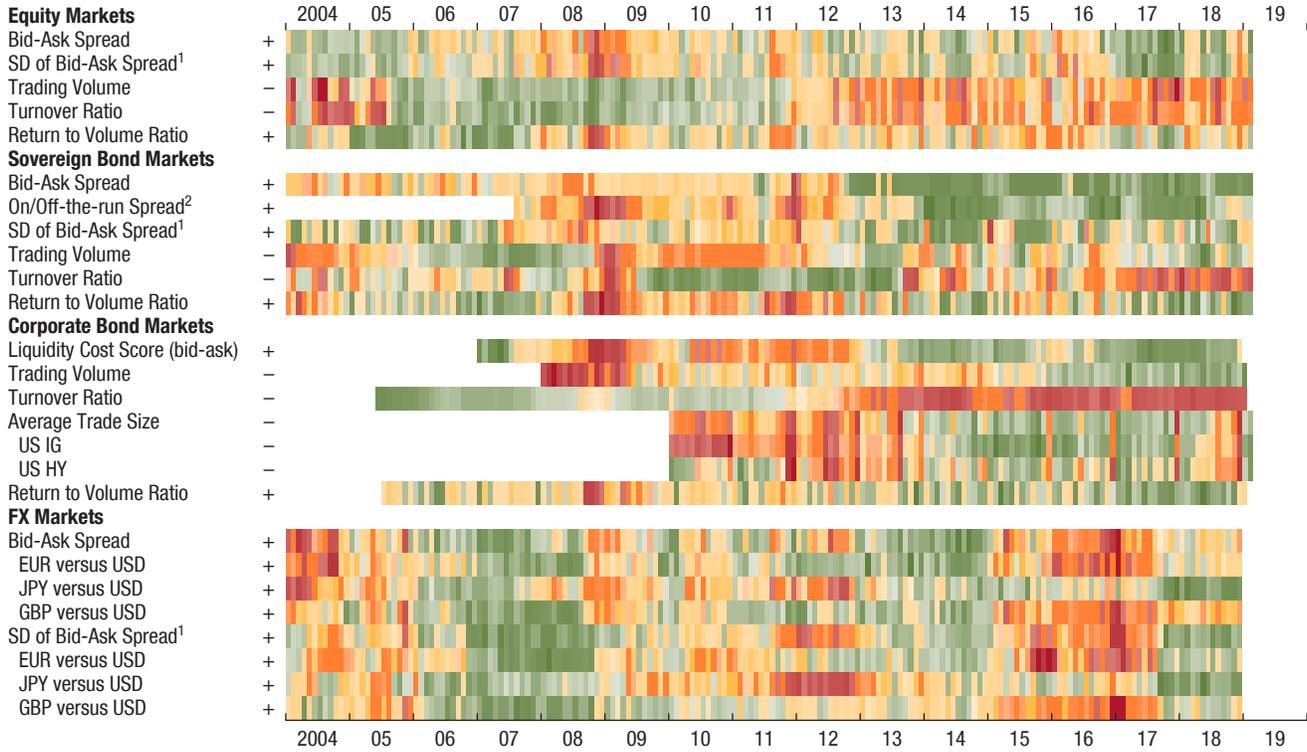


**Figure 1.SF.2. Evolution in Market Liquidity**

The standard quantity-based market liquidity measures show some signs of deterioration while price-based measures seem more robust.

**1. Market Liquidity Heatmap**



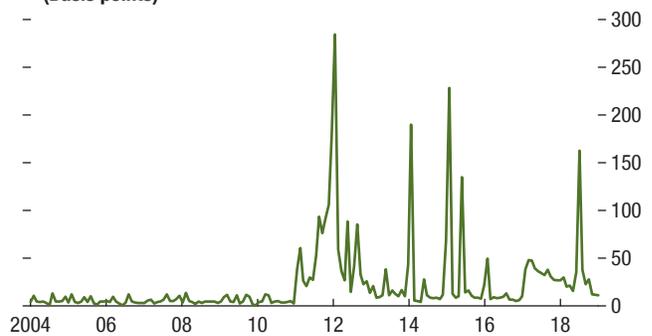
There is greater divergence in liquidity conditions across major sovereign bond markets ...

... with increased fragility in some sovereign bond markets.

**2. Bloomberg Liquidity Index**



**3. One-Month Standard Deviation of Bid-Ask Spreads in Italy Sovereign Benchmark Bonds (Basis points)**



Sources: Barclays Capital; Bloomberg Finance L.P.; Haver Analytics; Japan Bond Trading; JPMorgan Chase & Co.; MarketAxess; Reuters; Securities Industry and Financial Markets Association; and IMF staff calculations.

Note: For panel 1, indicators are based on maximum z-score among regions. Regions are the euro area, Japan, and the United States for equity markets, and Germany, Italy, Japan, the United Kingdom, and the United States for sovereign bond markets. For equities and Japan sovereign bonds, bid-ask spreads are estimated based on Corwin-Schultz (2012). Liquidity Cost Score covers the United States and euro area, and other indicators for corporate bond markets are for the United States. Cash bond data are used for bid-ask and on/off-the-run spreads, and futures market data are used for trading volume, turnover ratio, and return to volume for sovereign bond markets. FX = foreign exchange; SD = standard deviation; EUR = euro; GBP = British pound; JPY = Japanese yen; USD = US dollar.

<sup>1</sup>One-month standard deviation of bid-ask spread.

<sup>2</sup>Bloomberg Liquidity Index.