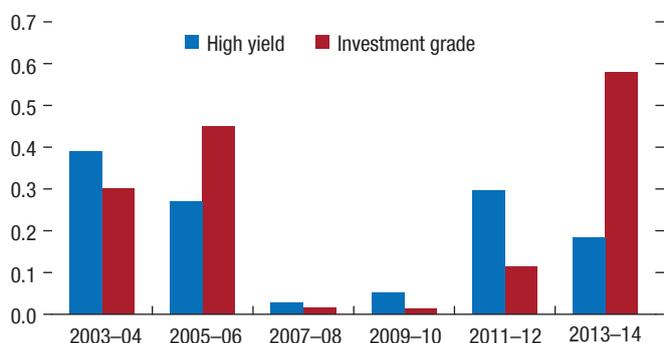


## Figure 2.3. Bond Market Liquidity—Bifurcation and Price Impact of Transactions

The short-term resilience of liquidity has moved in opposite directions for investment-grade and high-yield U.S. corporate bonds.

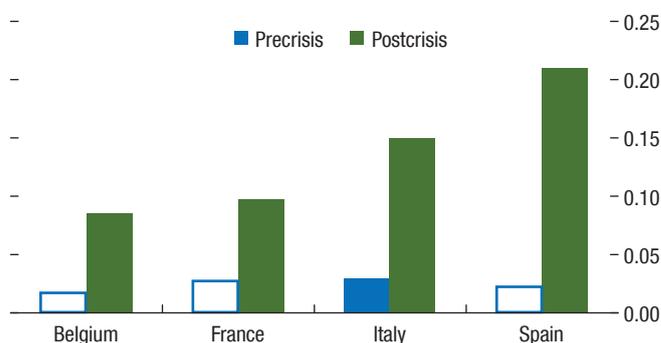
**1. Liquidity Mean Reversion Coefficient (Regression coefficient)**



Note: The figure shows the coefficients of mean reversion of a measure of market liquidity—imputed round-trip cost—for corporate bonds by credit rating.

The price impact of trades has risen in some European countries.

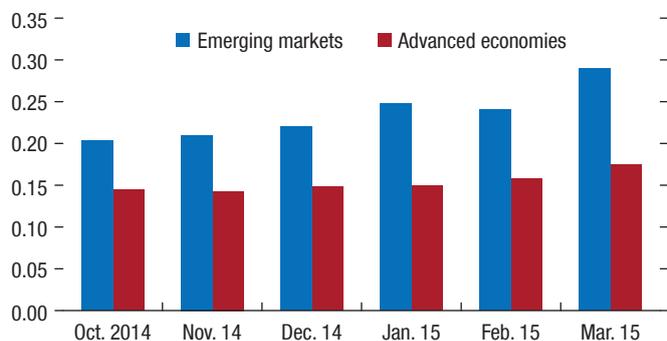
**2. Price Impact Coefficient, Five-Year Sovereign Bonds (Coefficient for €100 million in volume; percentage points)**



Note: The figure shows the estimated price associated with a €100 million purchase of a five-year on-the-run government bond for the following countries: Belgium, France, Italy, and Spain. Solid bars indicate that the impact is statistically significant at least at the 10 percent level.

Quoted bid-ask spreads have increased faster for emerging market bonds in recent months.

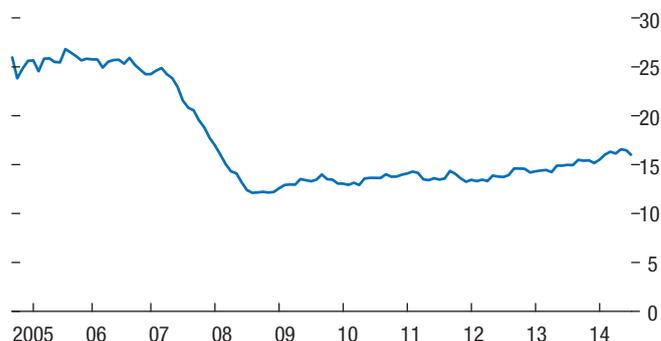
**3. Bid-Ask Spreads for Investment-Grade Corporate Bonds (Percent)**



Note: The figure shows the average bid-ask spread as a percent of bond par value.

Larger trades are less frequent than before the crisis.

**4. Large Transactions in the U.S. Corporate Bond Market (Percent)**



Note: The figure shows the fraction of large trades in the U.S. corporate bond market as a percent of total transactions. A large trade is defined as larger than \$1 million.

Sources: Bloomberg, L.P.; Markit; MTS; Thomson Reuters Datastream; and IMF staff calculations.