

MSCI Liquidity Risk Monitor Report

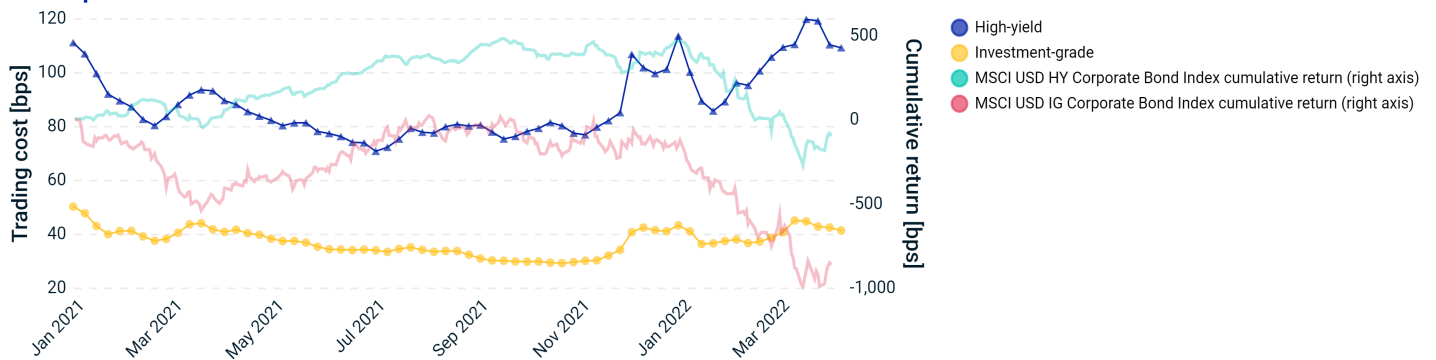
Data through April 7, 2022

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

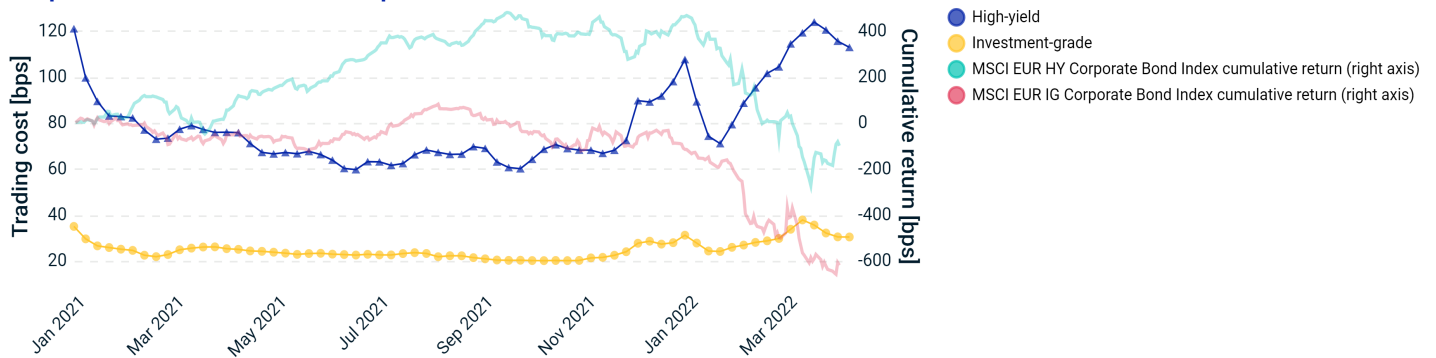
Corporate bonds liquidity - Cost of forced selling of USD 10 million

- The liquidity of corporate bonds has deteriorated as the Russia-Ukraine conflict erupted in Q1 2022, with transaction costs increasing and market depths decreasing for both high-yield and investment-grade bonds across all regions.
- Broker-dealers have faced difficulties in pricing assets during these volatile times as the quoted-price standard deviation increased significantly, indicating a high level of uncertainty.
- The liquidity of bonds has started to improve toward the end of March 2022 across all regions, with the exception of Eastern Europe where bond liquidity has continued to worsen until the end of the quarter.

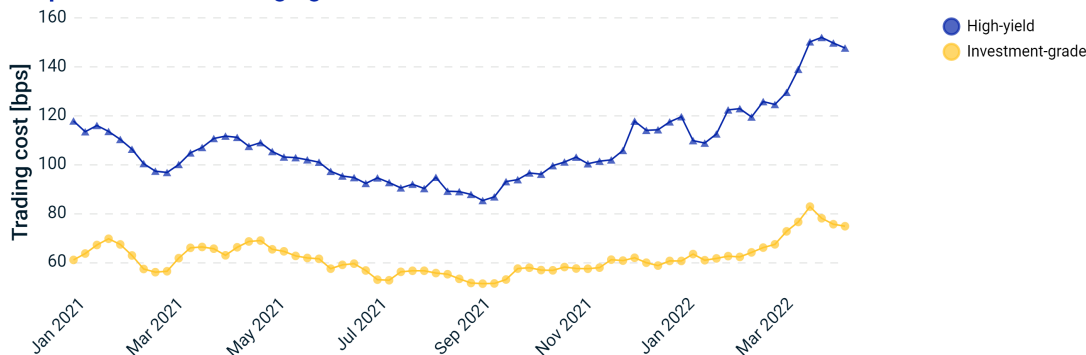
US corporate bonds



Corporate bonds - non-US developed countries



Corporate bonds - emerging countries



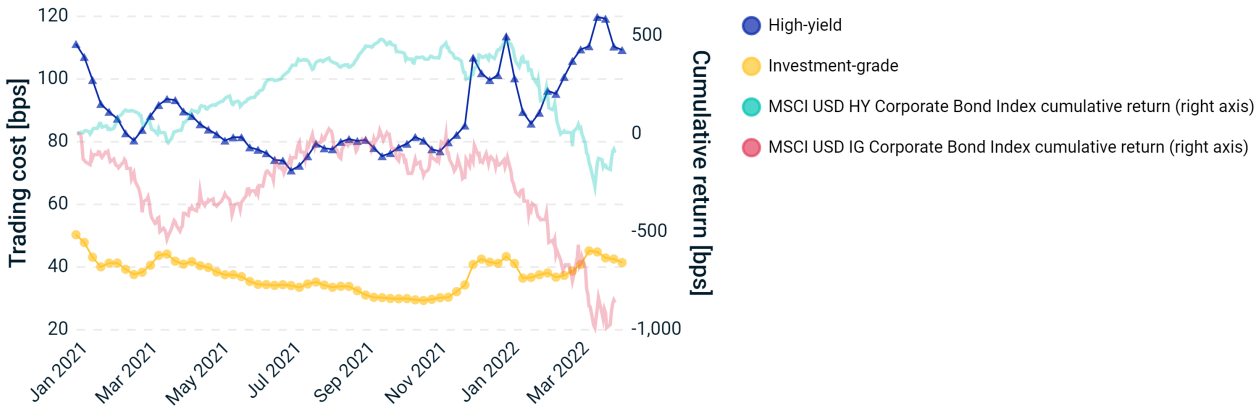
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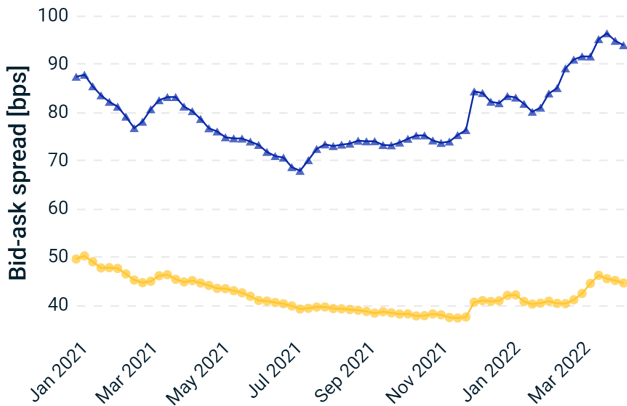
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US corporate bonds

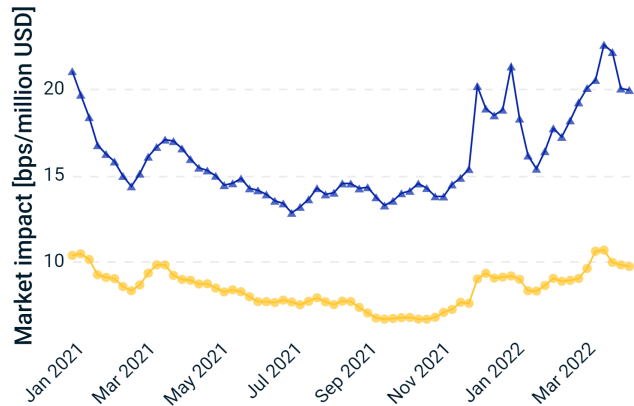
Cost of forced selling of USD 10M in one trading day



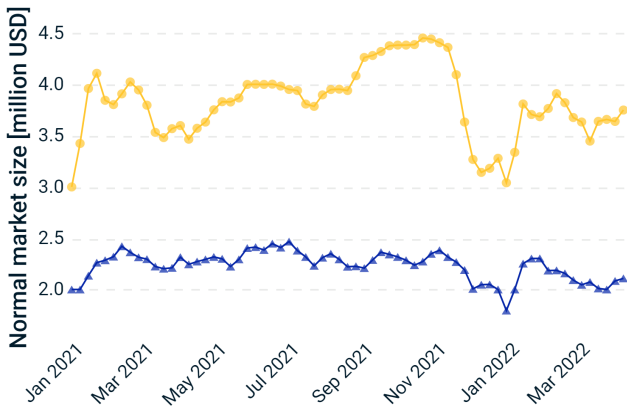
Bid-ask spread



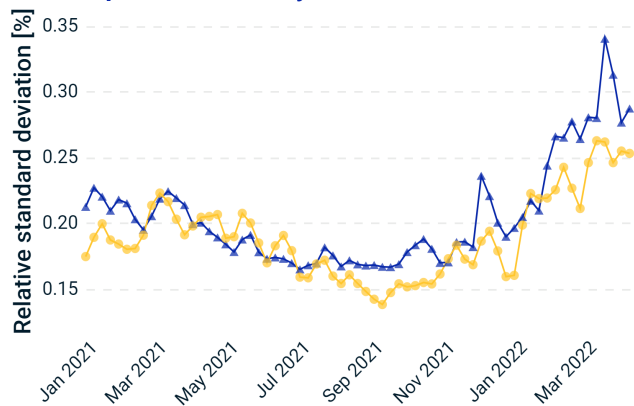
Market impact



Depth at best price



Quoted price uncertainty



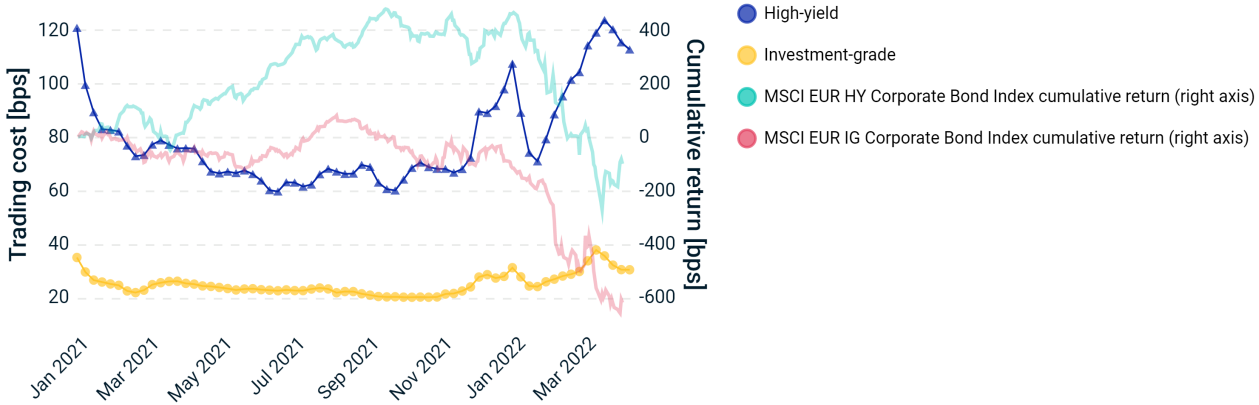
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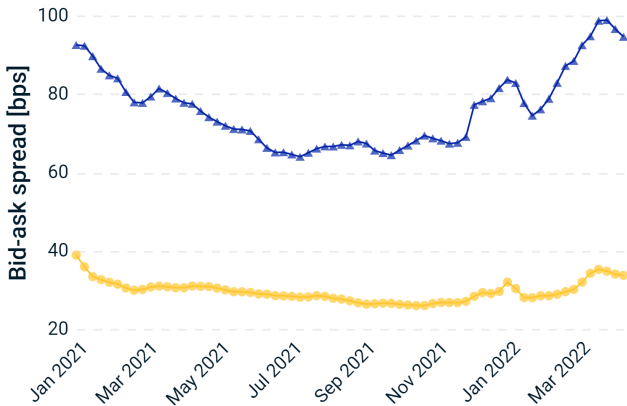
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Corporate bonds - non-US developed countries

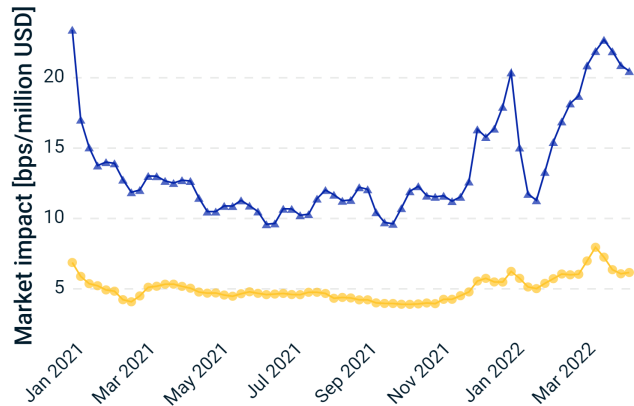
Cost of forced selling of USD 10M in one trading day



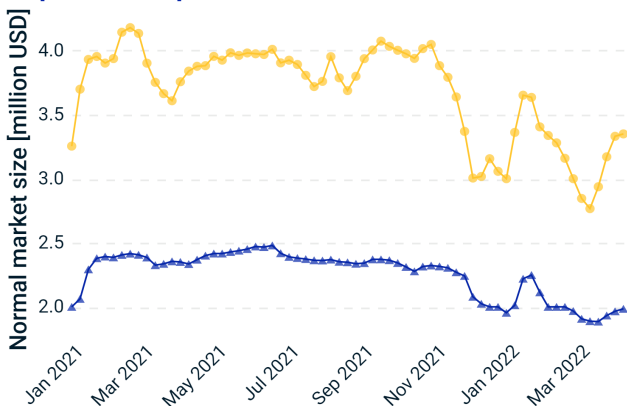
Bid-ask spread



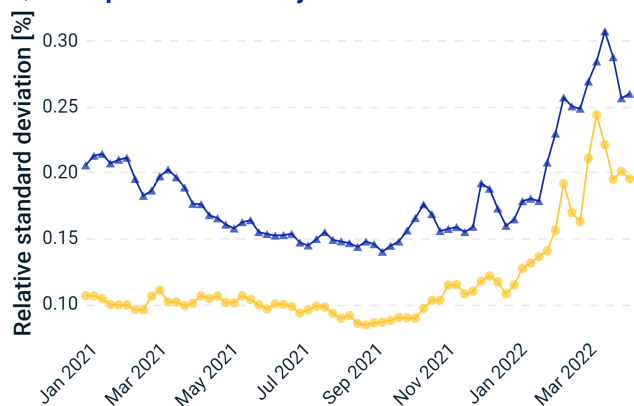
Market impact



Depth at best price



Quoted price uncertainty



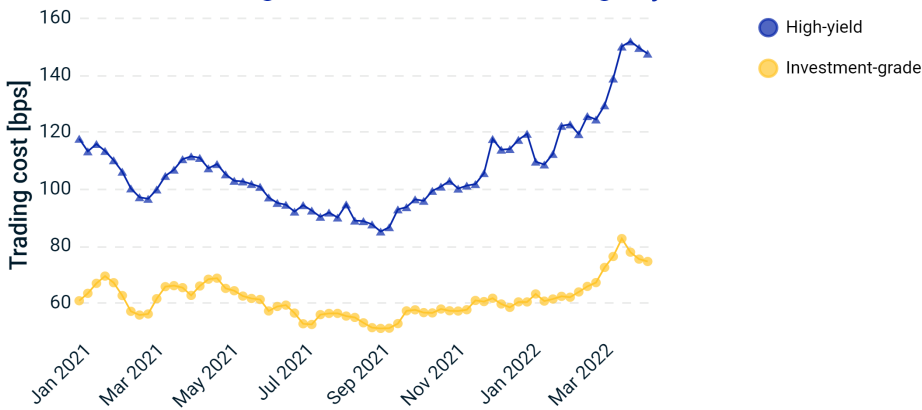
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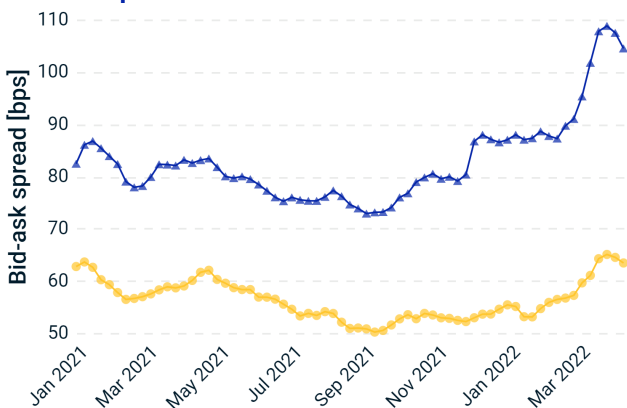
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Corporate bonds - emerging countries

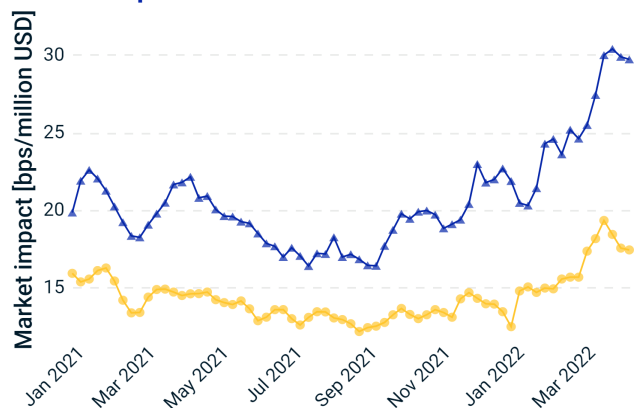
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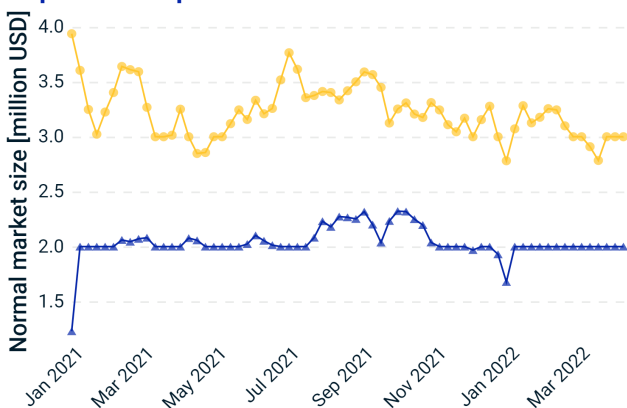
Bid-ask spread



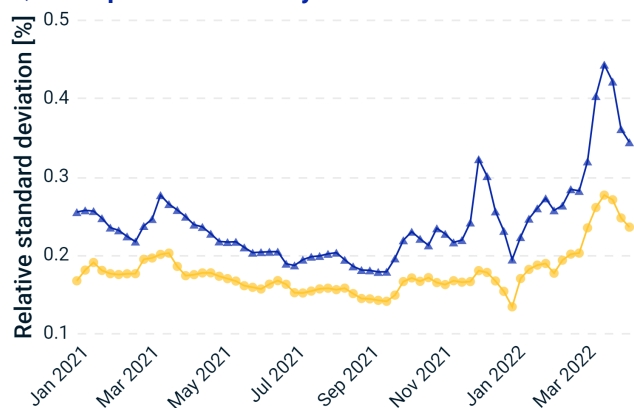
Market impact



Depth at best price



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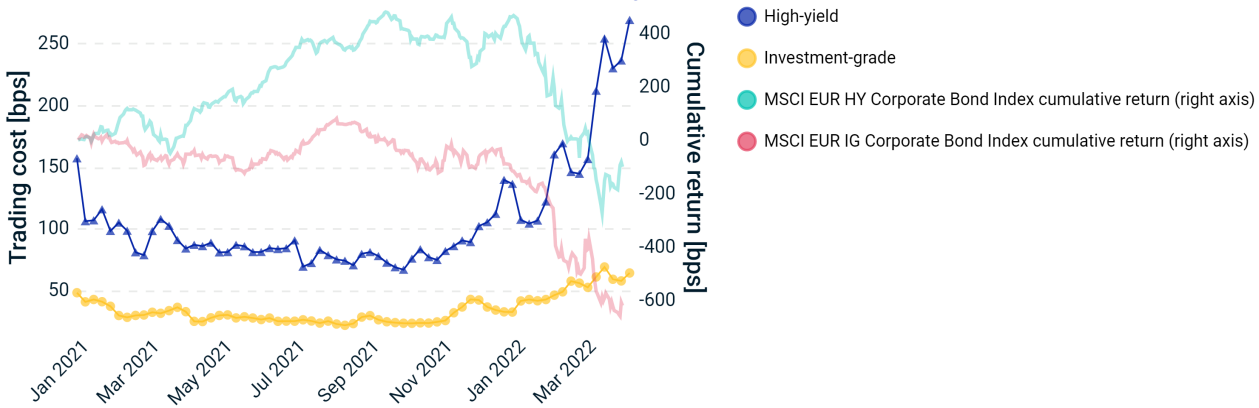
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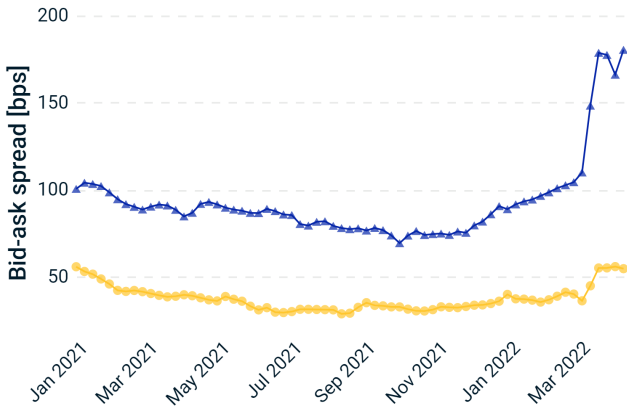
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Corporate bonds - Eastern Europe ex. Russia

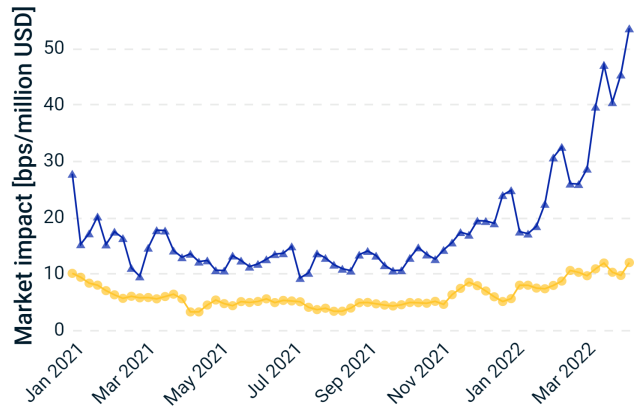
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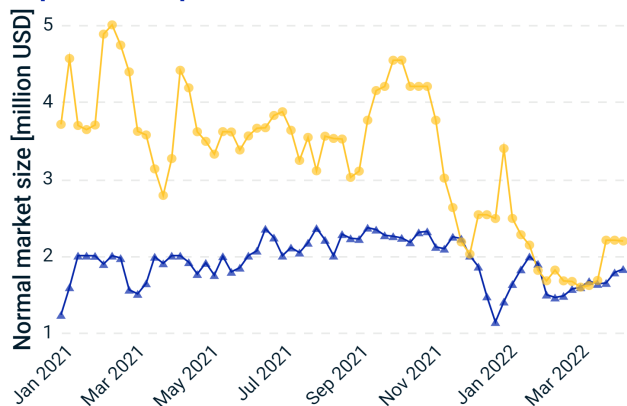
Bid-ask spread



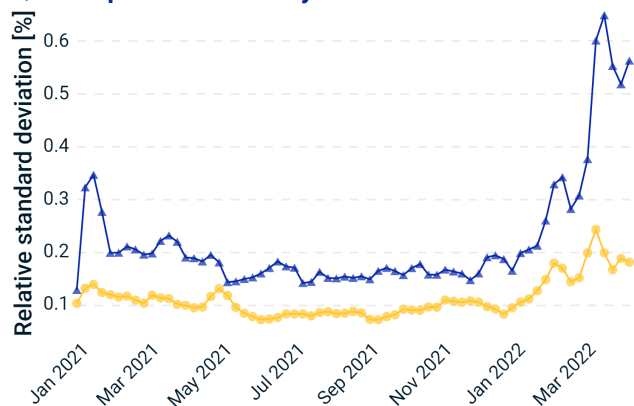
Market impact



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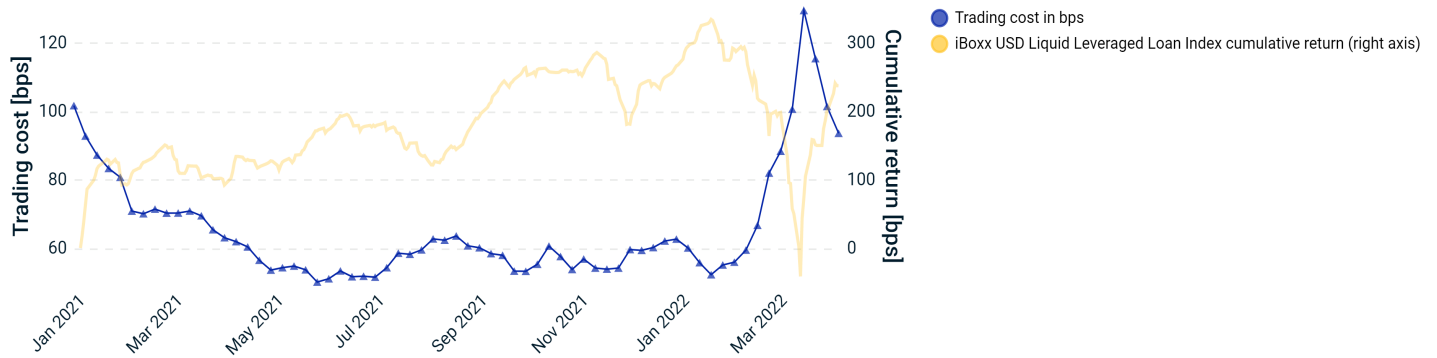
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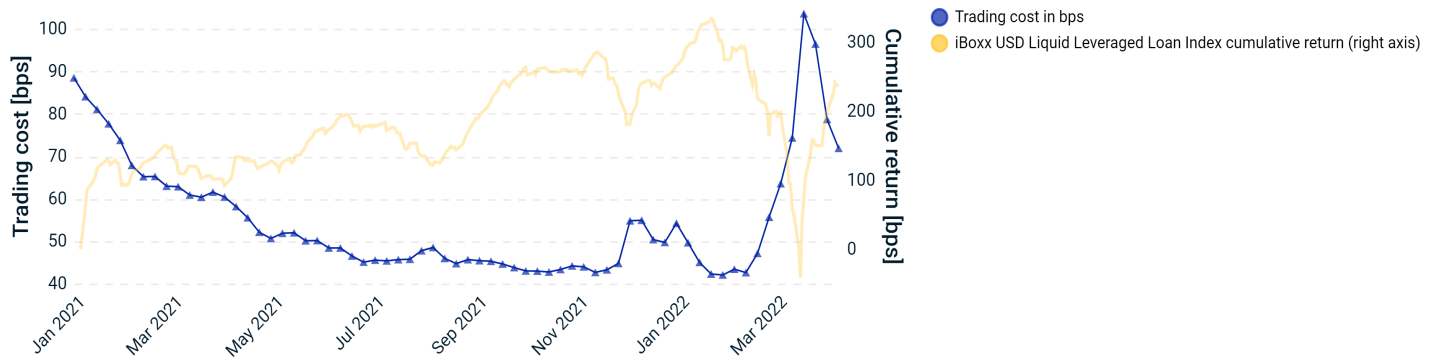
Bank loans liquidity - Cost of forced selling of USD 10 million

- Bank loan liquidity has also deteriorated for both U.S. and non-U.S. bank loans during the Russia-Ukraine crisis, with trends similar to high-yield corporate bonds.
- Transaction costs have shot up and quoted sizes have decreased significantly, and the quoted-price uncertainty has also increased.
- A rapid recovery was observed over the last couple of weeks of the quarter as transaction costs decreased and quoted sizes also approached their pre-crisis levels.

Non-US bank loans



US bank loans



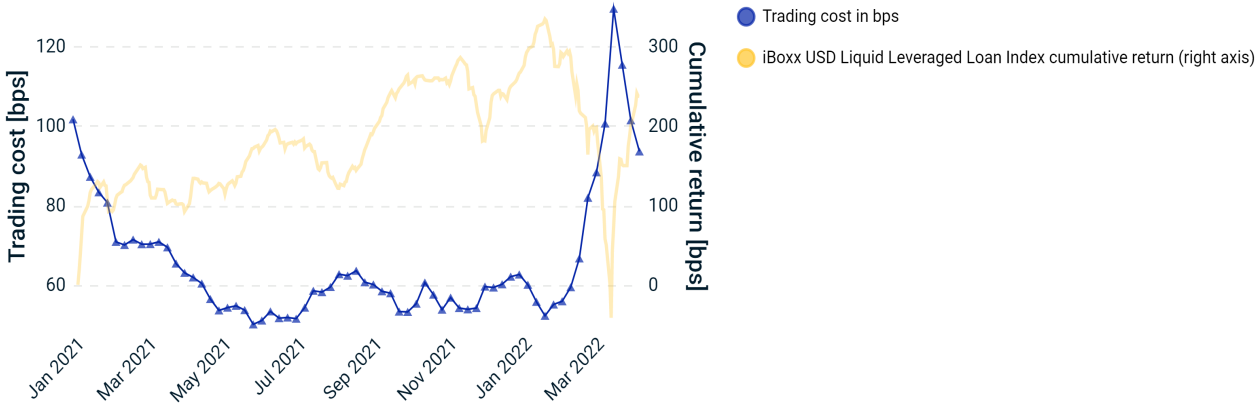
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Non-US bank loans

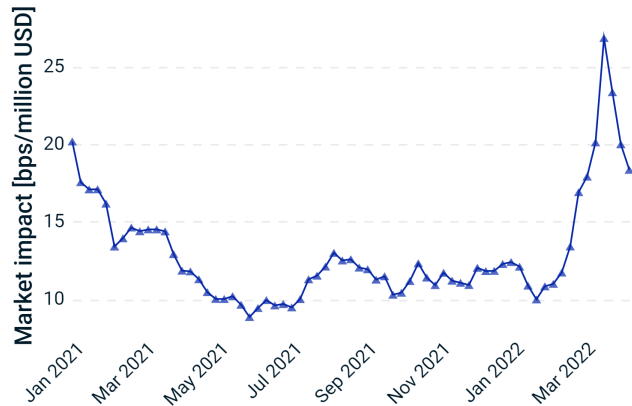
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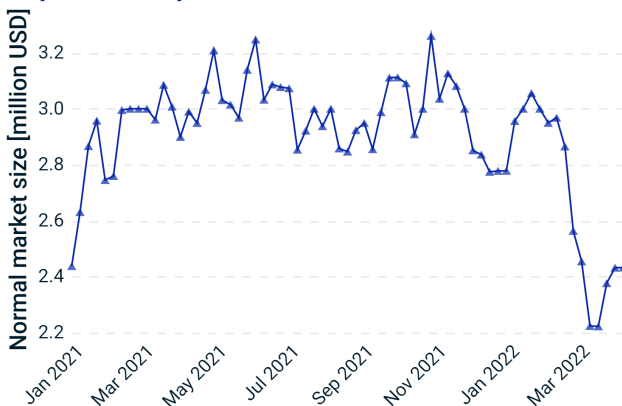
Bid-ask spread



Market impact



Depth at best price



Quoted price uncertainty



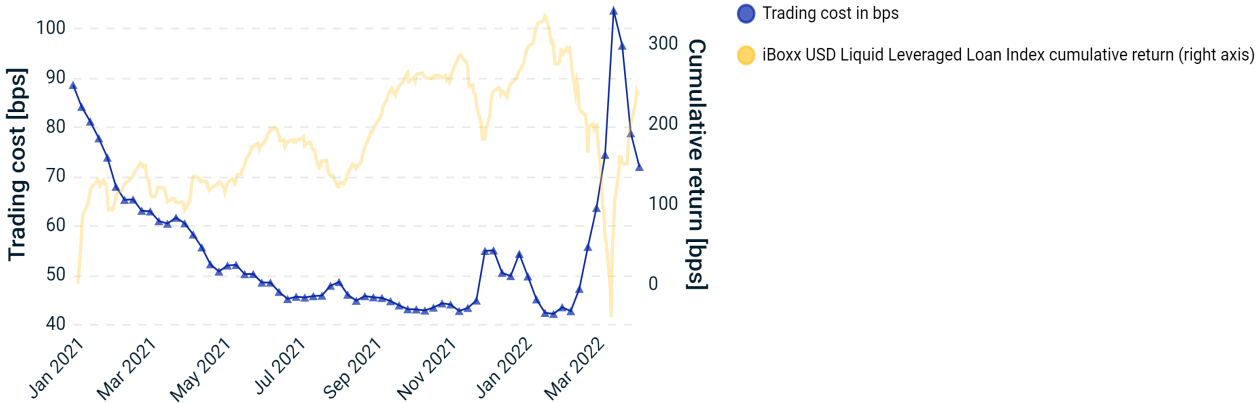
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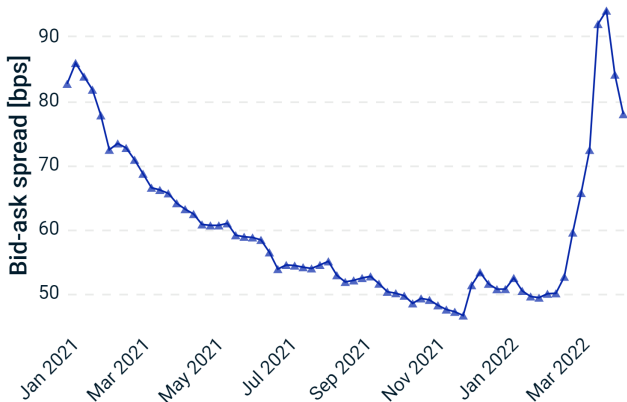
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US bank loans

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Bid-ask spread



Market impact



Depth at best price



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