

## David Bailey

MA Candidate

Supervisor: Fred Liu

### **Global Corporate Bond Market Illiquidity Premiums– An empirical study from 2010-2022**

This research studies the impact of illiquidity levels on corporate bonds in the United States, other developed regions and emerging markets over the period January 2010 to June 2022. This study follows that of Li et al. (2022) closely and in our analysis, we compare both results as we expand upon their 2016-2019 time frame. Higher expected returns and credit spreads indicate that illiquidity premiums exist for less liquid corporate bonds across all regions. Premiums are exclusive to EM markets and Developed markets excluding the U.S. when controlling for common bond risk factors. Our FMB regressions tell us that an increase of one standard deviation in the relative bid-ask spread of a bond provides additional expected returns for all regions. Our common law indicator was nonsignificant.

Date: Friday, August 30, 2024  
Time: 3:00 pm  
Room: Virtual