

CAN EUROPEAN QE IMPROVE THE GREEN TRANSITION? EVIDENCE ON THE ROLE OF CORPORATE BOND PURCHASE PROGRAMME

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By using a rich bond-based dataset, this paper assesses the impact of corporate bond purchases conducted by the ECB within the Pandemic Emergency Purchase Program on green bond market. Our results emphasize that the ECB outright purchases generate a negative risk premium by 6 bps for eligible green bonds. The lower rating bonds and long-maturity bonds drive the decrease of yields compared to conventional eligible bonds confirming the validity of rebalancing portfolio mechanism also looking at the green segment. On the issuance side, the corporate purchases by the ECB stimulate the eligible green bond issuance generating an increasing by € 0.818 billion in the six subsequent quarters. Our findings do not highlight significant impact on conventional bonds dynamics. At last, we assess the linkage between environmental firm' commitment and the green investment. Results show that the implementation of green policies represents a credible commitment that significantly pushes the issuance of eligible green bond.