The Journal of
FIXED INCOME

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The Editorial Board of *The Journal of Fixed Income* is pleased to bring you this Premier Issue. There are now many practitioners and researchers who specialize in fixed income. This journal will publish top quality applied research that is useful to fixed income practitioners worldwide. *The Journal of Fixed Income* will help them improve their models and performance and keep abreast of the state of the art of fixed income research and practice. The articles published should stimulate and challenge researchers to produce even better models, thereby advancing our knowledge of fixed income.

Two additional audiences that we believe the journal will serve are (1) college teachers of Investments, Bond Markets, Banking, Money and Capital Markets and Management of Financial Institutions courses and (2) banking, insurance and pension regulators in government, who need to understand well the fixed income area to effect more enlightened and efficient regulation.

In considering articles for publication, the area of fixed income is broadly defined. The articles chosen for this Premier Issue illustrate some of the area's breadth. Harvey's article examines the term structures in different countries and demonstrates significant predictive abilities of the term structures for economic growth in those countries. Litterman, Scheinkman and Weiss show how rate volatility leads to a natural third factor for yield curve modeling which helps us understand "humped" yield curves. A follow-up article by Litterman and Scheinkman gives empirical estimates for this theoretical model.

Given the sizes of markets and current research interest in mortgage-backed securities, readers will see a steady stream of research in that area. In this issue, McConnell and Singh examine prepayment rates and valuation of adjustable rate mortgages. Forthcoming issues will include articles on dynamic hedging of mortgages and option-adjusted spread analysis and trading strategies.

"Derivative securities" of several types will also be examined. Future issues will deal with stripped mortgage securities and CMO pieces. In this issue, pricing of derivatives of the "futures and options" type is examined in both the Koenigsberg and Jamshidian articles.

The article on corporate bond default rates by Fons and Kimball demonstrates that we seek papers on corporates. Viewing bank loans and high yield bonds as having analytical similarities to corporates, those topics will also appear. The Journal will also cover performance analysis in fixed income and risk and return studies, such as the Ibbotson-Siegel article of this issue.

These topics show that fixed income has plenty of research topics and applications to sustain a fine journal. The Editorial Board intends to produce such a journal.

Douglas T. Breeden