August 01 1999

High-Yield Bond Default and Call Risks

Cynthia G. McDonald, Linda M. Van de Gucht

Author and Article Information

The Review of Economics and Statistics (1999) 81 (3): 409–419.

https://doi.org/10.1162/003465399558346 **Article history**

Cite **Permissions** **Share** **Views**

Abstract

This paper empirically investigates high-yield bond default and call behavior using a competing risks hazard model that simultaneously estimates the impact of bond age, issue-specific characteristics and business conditions on both events. Results reveal nonmonotonic aging effects: default rates increase and then drop while call rates first increase and then level off. Rating and coupon size affect default risk, while maturity and issue size impact only call rates. Defaults are more likely when economic conditions have worsened and no improvement is anticipated. Calls are more likely when interest rates have decreased but are expected to rise.

This content is only available as a PDF.

© 1999 President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this content.

Sign in

Don't already have an account? Register

Client Account

Email address / Username

Password

Ski content

Sign In

Reset password

Register

Sign in via your Institution

Sign in via your Institution

Buy This Article

Email Alerts

Article Activity Alert

Latest Issue Alert

View Metrics

Latest Most Read Most Cited

The Effect of Incarceration on Mortality

Hospital Allocation and Racial Disparities in Health Care

A Year Older, A Year Wiser (and Farther from Frontier): Invention Rents and Human Capital Depreciation

A Canonical Representation of Block Matrices with Applications to Covariance and Correlation Matrices

Cited By

Web of Science (24)

Google Scholar

Crossref (51)

Skip to Main Content

Related Articles

Secular Economic Changes and Bond Yields

The Review of Economics and Statistics (March,2023)

Convergence and Anchoring of Yield Curves in the Euro Area

The Review of Economics and Statistics (February,2011)

The Long-Run Determinants of Indian Government Bond Yields

Asian Development Review (March,2019)

Credit Spreads as Predictors of Real-Time Economic Activity: A Bayesian Model-Averaging Approach

The Review of Economics and Statistics (December,2013)

Related Book Chapters

Coupon-Bearing Debt

Pricing Corporate Securities as Contingent Claims

Default Logic

Nonmonotonic Reasoning

Dynamical Yielding

Molecular Mechanisms in Materials: Insights from Atomistic Modeling and Simulation

The Opt-In Conjecture: Reversing the Default Outcome of Sex

Sex and the Planet: What Opt-In Reproduction Could Do for the Globe

The Review of Economics and Statistics

Online ISSN: 1530-9142 **Print ISSN:** 0034-6535

Skip to Main Content

MIT Press Direct

A product of The MIT Press

Newsletter sign up

MIT Press Direct

- About MIT Press Direct
- Books
- Journals
- CogNet

Information

- Accessibility
- For Authors
- For Customers
- For Librarians
- Direct to Open
- Open Access
- Media Inquiries
- Rights and Permissions
- For Advertisers

MIT Press

- About the MIT Press
- The MIT Press Reader
- MIT Press Blog
- Seasonal Catalogs
- MIT Press Home
- Give to the MIT Press

Contact Us

- FAQ
- Direct Service Desk

© 2023 The MIT Press

Skip to Main Content

The MIT Press colophon is registered in the U.S. Patent and Trademark Office