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## **Abstract**

We evaluate the effects of the sovereign debt structure by examining various degrees of bond market participation and diversification within different bond maturities and investor type. We use a unique Colombian panel dataset, comprised of all government bond maturities in the hands of public and private institutions during 2006-2018. For identification, we propose an instrumental variable approach, specific to each investor group. We find that an increase in non-residents' market share of a 1 percentage point reduces bond yields by 35% and lowers volatility by 0.8%, relative to their mean values. Alternatively, we see an opposite effect for both pension funds and the banking sector. Finally, we find that market concentration makes local-currency yields more sensitive to global financial shocks.

