

Table 21: First stage regressions from the iterative GMM model of Effective Spreads on Volatility, Holdings and Controls

	Volatility of daily returns							EU issuance sample						
	CI	Gov	IVF	MMF	ICPF	OFI	U	CI	Gov	IVF	MMF	ICPF	OFI	U
Excess Volatility: benchmark	0.00339 ^{***} (7.29e-05)	-0.000271 (0.000296)	0.000225 (0.000842)	0.000332 (0.000267)	-0.000647 (0.000768)	0.000306 (0.000409)	-2.86e-05 (1.77e-05)	-0.000569 (0.000948)	-0.000271 (0.000296)	0.000225 (0.000842)	0.000332 (0.000267)	-0.000647 (0.000768)	0.000306 (0.000409)	-2.86e-05 (1.77e-05)
Excess Volatility: own history	0.000811 ^{***} (2.60e-05)	0.00158 ^{**} (0.000800)	0.000301 (0.000636)	7.13e-05 (0.000354)	0.000425 (0.000490)	-5.59e-06 (0.000219)	-3.15e-05 (2.71e-05)	0.00158 ^{**} (0.000800)	6.58e-05 (0.00106)	0.000301 (0.000636)	7.13e-05 (0.000354)	0.000425 (0.000490)	-5.59e-06 (0.000219)	-3.15e-05 (2.71e-05)
lag CI	-6.89e-05 ^{**} (2.94e-05)	0.974 ^{***} (0.00219)	-0.00308 ^{***} (0.000755)	-0.000332 (0.000524)	-0.00252 ^{***} (0.000588)	-0.000306 (0.000303)	0.000105 ^{***} (2.75e-05)	0.974 ^{***} (0.00219)	-0.00127 (0.00138)	-0.00308 ^{***} (0.000755)	-0.000332 (0.000524)	-0.00252 ^{***} (0.000588)	-0.000306 (0.000303)	0.000105 ^{***} (2.75e-05)
lag Gov	-0.000337 ^{***} (8.03e-05)	-0.0149 ^{***} (0.00329)	-0.00441 ^{***} (0.00109)	-0.000551 (0.000708)	-0.00133 (0.00115)	-5.37e-06 (0.000368)	0.000195 ^{***} (7.38e-05)	-0.0149 ^{***} (0.00329)	0.995 ^{***} (0.00279)	-0.00441 ^{***} (0.00109)	-0.000551 (0.000708)	-0.00133 (0.00115)	-5.37e-06 (0.000368)	0.000195 ^{***} (7.38e-05)
lag IVF	-4.37e-05 (5.31e-05)	0.00974 ^{***} (0.00323)	0.959 ^{***} (0.00253)	0.00428 ^{***} (0.000846)	0.00187 ^{**} (0.000813)	-0.000451 (0.000377)	0.000151 ^{***} (4.93e-05)	0.00974 ^{***} (0.00323)	1.29e-07 (0.000253)	0.959 ^{***} (0.00253)	0.00428 ^{***} (0.000846)	0.00187 ^{**} (0.000813)	-0.000451 (0.000377)	0.000151 ^{***} (4.93e-05)
lag MMF	-0.000295 ^{***} (5.75e-05)	0.00560 (0.00809)	0.000133 (0.00385)	0.941 ^{***} (0.0119)	0.000141 (0.000901)	-0.00179 ^{**} (0.000726)	4.04e-05 (8.48e-05)	0.00560 (0.00809)	9.01e-05 (0.00284)	0.000133 (0.00385)	0.941 ^{***} (0.0119)	0.000141 (0.000901)	-0.00179 ^{**} (0.000726)	4.04e-05 (8.48e-05)
lag ICPF	-0.000169 ^{***} (6.04e-05)	-0.0113 ^{***} (0.00190)	-0.00248 ^{**} (0.00116)	0.000944 [*] (0.000502)	0.984 ^{***} (0.00230)	-0.000417 (0.000345)	0.000108 ^{***} (3.37e-05)	-0.0113 ^{***} (0.00190)	0.000653 (0.000583)	-0.00248 ^{**} (0.00116)	0.000944 [*] (0.000502)	0.984 ^{***} (0.00230)	-0.000417 (0.000345)	0.000108 ^{***} (3.37e-05)
lag OFI	-5.50e-05 (0.000137)	0.00116 (0.0116)	0.00737 (0.00888)	0.000530 (0.000933)	0.00154 (0.00264)	0.949 ^{***} (0.0170)	0.000131 ^{**} (5.34e-05)	0.00116 (0.0116)	-4.78e-05 (0.000247)	0.00737 (0.00888)	0.000530 (0.000933)	0.00154 (0.00264)	0.949 ^{***} (0.0170)	0.000131 ^{**} (5.34e-05)
lag U	-0.00604 ^{***} (0.00163)	-0.0704 (0.233)	-0.0180 (0.158)	0.233 ^{**} (0.0937)	0.0770 [*] (0.0451)	0.0177 (0.0207)	0.539 ^{***} (0.0736)	-0.0704 (0.233)	-0.00481 (0.0463)	-0.0180 (0.158)	0.233 ^{**} (0.0937)	0.0770 [*] (0.0451)	0.0177 (0.0207)	0.539 ^{***} (0.0736)
Residual maturity (days)	-0.000201 ^{***} (2.15e-05)	8.01e-06 (1.59e-05)	2.15e-05 (2.14e-05)	-6.34e-05 ^{***} (8.85e-06)	3.42e-05 ^{**} (1.41e-05)	-1.31e-05 (1.32e-05)	-3.73e-07 (2.87e-07)	-0.000201 ^{***} (2.15e-05)	7.05e-06 (5.02e-06)	2.15e-05 (2.14e-05)	-6.34e-05 ^{***} (8.85e-06)	3.42e-05 ^{**} (1.41e-05)	-1.31e-05 (1.32e-05)	-3.73e-07 (2.87e-07)
Off the run dummy	0.00373 ^{**} (0.00184)	-0.00282 (0.0847)	0.0509 (0.0693)	0.0344 (0.0389)	-0.000259 (0.0543)	-0.0117 (0.0172)	0.000628 (0.00213)	0.00373 ^{**} (0.00184)	0.00230 (0.0168)	0.0509 (0.0693)	0.0344 (0.0389)	-0.000259 (0.0543)	-0.0117 (0.0172)	0.000628 (0.00213)
Issuance maturity (days)	-0.000731 ^{***} (7.80e-05)	-0.000571 (0.000702)	-0.000618 (0.000779)	0.00227 ^{***} (0.000320)	-0.00125 ^{**} (0.000508)	0.000437 (0.000476)	1.09e-05 (1.01e-05)	-0.000731 ^{***} (7.80e-05)	-0.000266 (0.00181)	-0.000618 (0.000779)	0.00227 ^{***} (0.000320)	-0.00125 ^{**} (0.000508)	0.000437 (0.000476)	1.09e-05 (1.01e-05)
Issuance price	-0.00307 ^{***} (0.000434)	-0.00524 (0.00666)	0.000687 (0.00738)	0.000158 (0.00571)	-0.00378 (0.00356)	0.00238 (0.00292)	0.000287 ^{***} (9.29e-05)	-0.00307 ^{***} (0.000434)	-0.00151 (0.000982)	0.000687 (0.00738)	0.000158 (0.00571)	-0.00378 (0.00356)	0.00238 (0.00292)	0.000287 ^{***} (9.29e-05)
Coupon rate	0.00484 ^{***} (0.00156)	-0.00928 (0.0174)	-0.0119 (0.0283)	-0.00880 (0.00673)	0.0145 (0.00939)	-0.00893 (0.00551)	-0.000398 (0.000370)	0.00484 ^{***} (0.00156)	-0.00477 [*] (0.00283)	-0.0119 (0.0283)	-0.00880 (0.00673)	0.0145 (0.00939)	-0.00893 (0.00551)	-0.000398 (0.000370)
Amounts outstanding (mn EUR)	-1.00e-05 ^{***} (1.27e-06)	0.000120 ^{***} (4.43e-05)	-1.84e-05 (2.38e-05)	2.65e-05 (1.91e-05)	7.58e-05 ^{***} (1.84e-05)	8.25e-08 (8.82e-06)	3.34e-06 ^{***} (1.16e-06)	-1.00e-05 ^{***} (1.27e-06)	-4.28e-06 (4.40e-06)	-1.84e-05 (2.38e-05)	2.65e-05 (1.91e-05)	7.58e-05 ^{***} (1.84e-05)	8.25e-08 (8.82e-06)	3.34e-06 ^{***} (1.16e-06)
Herfindahl index	-0.0127 ^{***} (0.00381)	2.930 ^{***} (0.285)	0.283 ^{**} (0.138)	-0.0935 (0.0878)	0.417 ^{***} (0.104)	-0.00476 (0.0575)	-0.0359 ^{***} (0.00586)	-0.0127 ^{***} (0.00381)	-0.0201 (0.0230)	0.283 ^{**} (0.138)	-0.0935 (0.0878)	0.417 ^{***} (0.104)	-0.00476 (0.0575)	-0.0359 ^{***} (0.00586)
Yield to maturity	0.00317 ^{***} (0.000560)	-0.0228 ^{**} (0.00108)	-0.0112 ^{***} (0.00411)	-0.00870 ^{***} (0.00175)	0.000131 (0.00277)	0.00140 (0.000942)	3.47e-05 (5.40e-05)	0.00317 ^{***} (0.000560)	0.00108 (0.00109)	-0.0112 ^{***} (0.00411)	-0.00870 ^{***} (0.00175)	0.000131 (0.00277)	0.00140 (0.000942)	3.47e-05 (5.40e-05)
Control dummies	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860	34,860
Adjusted R-squared	0.616	0.985	0.951	0.902	0.984	0.938	0.263	0.616	0.974	0.951	0.902	0.984	0.938	0.263

Clustered standard errors in parentheses, ***, ** and * denote statistical significance at the 1%, 5% and 10% levels, respectively. All first stage regressions contain an intercept, as well as the following exogenous dummy variables: region identifiers (i.e. non-euro area EU, and euro area groups B and C), CoCo, foreign exchange issuance, rating, seniority, coupon type and time.

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