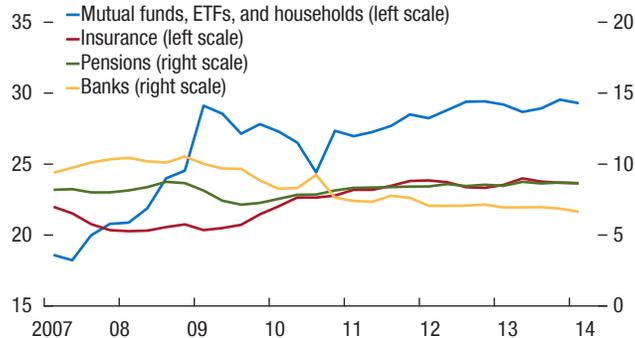


Figure 1.20. Market Liquidity: Rising Flow but Deteriorating Depth

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

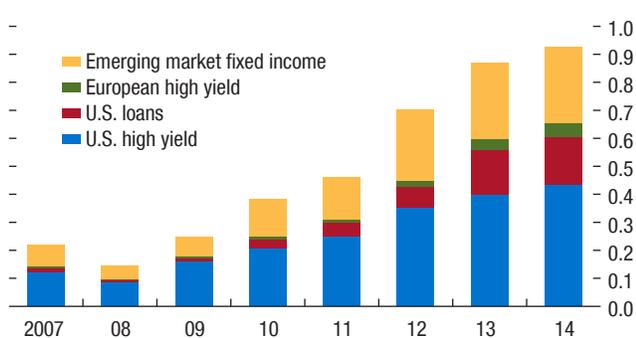
1. Ownership of Corporate and Foreign Bonds (Percent, total corporate and foreign bonds held by all sectors)



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

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

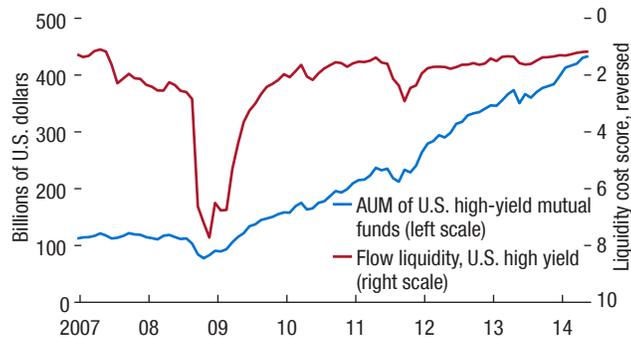
2. Assets under Management of Mutual Funds and ETFs (Trillions of U.S. dollars)



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

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

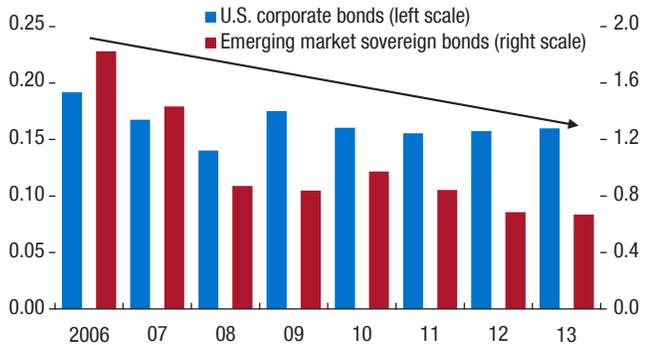
3. Assets under Management versus "Flow Liquidity"



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

...but lower trading volumes...

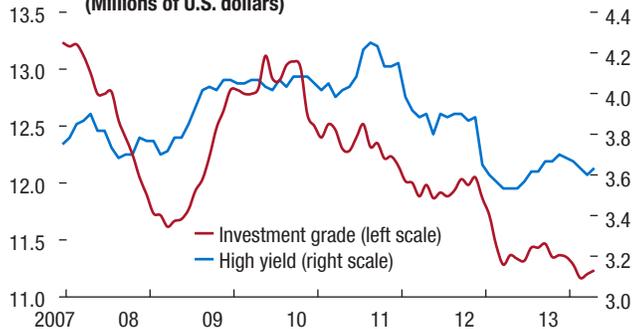
4. Turnover: Trading Volumes versus Outstanding (Ratio)



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

...lower trading size...

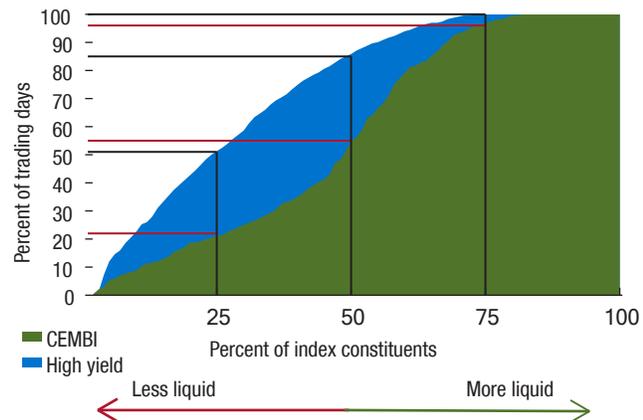
5. Six-Month Average Size of TRACE IG/HY Trades of more than \$5 Million (Millions of U.S. dollars)



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

...and infrequent trading suggest less market depth.

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



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