



Bloomberg

# 2019 Global Liquidity Report

Understanding and monitoring liquidity helps firms proactively manage risk in a volatile market while supporting more efficient trade execution.

Read on to see key findings from our recent global liquidity survey and find out how other financial practitioners think about market liquidity.

[bloomberg.com/liquidity](https://www.bloomberg.com/liquidity)

**Bloomberg surveyed over 1,000 financial practitioners around the globe about issues related to liquidity.**

Here's what we learned:

- Measuring and understanding liquidity in proper context is important to a wide spectrum of market roles and functions.
- The industry lacks a consistent methodology to calculate and monitor liquidity.
- Access to timely, accurate data remains the biggest challenge in assessing liquidity.

**60%**

of respondents say it's **very important** to assess market liquidity.

**43%**

assess market liquidity on a **daily basis** (end of the day or intra-day).

What is the single most important use for liquidity analysis?

**24%** to support stress testing.

**22%** to assist with executing at the best price.

**70%**

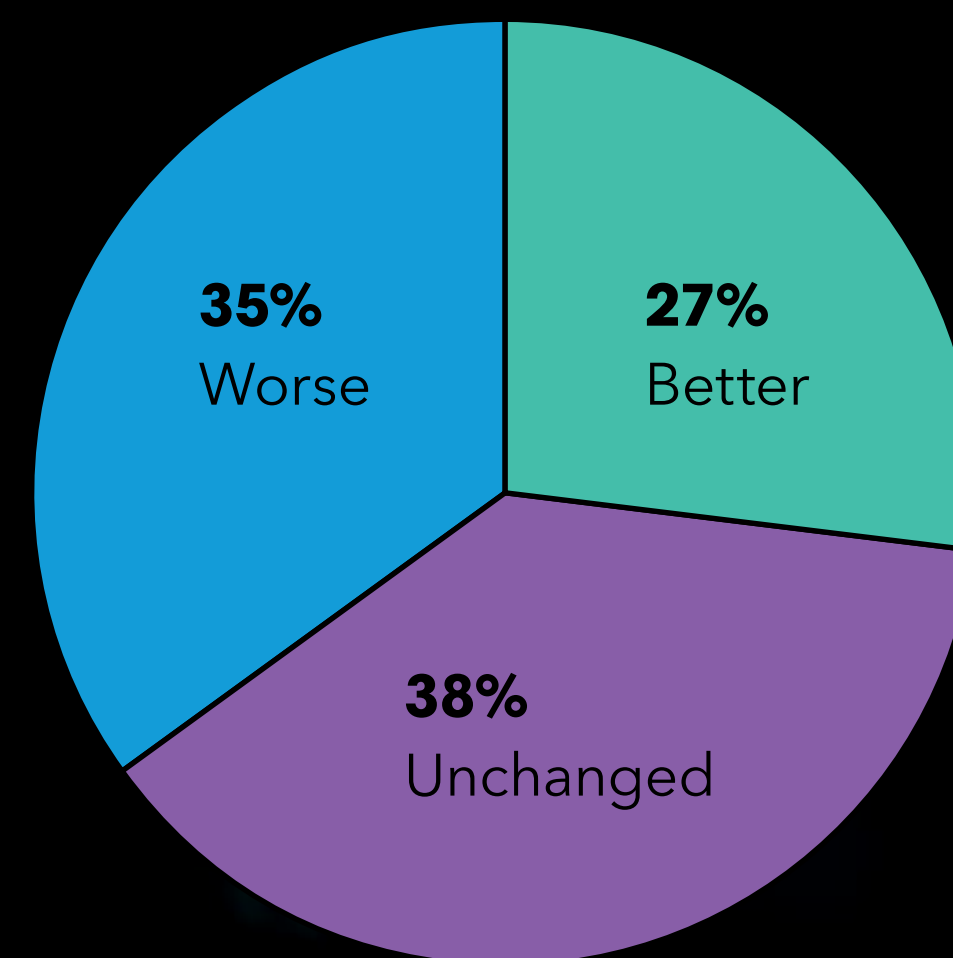
of respondents said they were only "somewhat confident" in their measurement of liquidity.

**Access to consistent, quality data** was cited as the biggest challenge.

**53%** say **gathering appropriate data** is the biggest challenge when using an internal solution.

**46%** say the top challenge is **data accuracy** when using a vendor solution.

## How has market liquidity changed over the past year?



Changes in market liquidity can greatly affect a firm's trading, portfolio management and overall risk and, as things change, businesses must adapt.

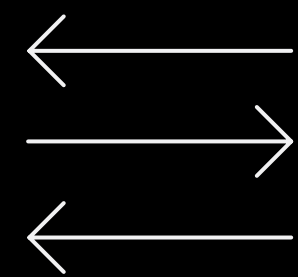
While no consensus exists within the industry about how market liquidity has changed, firms are still making adjustments to their operating practices to account for perceived changes.

For some businesses, that has meant incorporating **liquidity risk metrics** into their overall risk management framework, **increasing liquidity buffers** and **increasing holding periods** for less liquid investments.

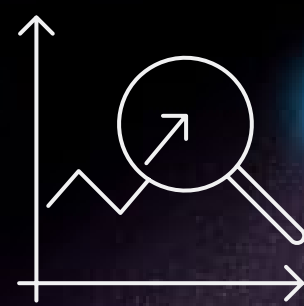
## Electronic trading and liquidity assessment are interconnected.

While survey respondents believe the use of electronic trading is on the rise, they see that increase as gradual, with voice trading remaining the predominant mode of execution for the near future.

Among the biggest advantages of e-trading for respondents are:



Speed of execution



Price transparency



Straight-Through Processing (STP)



Reduction in trading costs

# 79%

expect the use of electronic trading to increase in fixed income markets over the next year.

## Summary

A data-driven measurement of liquidity risk is an essential tool for navigating complex and dynamic markets.

The insights from surveyed respondents indicate that understanding and constantly monitoring liquidity is critical to an integrated enterprise risk framework for financial firms, yet few are confident that they've got it right. Access to high-quality data is essential to having confidence in their liquidity assessments.

## How Bloomberg can help.

Bloomberg's solution for liquidity assessment is driven by our industry-leading market data and research, helping clients quantitatively evaluate, manage and report liquidity risk for portfolios spanning multiple asset classes.

To learn more about how our solutions can help you manage liquidity risk, visit [bloomberg.com/liquidity](https://www.bloomberg.com/liquidity)



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