Figure 1.20. Market Liquidity: Rising Flow but Deteriorating Depth

Households, mutual funds, and ETFs are owning a rising share of risky assets...

1. **Ownership of Corporate and Foreign Bonds**
   (Percent, total corporate and foreign bonds held by all sectors)

   ![Graph showing ownership of corporate and foreign bonds](image)

   Sources: Federal Reserve; and IMF staff calculations.
   Note: ETF = exchange-traded fund.

Flow liquidity has improved with large flows into high-yield mutual funds...

2. **Assets under Management of Mutual Funds and ETFs**
   (Trillions of U.S. dollars)

   ![Graph showing assets under management](image)

   Source: EPFR Global.
   Note: ETF = exchange-traded fund.

   ...predominantly in less liquid credit and emerging market fixed-income markets.

   ![Graph showing assets under management](image)

   Source: EPFR Global.
   Note: ETF = exchange-traded fund.

   ...but lower trading volumes...

3. **Assets under Management versus “Flow Liquidity”**

   ![Graph showing assets under management versus flow liquidity](image)

   Sources: Barclays; and EPFR Global.
   Note: AUM = assets under management.

   ...lower trading size...

4. **Turnover: Trading Volumes versus Outstanding (Ratio)**

   ![Graph showing turnover](image)

   Sources: EMTA; JPMorgan Chase & Co.; Securities Industry and Financial Markets Association; TRACE; and IMF staff calculations.
   Note: Quarterly average turnover per year.

   ...and infrequent trading suggest less market depth.

5. **Six-Month Average Size of TRACE IG/HY Trades of more than $5 Million**
   (Millions of U.S. dollars)

   ![Graph showing trade size](image)

   Source: TRACE.
   Note: HY = high-yield; IG = investment grade.

6. **Percent of Trading Days per Quartile: Barclays High-Yield Index Constituents**

   ![Graph showing percent of trading days](image)

   Source: Barclays.
   Note: CEMBI = Corporate Emerging Markets Bond Index.