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Evaluating the impact of unconventional monetary policy measures: Empirical evidence from the ECB's Securities Markets Programme

Fabian Eser

Bernd Schwaab

Abstract

We assess the yield impact of asset purchases within the European Central Bank's (ECB) Securities Markets Programme (SMP) in five euro area sovereign bond markets from 2010–11. In addition to large announcement effects, we find an impact of approximately –3 basis points at the five-year maturity for purchases of 1/1000 of the outstanding debt. Bond yield volatility and tail risk are lower on intervention days for most SMP countries. A dynamic specification points to both transitory and long-run effects. Purchases improved liquidity conditions and reduced default-risk premia, while the signaling of future low interest rates did not play a role.

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