



## *Finance Speaker Series*

Alberta School of Business  
Department of Finance

Presents:

**Michael Barnett**

Arizona State University

Topic:

### **Does Climate Change Impact Sovereign Bond Yields?**

Friday, October 21, 2022

3:30pm – 5:00pm

Location: BUS 1-06

### **ABSTRACT**

This paper studies the impact of current expectations about long-term climate change damage on sovereign bond yields. Sovereign bond yields are particularly important from a policy perspective, as most climate change mitigation decisions are taken at the national level, and borrowing cost today may serve as a disciplining device. We use scientific projections of climate change damage, and compare the spread in yields between long and short term bonds. We find that projected climate change damage has large effects on yields for bonds with long maturities, but not for short term maturity bonds. The effect of projected climate change damage is monotonically increasing in maturity. We discuss the broader asset pricing and macroeconomics effects implied by our results. (*JEL* G12, Q51, Q54)