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We are now more than four years past the official end of the great recession with below average economic growth, relatively tight spreads on risky bonds, an aggressive Federal Reserve bond buying program and an insignificant non-agency mortgage market. Credit, interest rate and liquidity risks exist with little compensation for bearing them. The articles in this issue of *The Journal of Fixed Income* were selected from the proceedings of the 2013 Midwest Finance Association conference. Special thanks to JingZhi (Jay) Huang for managing this special issue selection process.

In the first article, Brent Ambrose, Yiying Cheng and Tao-Hsien King provide evidence that the FDIC's Temporary Liquidity Guarantee Program resulted in a 132 basis point reduction in spread for the additional liquidity provided in AAA rated debt. In the next article, Janko Cizel employs intra-industry CDS spread responses to credit rating announcements and finds statistically and economically significant responses to S&P announcements, and only marginally significant and insignificant responses to those of Moody's and Fitch, respectively.

In less than perfect markets, supply and demand imbalances are relevant for pricing. In the next article, Longzhen Fan, Canlin Li, and Guofu Zhou show that pricing effects are substantially present in the supply of bonds in emerging markets and the implications for managing risk and expected return in global bond portfolios. In the next article, Igor Kozhanov, and Joseph Ogden examine the market for corporate retail notes. Comparing yields on these new issues versus seasoned corporate-bond benchmarks, they find no evidence that these investors are compensated for the value of the call provision.

In the next article, Weiping Li presents a structural model in which firm default, the default-free pure discount bond price, the defaultable bond price and the credit spread are associated with macroeconomic conditions defined by a Markov chain. The defaultable yield-to-maturity, the credit spread and the duration are derived in relation to the finite state of the Markov chain.

Finally, Wulin Suo, Wei Wang, and Amber Qi Zhang use an endogenous bankruptcy model to explain the debt recovery observed in the market. They find that both agency problems and heterogeneous bankruptcy costs weaken the explanatory power of the model. Hence, incorporating the role of managers may help explain the cross-sectional variation of corporate debt recovery.

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**