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Bid/Ask spread finally narrows to 2 points but still historically high

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The average bid/ask?spread?in the overall US?secondary?market finally narrowed to 2.01?points?yesterday after ?peaking at 3.52 points?on?March 27?and?hovering above 2 points for?3 months. Previously, the bid/ask spread fell below 3-point mark on April 27 after hovering above 3 for a month and it's been on a slow but constant narrowing trend ever since. However, it?still remains?persistently high compared to its historical norm of 1.21 points.?The only other?time the bid/ask spread widened to more than 2 points was during the Great Financial Crisis (GFC) peaking at 4.12 points on January 6, 2009. Back then, it took 8 months for?bid/ask?spread?to narrow to less than 3 points and almost 2 years to recover to its historical norm.?Secondary bids have been recovering with some week of inflows more recently. However, for the year, there has been US$20.2bn of outflows from loan funds through June 17 after US$37.7bn was pulled in 2019, according to Refinitiv Lipper. In contrast US$31.8bn has flowed into high-yield bond funds this year on top of the US$18.9bn past year.

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