Market Liquidity Panel: comments on Fleming and Dick-Nielsen

Joseph Haubrich
Senior Professional Economist
Macro Financial Modeling Meeting
January 26, 2018

The views expressed herein are those of the author and are not necessarily those of the Federal Reserve Bank of Cleveland or of the Board of Governors of the Federal Reserve System.
• “Of the maxims of orthodox finance, none, surely, is more anti-social than the fetish of liquidity”
  
  • J.M. Keynes, *The General Theory*, chapter XII.
Improvement in Bond Market Liquidity and Functioning

Net Percentage of Respondents

Source: Federal Reserve Board (SCOOS), Haver
Last Observation: Q4 2017

High-grade corporate bonds
High-yield corporate bonds
Improvement in Bond Market Liquidity and Functioning

Net Percentage of Respondents

Source: Federal Reserve Board (SCOOS), Haver
Last Observation: Q4 2017
Dealer Corporate Bonds and Treasury Positions

Source: Federal Reserve Board (Financial Accounts)/Haver
Last Observation: Q3 2017
Difference Between Dealer Corporate Bond and Treasury Positions

$ Billion

Source: Federal Reserve Board (Financial Accounts)/Haver
Last Observation: Q3 2017