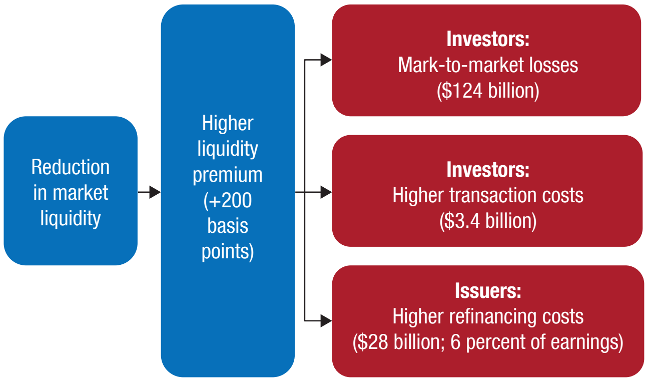
Figure 1.19. Systemic Implications of a Liquidity Shock

A risk premium shock results in costs to high-yield issuers and investors.



Sources: Federal Reserve; Oliver Wyman; Securities Industry and Financial Markets Association; Trade Reporting and Compliance Engine (TRACE); and IMF staff estimates.
Note: Issuance costs account for 6 percent of high-yield companies' one-year earnings as of 2015:Q1.