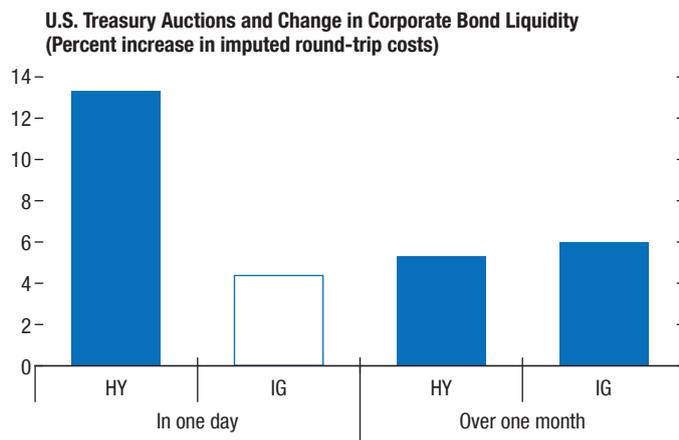


Figure 2.5. Dealers' Balance Sheet Space

U.S. Treasury debt auctions briefly reduce primary dealers' balance sheet space. As a result, aggregate market liquidity drops for corporate bonds.



Sources: FINRA Trade Reporting and Compliance Engine; U.S. Treasury Department; and IMF staff estimates.

Note: The figure shows the estimated increase in imputed round-trip costs of corporate bonds, in one day (or one month) with one debt auction by the U.S. Treasury. See Annex 2.2 for details. HY = high-yield corporate bonds; IG = investment-grade corporate bonds. Solid bar indicates that the impact is statistically significant at the 10 percent level.