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The credit quality of a corporate bond is determined by both macro and firm-specific characteristics. In this issue of the Journal of Fixed Income, we begin with an article by Gregor Dorfleitner, Matthias Fischer, and Marco Geidosch that considers 18 macroeconomic and financial variables as potential risk factors. They find that stock variables provide the most important explanation of creditworthiness and that credit correlation in the CDS specification by far exceeds any estimate mentioned in the literature. In the next article, Arjun Chatrath, Hong Miao, Sanjay Ramchander, and Sriram Villupuram examine the impact of macroeconomic announcements on corporate bond prices. They document the flight to quality between corporate bonds and Treasuries and that corporate bonds exhibit greater sensitivity to negative macro shocks than to positive ones.

In the next article, Ruey-Ching Hwang, Huimin Chung, Jhao-Siang Siao, and Chia-Liang Lin examine whether the Taiwan Corporate Credit Risk Index is a good credit risk proxy. Their methodology yields more accurate out-of-sample predictions of financial distress. Then, Srinivas Nippani and Stanley Smith provide evidence that the default risk premiums in the term structure of Treasuries vary across time and maturity and allow one to estimate the timing of default risk problems.

The recent financial crisis justifies more resources devoted to analyzing default risk in non-agency mortgage-backed securities. In the next article, Abhinav Kamra, Lakhbir Hayre, and Sudhir Chiluveru provide econometric prepayment and default models for obtaining collateral cash flow projections and loss-adjusted valuation measures for non-conforming residential mortgage-backed securities in the UK. In the last article, Bradford Jordan examines the impact of taxes on relative taxable and municipal bond yields. He demonstrates that the tax rate implied by relative bond yields can substantially and systematically understate the true rate, and the bias increases with maturity and interest rate volatility.

The mission of this Journal is to improve the performance of fixed income portfolio managers. In that regard, it is noteworthy to recommend a new book, Quantitative Credit Portfolio Management by Arik Ben Dor, Lev Dynkin, Jay Hyman and Bruce Phelps. The contents provide a rich reservoir of analysis and analytics, some of which has appeared in *The Journal of Fixed Income*.

We hope you enjoy this issue of *The Journal of Fixed Income*. Your continued support of the Journal is greatly appreciated.

Stanley J. Kon
Editor