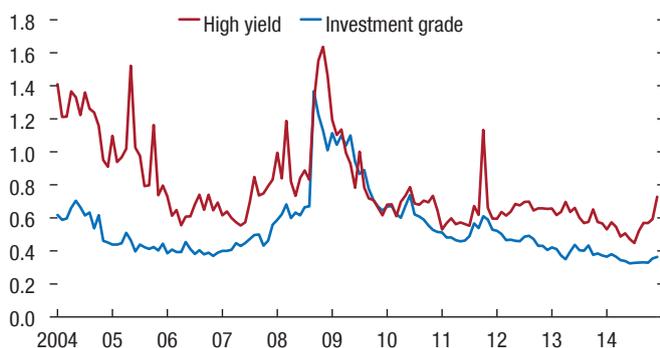# Figure 2.2. Trends in Bond Markets—Market Liquidity Level

Imputed round-trip costs for U.S. corporate bonds have declined...
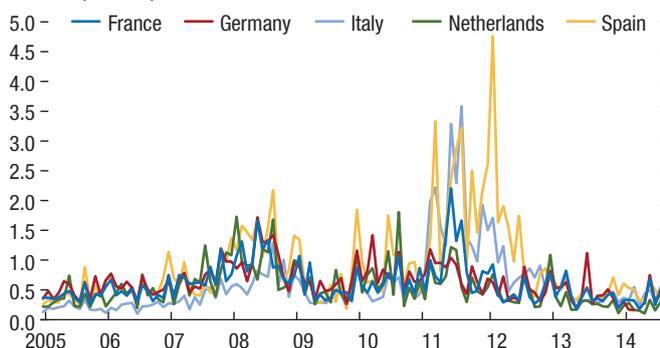
1. Imputed Round-Trip Cost, by Rating
(Percent)

Note: The figure shows the imputed round-trip cost of U.S. corporate bonds, by credit rating.

...while liquidity in the U.S. Treasury market has recently deteriorated.

2. Estimated Bid-Ask Spreads for U.S. Treasuries
(Percent)
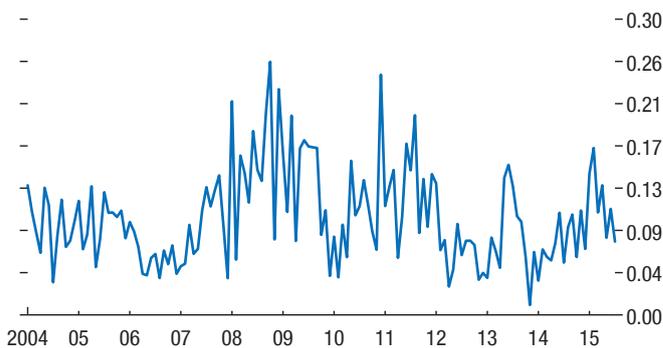
Note: Bid-ask spread, as a percent of price, for on-the-run 10-year U.S. Treasury bonds, estimated using the high-low spread suggested by Corwin and Schultz (2012).

Liquidity for European sovereign bonds appears to be similar to precrisis levels…
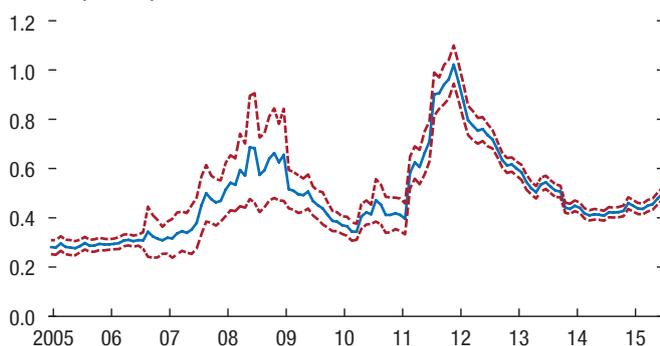
3. Effective Spread for European Sovereign Bonds
(Percent)

Note: The figure shows the effective spread of a two-year on-the-run government bond for the following countries: France, Germany, Italy, Netherlands, and Spain.

...and the liquidity of emerging market sovereign bonds has been stable.

4. Estimated Bid-Ask Spread for Emerging Market Sovereign Bonds
(Percent)

Note: Bid-ask spread, as a percent of price, for local currency government bonds from Brazil, India, Indonesia, South Africa, and Turkey, with a maturity of at least five years, estimated using the high-low spread suggested by Corwin and Schultz (2012).

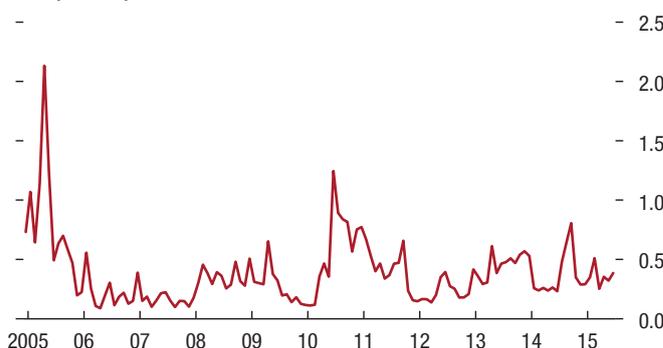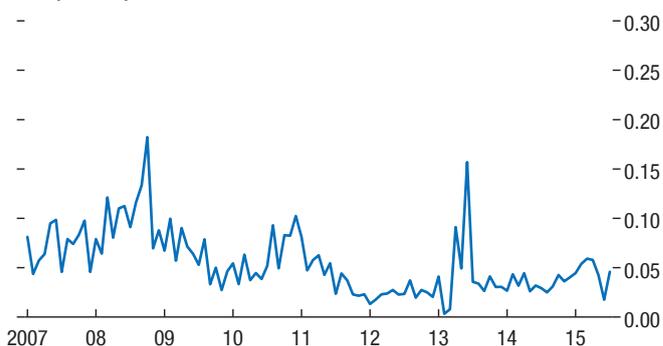European corporate bonds are generally more liquid now...

5. Bid-Ask Spreads for European Corporate Bonds
(Percent)

Note: The figure shows average bid-ask spreads for euro-denominated nonfinancial corporate bonds with a maturity greater than one year and all ratings from Belgium, France, Germany, Italy, Netherlands, and Spain. Dashed lines representing 95 percent confidence bands were added to account for increased sample coverage.

...as are Japanese government bonds.

6. Estimated Bid-Ask Spreads for Japanese Government Bonds
(Percent)

Note: Bid-ask spread, as a percent of price, for on-the-run 10-year Japanese government bonds estimated using the high-low spread suggested by Corwin and Schultz (2012).

Sources: Bloomberg, L.P.; FINRA Trade Reporting and Compliance Engine; MTS; and IMF staff calculations.