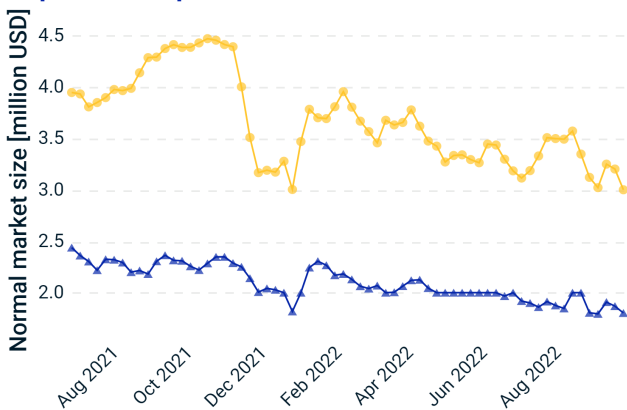
Bid-ask spread



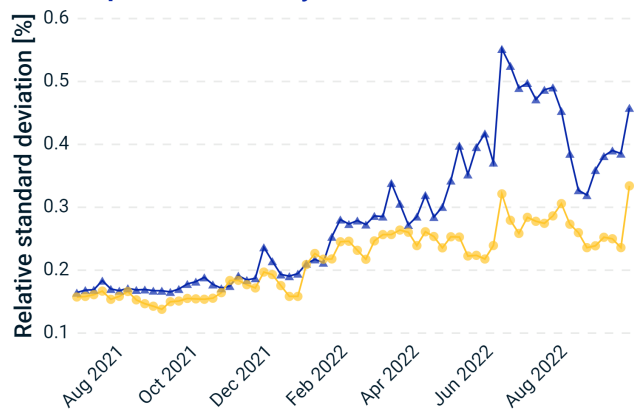
Market impact



Depth at best price



Quoted price uncertainty



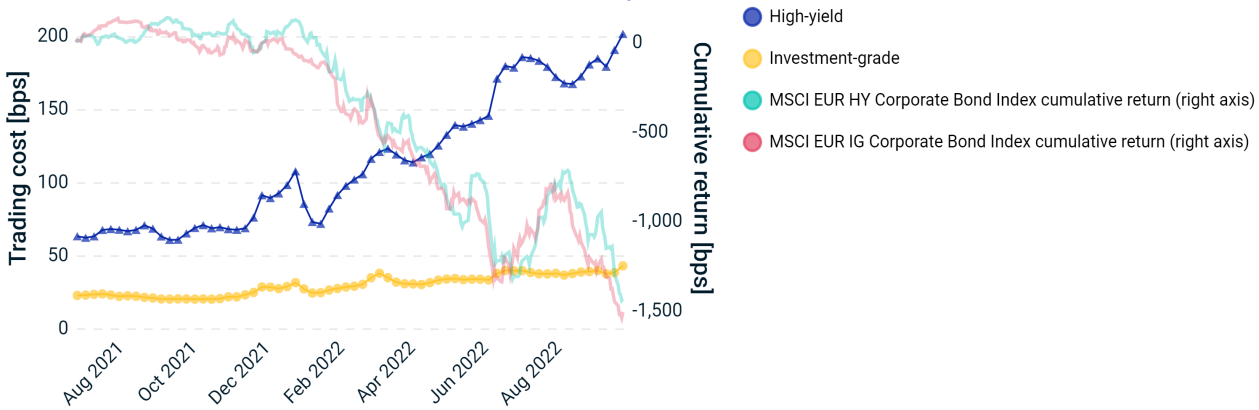
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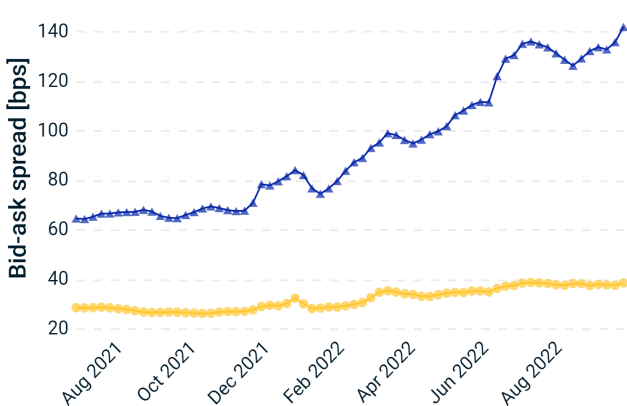
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Corporate bonds - non-US developed countries

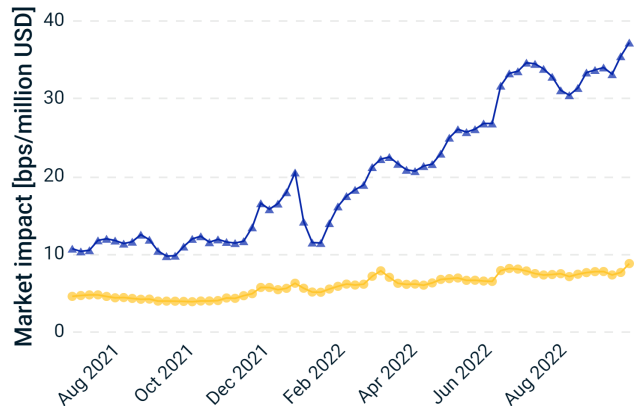
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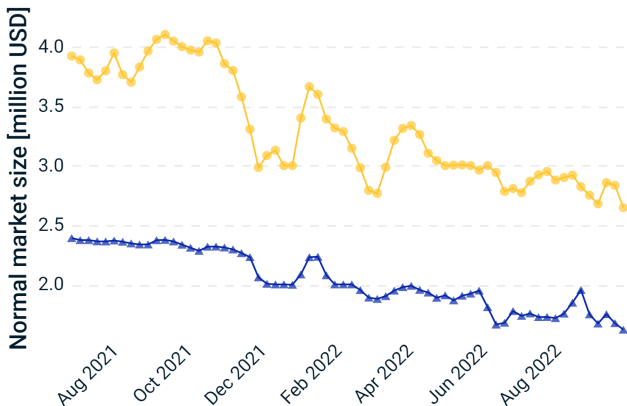
Bid-ask spread



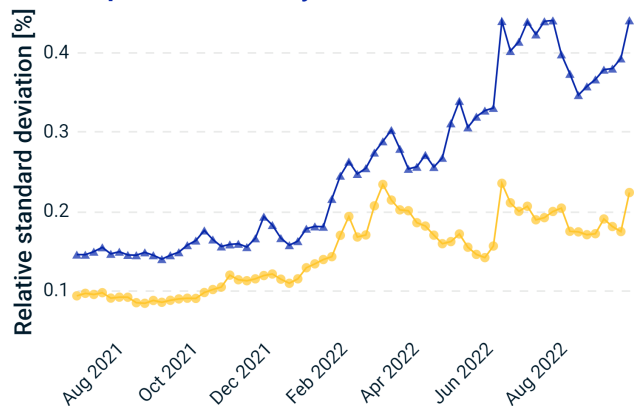
Market impact



Depth at best price



Quoted price uncertainty



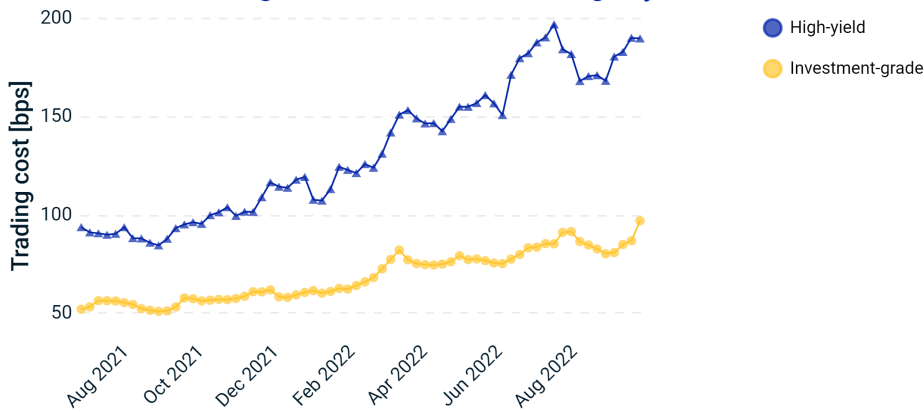
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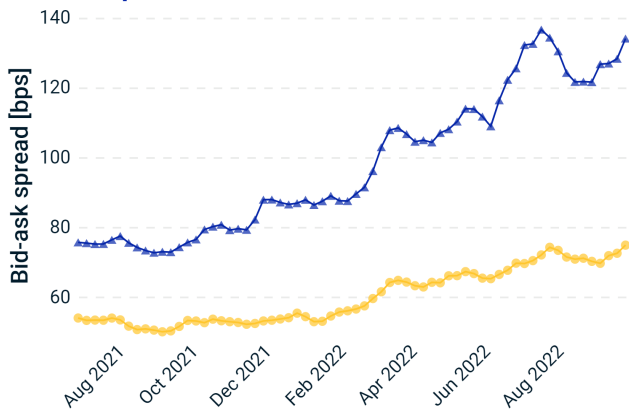
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Corporate bonds - emerging countries

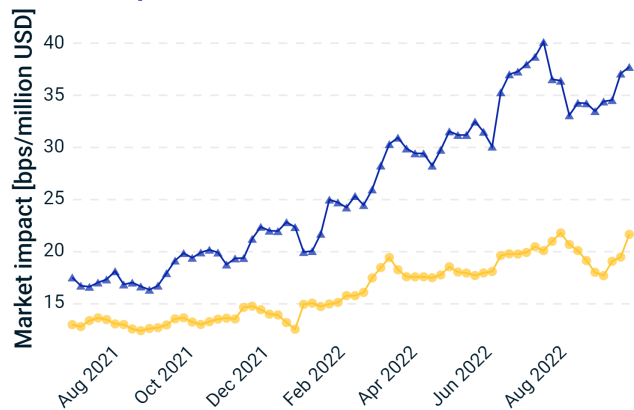
Cost of forced selling of USD 10M in one trading day



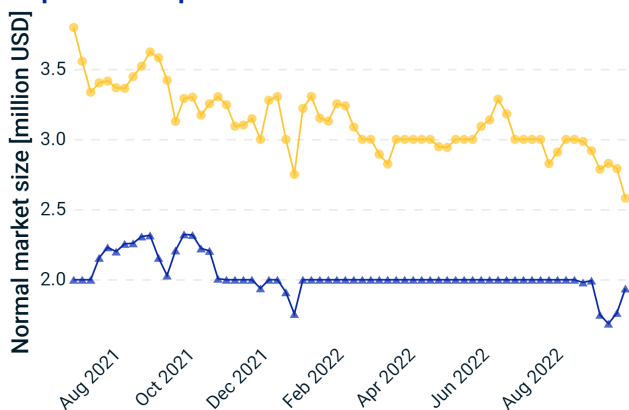
Bid-ask spread



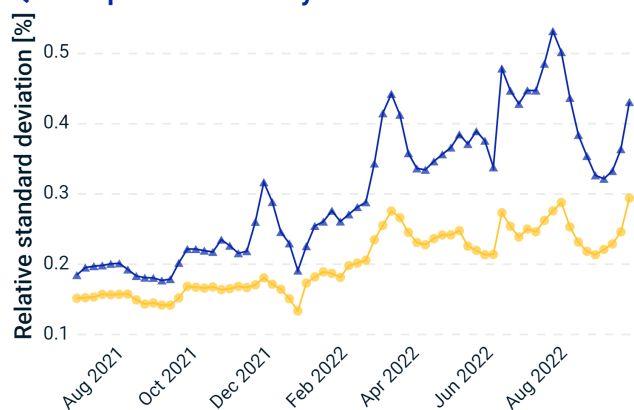
Market impact



Depth at best price



Quoted price uncertainty



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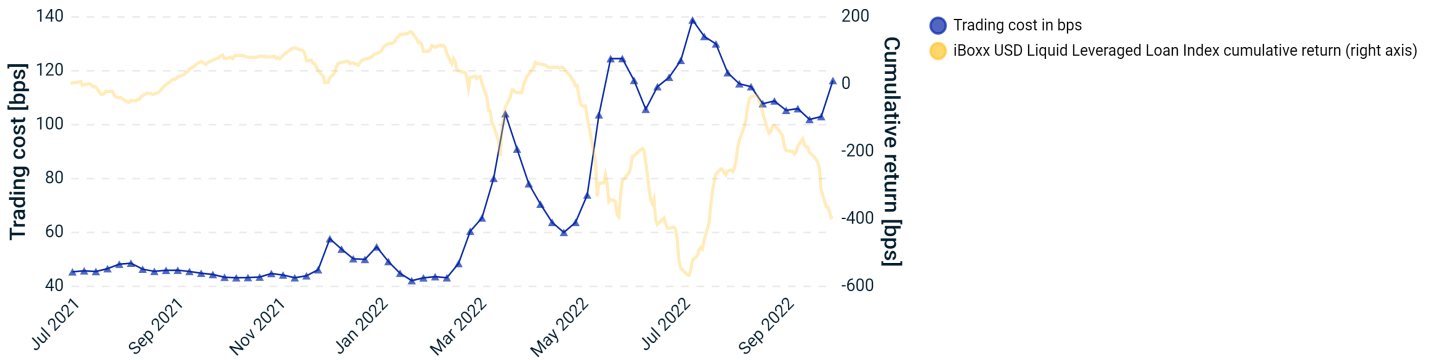
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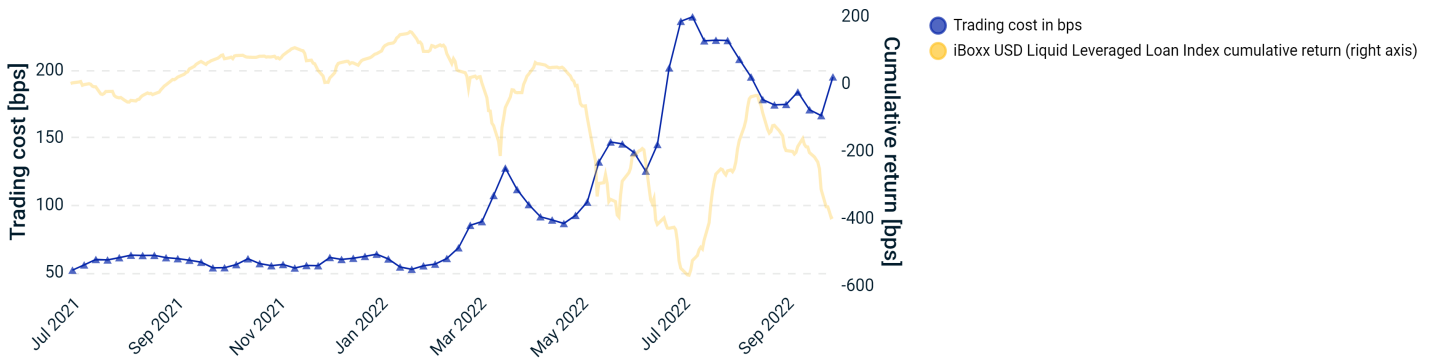
Bank loans liquidity - Cost of forced selling of USD 10 million

- Liquidity has deteriorated less for bank loans than for corporate bonds in Q3 of 2022. Transaction costs had continued to decrease until the last weeks of the quarter, when transaction costs have increased steeply.
- The standard deviation of quoted prices, which measures the quoted-price uncertainty, has also increased significantly in the last weeks of the quarter.
- The market depth has remained relatively stable at a significantly lower level than where it was in 2021, for both U.S. and non-U.S. bank loans.

US bank loans



Non-US bank loans



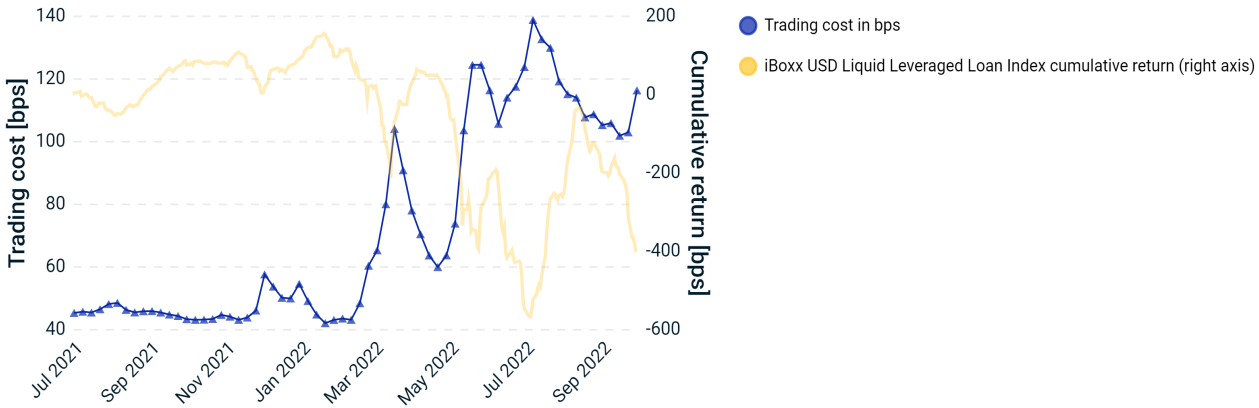
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US bank loans

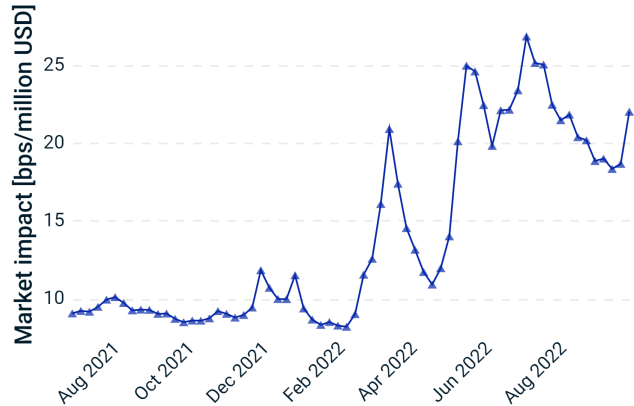
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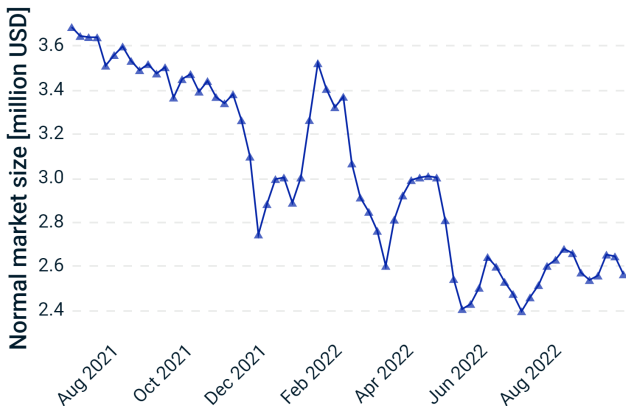
Bid-ask spread



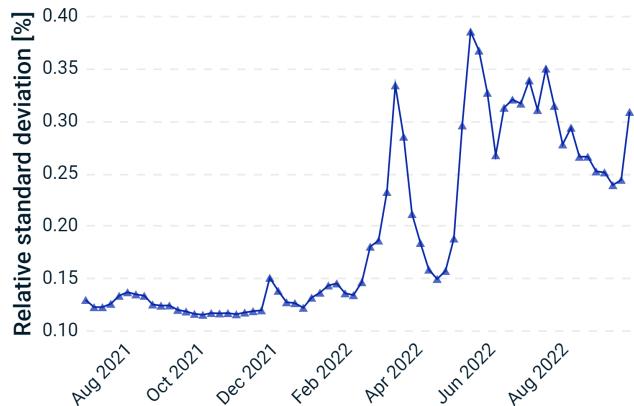
Market impact



Depth at best price



Quoted price uncertainty



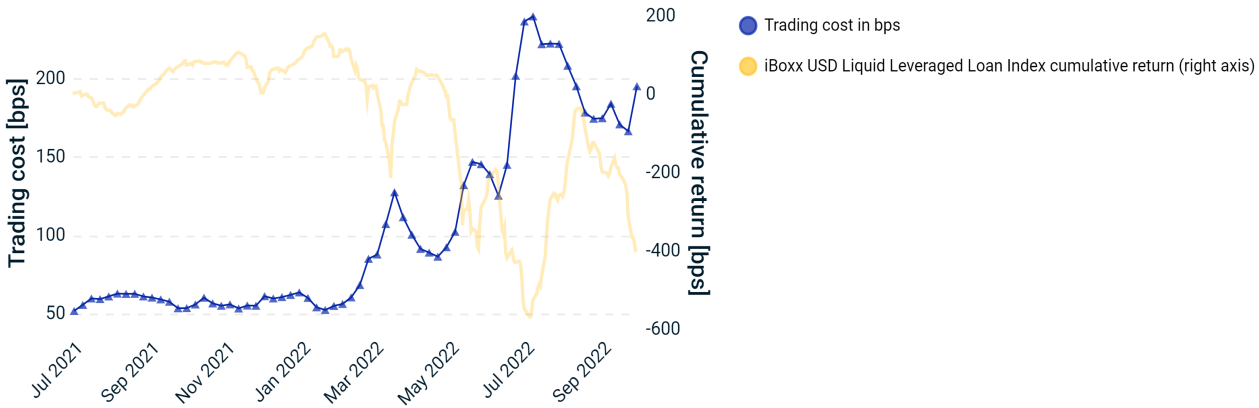
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Non-US bank loans

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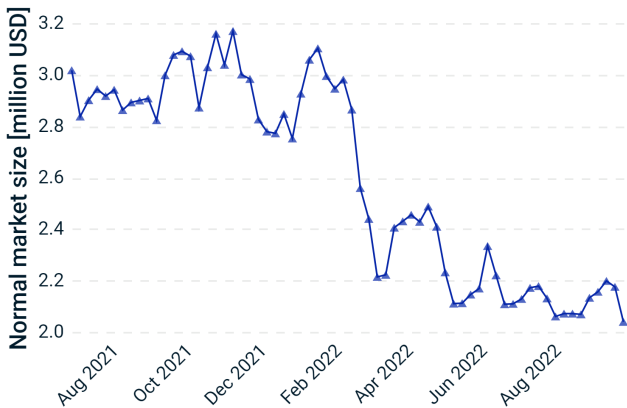
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty

