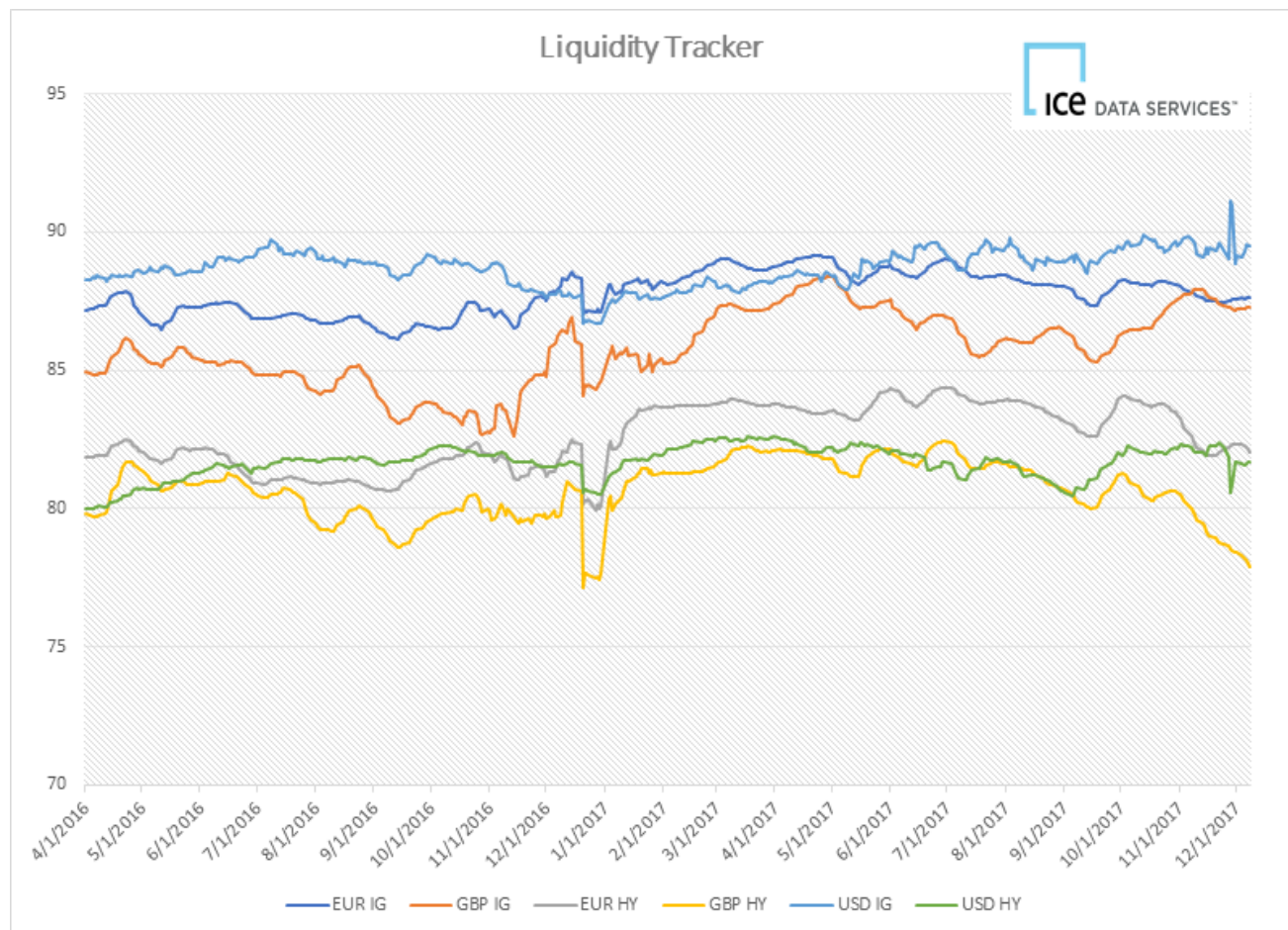


ICE Data Services Corporate Bond Market Liquidity Tracker

December 2017



Source: ICE Data Services

Commentary

The trackers suggest that liquidity levels for IG corporate bonds have remained relatively stable over the last quarter for USD and EUR, while showing a slight improvement for GBP. In the HY space, however, EUR and GBP market liquidity has deteriorated over the quarter into year-end, while USD HY market liquidity has remained steady. Based on observations from 2016 year-end, it would seem likely to expect a seasonal drop in liquidity across all corporate bonds, although at the time of writing there is no expectation of the extreme funding shocks experienced over the 2016 “turn”.

ICE Liquidity Trackers

ICE Liquidity Trackers are designed to reflect average liquidity across global markets. The ICE Liquidity Trackers are bounded from 0 to 100, with 0 reflecting a weighted-average liquidity cost estimate of 10% and 100 reflecting a liquidity cost estimate of 0%. The ICE Liquidity Trackers are directly relatable to each other, and therefore, the higher the level of the ICE Liquidity Tracker the higher the projected liquidity of that portfolio of securities at that point in time, as compared with a lower level. Statistical methods are employed to measure liquidity dynamics at the security level (including estimating projected trade volume capacity, projected volatility, projected time to liquidate and projected liquidation costs) which are then aggregated at the portfolio level to form the ICE Liquidity Trackers by asset class and sector. ICE Data Services incorporates a combination of publicly available data sets from trade repositories as well as proprietary and non-public sources of market colour and transactional data across global markets, along with evaluated pricing information and reference data to support statistical calibrations.

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