

At the turn of 2009/2010 the euro area sovereign debt crisis started. It was reflected in fiscal instability of the so-called southern countries of the Economic and Monetary Union (EMU). In the years 2009-2013, those countries saw a sharp increase in the central and local government debt to GDP ratio (in 2013, only in the case of Spain, the ratio was less than twice the reference value for the criterion of debt which amounts to 60%). In the situation of fiscal instability, treasury bond yields of Greece, Portugal, Spain and Italy rose significantly, reaching levels very high for those economies. Their sustained decline occurred only after the announcement by the European Central Bank (ECB) of the programme of Outright Monetary Transactions (OMT), allowing unlimited purchases on the secondary market of short-term treasury bonds, which took place in July 2012. The assumptions, objectives and hypotheses of this research have been set as follows.

We will use data covering the period from January 2010 to December 2015, which will be divided into two subperiods. The date of 26th July 2012, when the OMT programme was announced, was chosen as the borderline date. The following factors shaping treasury bond yields will be considered:

- news associated with macroeconomic and political situation of the countries under consideration in the context of euro area debt crisis,
- control variables such as the risk aversion in the euro area (VSTOXX), investors' fears about euro reversibility (the rate of return on the USD/EUR exchange rate), economic activity in the euro area (the rate of return on EUROSTOXX50),
- announcement of the OMT programme.

The main objective of this research project is an analysis of direct and indirect impact of the announcement of the OMT programme on the situation in bond markets in the southern countries of the euro area, i.e. Greece, Portugal, Spain and Italy. The direct impact concerns the change in sovereign bond yields resulting from the implementation of OMT, while the indirect impact refers to the difference in the significance and scale of influence of individual variables on yields in both sub-periods.

In this research project, we set three additional objectives which will help in the realisation of the main objective. These objectives are as follows.

1. Estimating the long-term impact of the OMT announcement on 10-year treasury bond yields in the group of analysed countries.
2. Evaluating how the role of the selected factors determining 10-year treasury bond yields changed between the 1st and 2nd sub-period due to the announcement of the OMT programme.
3. Proposing a new methodology devoted to evaluating durability of the central bank interventions and application of this methodology for the OMT programme.

The scope of the research is as follows.

1. Long-term impact of the OMT announcement on 10-year treasury bond yields will be evaluated using the VARX-DCC-GARCH model.
2. Significance and scale of impact of different factors on 10-year treasury bond yields will be found.
3. A new methodology devoted to evaluating durability of the central bank intervention on the basis of the OMT programme will be proposed.