Liquidity Cost Scores (LCS®)  
Barclays Bond-Level Quantitative Liquidity Metric

Overview
- LCS is an objective, quantitative bond-level liquidity metric. It is expressed as a percent of the bond’s price and measures the cost of an immediate, institutional-size, round-trip transaction
- LCS relies on simultaneous bid-ask quotes issued by Barclays traders
- LCS is computed at the end of each month, incorporating market data over the course of the month
- For bonds not quoted in a particular month, LCS is computed by an asset class-specific econometric model calibrated to the available quotes
- Daily LCS are available for liquid, trader-quoted sets of the USD IG and HY credit, EUR IG and HY credit, and USD EM bonds

Applications
- Portfolio/benchmark liquidity monitoring and reporting
- Liquidity-constrained portfolio/benchmark construction and optimization
- Quantifying the impact of transaction costs on alpha strategies
- Spread (OAS) decomposition into the risk premium, default, and liquidity components
- QPS publications are available on these and other liquidity-related topics

Historical Patterns of Market Liquidity

Comparative Cross-Sectional Analysis

Insights into Drivers of Bonds’ Liquidity
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