Market Liquidity - Special Financial Stability Reports - First Half of 2019

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The Special Financial Stability Reports accompany the publication of the Financial Stability Report and provide a more detailed analysis of some aspects and risks relevant to the stability of the Colombian financial system: market liquidity risk, market risk, credit risk, financial burden, loan portfolio, and housing market in Colombia, international indicators, concentration, and competition in the deposit and credit markets, corporate sector surveys, and financial inclusion.

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Monitoring the liquidity conditions in the financial markets allows to identify the potential contingencies that an institution may face when accessing or granting resources that, in turn, may threaten the stability of the financial system if a significant proportion of transactions depends on the timely payment of its obligations. This report analyzes aspects of the liquidity of public debt instruments (TES: bonds issued by the Colombian government and managed by *Banco de la República* [the Central Bank of Colombia]) and the money market. The first section assesses the liquidity of TES through the analysis of measures such as the Bid-Ask Spread (BAS) and the depth of the market. The second section presents a characterization of the money market in Colombia based on network analysis to identify its structure and analyze the relationships between agents.