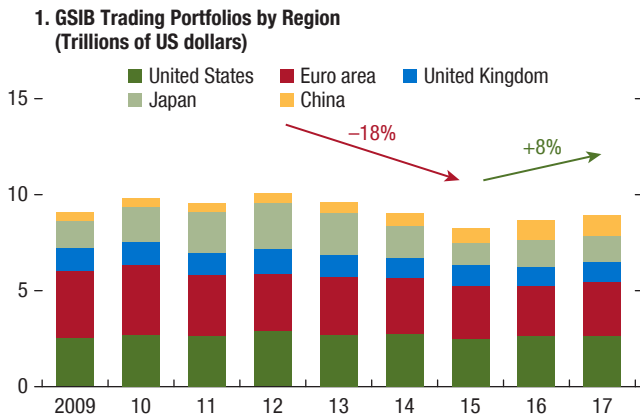
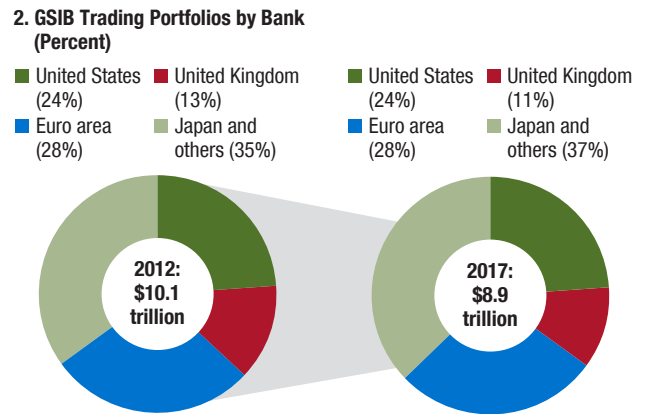


Figure 1.SF.1. Structural Changes in the Provision of and Demand for Market Liquidity

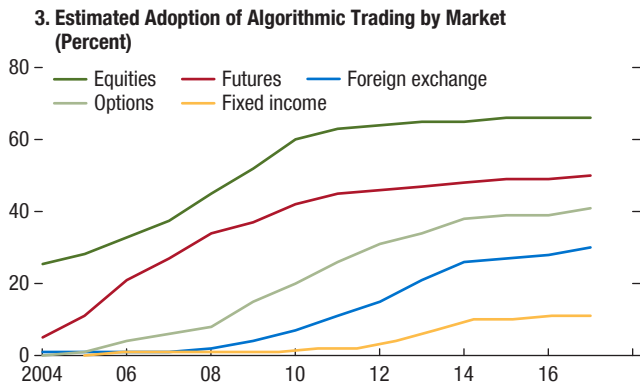
Postcrisis regulatory changes coincided with an initial reduction in bank trading books ...



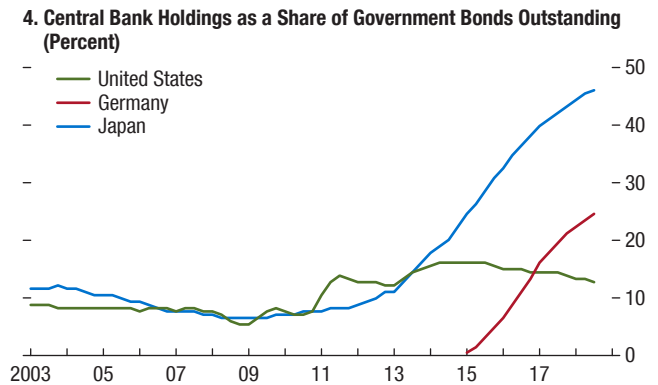
... with declines occurring proportionally across most jurisdictions.



Market participants have been increasingly using algorithmic trading.



Share of central bank holding of government bonds has increased.



Sources: Aite Group; Bloomberg Finance L.P.; equity research reports; Federal Reserve Board; SNL Financial; and IMF staff calculations.

Note: For panels 1 and 2, trading portfolio calculations include trading and available for sale securities. In panel 3, estimates are by Aite Group. GSIB = global systemically important bank.