**Short and long-term government bond yield: historical reconstruction for Italy 1862-2016**

**(Piselli and Vercelli 2023).**

*Short-term government bond yields* are available on an annual basis from 1862 to 2016, and a monthly basis before 1914 and after 1971, thanks to Piselli and Vercelli’s (2023) historical reconstruction, and they are accessible in the Historical Statistics section of the Bank’s website [from the end of 2022].Over the entire period, the BOT (*Buoni del Tesoro Ordinari*, ordinary treasury bills) with maturity of one year or less are considered. The series are obtained as a simple average of yields at the issue for each maturity[[1]](#footnote-1) until 1976, a weighted average thereafter.

Piselli and Vercelli’s (2023) main historical sources in the reconstruction of short-term government bond yield’s time series are Ministero del Tesoro (1988) from 1862 to 1913; Confalonieri and Gatti (1986; tab. LXXVI) from 1914 to 1937; and the Bank’s Economic Research Department Bulletin (Bollettino) from 1938 to 1976. The source is the Bank of Italy’s Statistical Database since 1977.

*Long-term government bond yields* are available on an annual and monthly basis from 1862 to 2016 thanks to Piselli and Vercelli’s (2023) historical reconstruction. They are accessible in the Historical Statistics section of the Bank’s website [from the end of 2022]. The bonds covered in the index change over time to reflect the benchmark government bonds in the Italian financial market in the different historical phases. Over the whole period up to 1937, the yield is a simple average of the yields of six different bonds: the rendita (consols), irredeemable bonds issued for decades after Italian unification, are considered as the main reference from 1862 to 1937. To keep track of significant new government bond issues, the yield of IV, V and VI prestito nazionale (irredeemable national loans), issued during and after World War I, are included from 1917 to 1937; in the 1935–37 period the new rendita 5% and the prestito littorio (both consols) are also considered. From 1938 to 1988, the yield is computed as a weighted average of yields of all residual consols as well as of all the BTPs (*Buoni del Tesoro Poliennali*, long-term treasury bonds) and other redeemable bonds with maturity longer than one year.[[2]](#footnote-2) Since 1989, the yield is a weighted average of the yields of a wide sample of long-term government bonds with more than one-year maturity, as traded on the Italian stock exchange in Milan.

Piselli and Vercelli’s (2023) main historical sources in the reconstruction of long-term government bond yield’s time series are Bianchi (1979; tab. 3 and tab. 5) [[3]](#footnote-3) from 1862 to 1937; Bank Economic Research Department Bulletin (Bollettino) from 1938 to 1988. From 1989, the source has been the Economic Research Department internal statistical archives.

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1. Yield from 1971.3 to 1977.2 refers to 12 month-BOT only. [↑](#footnote-ref-1)
2. The methodology for computation of yields is described in detail in Rosania (1954). [↑](#footnote-ref-2)
3. Data refers to bonds traded in Italian Stock Exchanges. The rendita were also sold elsewhere in Europe, primarily in France and, although they were denominated in liras, holders of the debt had the privilege of converting their coupons into gold at the official exchange rate in Paris. Tattara (2003) explores the consequence of this on differences in domestic and foreign prices and yields. In addition, yields do not account for conversion risk (Flandreau and Zumer (2004)), although the rendita went through some significant conversions (1906 and 1934 being the most important). [↑](#footnote-ref-3)