

Bond Week

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

www.iinvestor.com

JUNE 14, 1999
VOL. XIX, NO. 24

IN THE NEWS

INVESTORS HOLD OUT ON GLOBAL CROSSING	2
DEUTSCHE ADDS CENTRAL BANK SALES GURU	4
INT'L GROWTH MAY SPARK U.S. ASSET SALES	4
NORTHERN TRUST ADDS JUNK ACE	4
ISSUERS CAUTIOUS WITH CONTI PAPER	4
MANAGER VOWS TO BE BOND POWERHOUSE	6
REPAP STRIKE COULD FELL BONDS	6
CROSSOVER CREDITS OUTPERFORM	6
STRATEGIES	
TREVOR STEWART LIKES AGENCIES	7
AIM TAPS INTO JUNK MARKET	7
IVY MACKENZIE LIKES REITS	7
THE ECONOMY	
PRIMARK SEES GLOBAL GROWTH SURGE	8
ECON EXPLAINS WAGE DEFLATION ENIGMA	8
MANUFACTURING TO PICK UP STEAM	8
DEPARTMENTS	
RATING GAME	9
YIELD CURVES	9
FINANCING RECORD	10

ZZZZZZZZZZ...

WERE AGENCIES ASLEEP ON HARNISCHFEGER?

Bond investors are grumbling that Standard & Poor's, and to a lesser extent Moody's Investors Service, were caught flat-footed by the collapse of Harnischfeger Industries, a heavy machinery manufacturer, which filed for bankruptcy last week. As recently as March, both agencies rated the company's senior notes investment grade. S&P had Harnischfeger rated BB+ at the first of the month when the company announced in a conference call that it did not have the means to pay its obligations; S&P subsequently downgraded the company to B-. The next change was on June 7, when the company announced it was filing for bankruptcy, and S&P downgraded the rating to D.

Scott Roberts, director of fixed income institutional products at Scudder Kemper Investments, says he bailed out of his position in the bonds around four months ago after

(continued on page 11)

MERRILL EMERGING MARKET RESEARCH BIGWIGS, CHANG AND PALERMO, BOLT TO CHASE.

Joyce Chang, head of emerging market fixed income research and strategy, and Vincent Palermo, senior quantitative strategist quit Merrill Lynch last Wednesday to fill similar positions at Chase Securities. A Merrill spokesman confirmed their departures. Chang and Palermo were between positions and could not be reached.

In her new position at Chase, Chang will replace Lawrence Brainard, who is retiring from his post as head of international fixed income research, according to a Chase official. Chang served as a managing director in emerging markets fixed-income research at Merrill Lynch, and has worked at the firm since 1996. She was ranked second in *Institutional Investor's* 1998 Latin American research team in the debt/sovereign category.

- Christina Sultan has formed Sultan & Co., a Los Angeles-based firm that will provide investigative and due diligence services to the financial community, including research on prospective bond issuers and outstanding bond collateral. Sultan, was formerly a director at Kroll Associates, as well as a specialist in fraud and forensic accounting and investigations at one of the top five accounting firms.

Copying prohibited without the permission of the publisher.