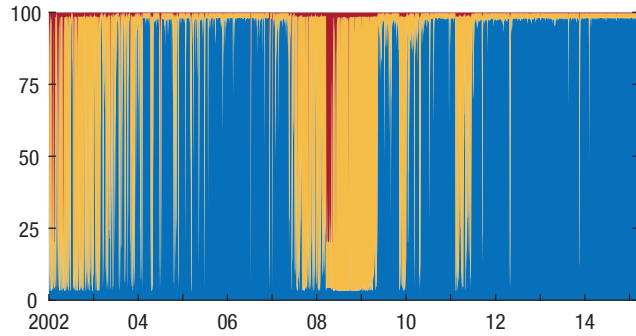


Figure 2.11. Probability of Liquidity Regimes

■ High-liquidity regime ■ Mid-liquidity regime ■ Low-liquidity regime

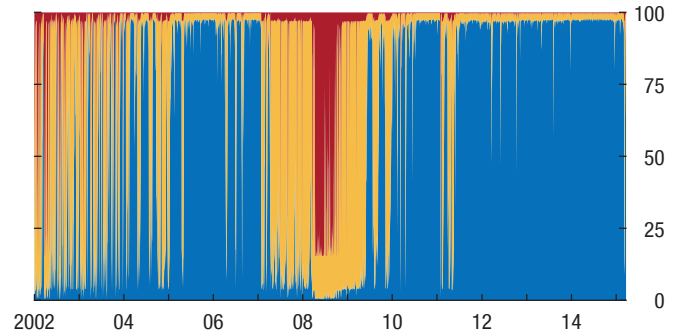
Market liquidity in investment-grade corporate bonds in the United States can respond quickly to financial stress episodes...

1. Corporate Bonds, Investment Grade (Probability of regime)



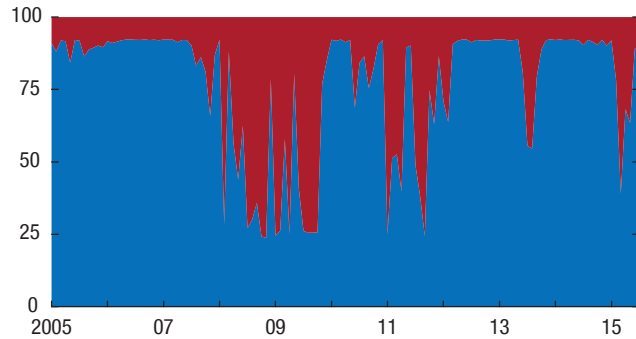
...and high-yield U.S. corporate bonds display similar behavior.

2. Corporate Bonds, High Yield (Probability of regime)



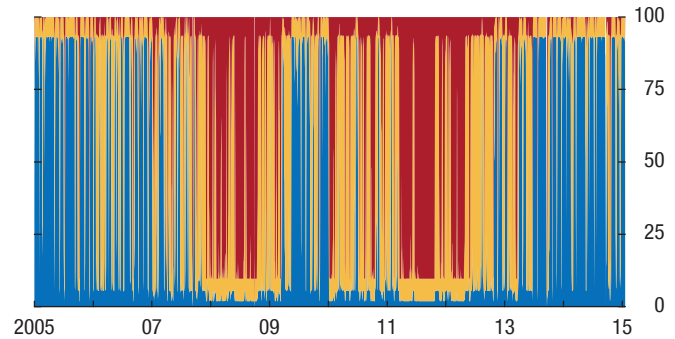
Market liquidity in the U.S. Treasury bond market has witnessed a recent decline...

3. Sovereign Bonds, United States (Probability of regime)



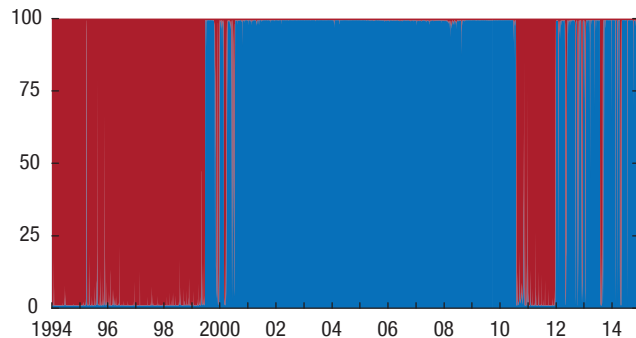
...but European sovereigns seem to be doing better.

4. Sovereign Bonds, Europe (Probability of regime)



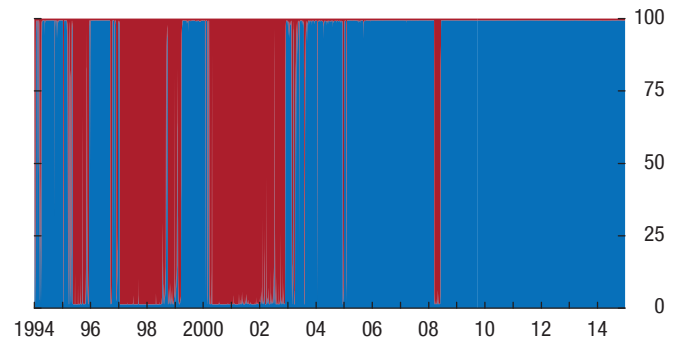
Major advanced economies' currencies have recently experienced episodes of low market liquidity...

5. Foreign Exchange, Developed Economies (Probability of regime)



...while emerging market economies' currencies seem to be more liquid than usual.

6. Foreign Exchange, Emerging Markets (Probability of regime)



Sources: Bloomberg, L.P.; FINRA Trade Reporting and Compliance Engine; MTS; Thomson Reuters Datastream; and IMF staff estimates.