

## **ICE Data Services Liquidity Tracker**

ICE Data Services has established a means of tracking liquidity conditions in fixed income markets, in response to a request from ICMA.

### **ICE Data Services Liquidity Indicators**

The model is based on ICE Data Services' Liquidity Indicators, which are designed to provide an independent view of near-term relative liquidity, defined as "the ability to exit a position at or near the current value." The indicators use a transparent methodology to assign a liquidity ratio to an individual security, based on the interaction between projected price volatility and trade volume capacities.

ICE Data Services provide estimates of trade volume capacity, future price volatility, days to liquidate, and market price impact. Liquidity ratios for all securities are ranked from least liquid to most liquid, and scored between 0 and 10 (with 10 being the most liquid). These scores, based on ICE Data Services' extensive evaluation and reference data, are updated daily.

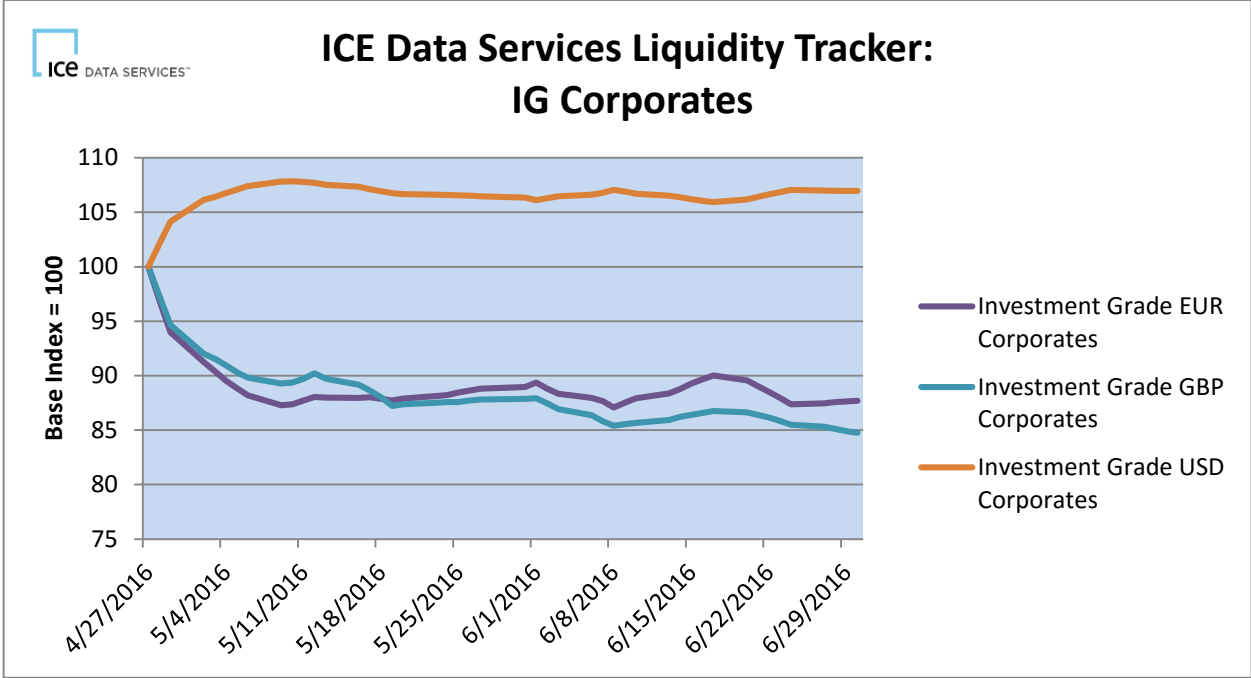
### **ICE Data Services Liquidity Tracker**

The ICE Data Services Liquidity Tracker is based on the average liquidity ratios of an extensive basket of securities for each market segment. The number of underlying ISINs used to calculate the tracker are: IG USD 15,742; IG EUR 2,828; IG GBP 672; HY USD 12,217; HY EUR 1,865; HY GBP 423. Investment grade is determined by a minimum BBB- rating from one of the three main rating agencies, and includes financials and non-financials.

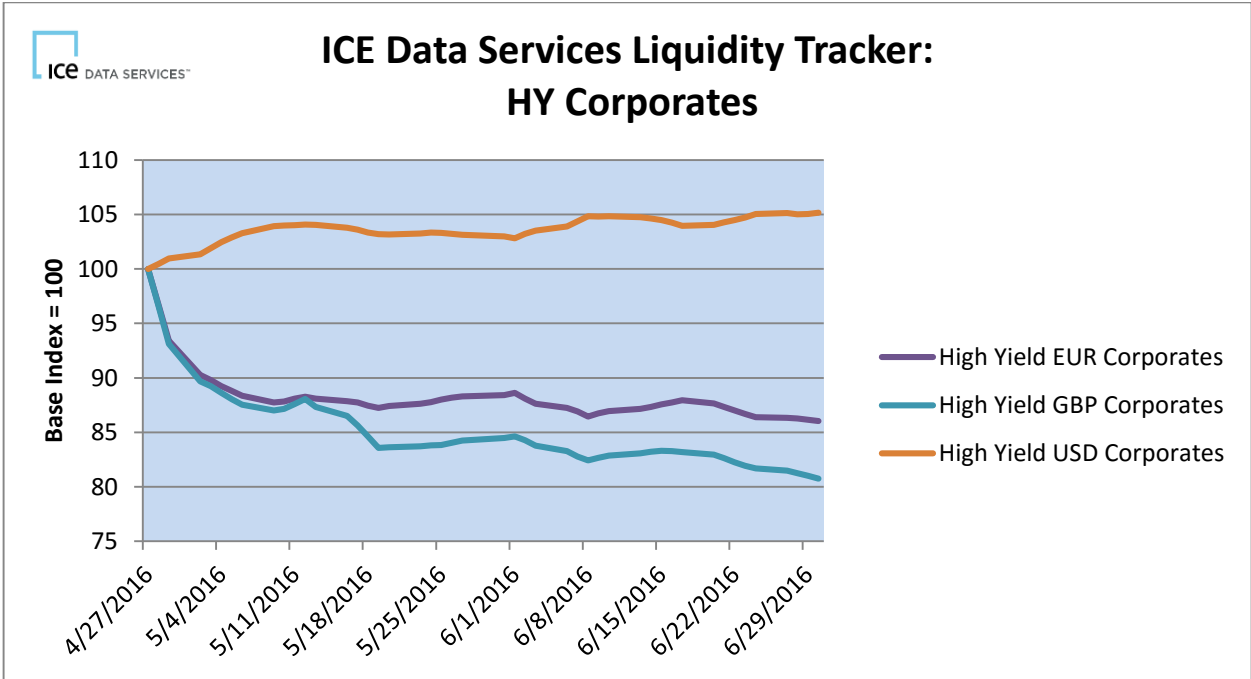
The starting reference point for the tracker is April 27 2016, where it is assigned a value of 100. Data is then run on a look-back basis to determine relative changes in market liquidity since the reference date. To ensure continuity in the data series, only issues active at the reference date are included in the ICE Data Services Liquidity Tracker.

### **Using the Tracker**

With the permission of ICE Data Services, ICMA intends to publish and monitor the ICE Data Services Liquidity Tracker on a quarterly basis. There is also the possibility of extending the ICE Data Services Liquidity Tracker to other asset classes, including sovereign bonds, as well as creating a more granular sector based tracker.



Source: ICE Data Services



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## **Declining liquidity since the end of April**

While the ICE Data Services Liquidity Tracker only goes back as far as 27 April 2016, perhaps not too much should be inferred from this relatively short time series. However, the marked drop in euro and sterling corporate bond market liquidity, both for investment grade and high yield, is consistent with anecdotal reports of markets becoming less liquid in the run up to the UK referendum on membership of the EU, with further declines in the immediate aftermath.

## **Disclaimer**

The ICE Data Services Liquidity Tracker is provided for information purposes only. While the data is taken from sources believed to be reliable, ICE Data Services and ICMA do not represent or warrant that it is accurate or complete, and neither ICE Data Services nor ICMA shall have any liability arising from or relating to the use of the ICE Data Services Liquidity Tracker.