

This study aims to analyse liquidity in the commodity futures market, focusing on commonality in liquidity. Using daily data from four commodity families (energy, grains, livestock and metals), we investigate if there is a systematic liquidity factor in commodities. We use the market model regression, comparing the results of four liquidity proxies (Amihud illiquidity ratio, Volatility over Volume, Closing Percent Quoted Spread and High-Low Spread Estimator). We also test the robustness of commonality between liquidity measures. We find that liquidity commonality is present in the commodity market. It was present before large investments began to flow to the commodity futures markets from 2004 onward, but financialization has impacted commonality significantly, as it is more strongly present in the 2004-2021 sub-period, than in the 2000-2003 sub-period. We conclude that Amihud is the most robust liquidity proxy, as it can capture pre-financialization liquidity commonality and the impacts of market downturns in the supply-side model too. For analysing the effects of the OPEC announcements, we create daily liquidity commonality indicators from the coefficients of the market model using a 21-day rolling-window regression. We then conclude with the use of a three-day event window (-1, +1) that OPEC announcements have a significant effect on liquidity commonality in the energy futures market. Closing Percent Quoted Spread especially captures the impacts of the different decisions (increase, cut, maintain, failure to agree). We find that the market differentiates between the two announcements that result in no change (maintaining production, failure to agree).