Market Liquidity

30 March 2020
Market liquidity monitor: 26 March 2020

Exhibit 1: Uncertainty and volatility in capital markets is acute
3m implied equity volatility indices, %

Exhibit 2: Trading costs – bid-offer spreads in major markets rose with volatility but have fallen
US Treasury bonds bid-offer spread, bps

Exhibit 3: Price dislocations that require cash funding or balance sheet availability have eased
iShares IG corporate ETF discount/premium to NAV, %

Exhibit 4: Stress is declining in those markets that depend on capital for intermediation
Liquid US treasury yield vs. illiquid US treasury yield, %

Exhibit 5: Markets most dependent on bank balance sheets for intermediation are stabilising
Commercial paper yields, %

Exhibit 6: The cost of borrowing for banks from capital markets has only risen moderately
US banks 5-year credit default swap spread, bps

Source: FactSet

Fed announces it will buy IG credit and ETFs – ETF price moves from discount to premium

Source: FactSet

Bank corporate spreads are low relative to previous crises

Source: FactSet
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