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Weekly FI Update

Recent hawish comments from the Fed. Yield curve is moving slightly up from July 2012. Less safe haven concerns, and more scrambling for yields in non-investment grade fixed income products, and different asset classes. Yet, the recent 3 year auction was met with high demand, bid/cover ratio of 3.62x for 0.385% yield, versus less demand for 10 year ~1.8% with 2.83x bid/cover. Investors are still unsatisfied with their holdings of "riskless" investments. Some FI analysts believe yields for 10 year could shift down to 1.6%, with subpar Q1 growth and legislation related to the fiscal cliff finalizing, which should make investors uneasy.

China's economy is set to grow +8% this year, silencing concerns related to a hard landing.

Stumbled across a debt market exchange named DEBTX.com. They help FDIC unload non-performing, or distressed loans held under receivership. They signed a 5 year agreement to extend their services and has sold $4.8 BB in loans since 2007.

Gundlach, the founder of Double Line, a fixed income management co. says to be wary of 2013. Did you know the equity market in 2012, in spite of Europe, fiscal cliff and all the debacle, reaped a 18% return? Well, Gundlach says, don't expect the stability in 2012 in 2013.

CFPB rules recently passed this week tightens mortgage origination controls, requiring docs such as credit scores, income verification and passes on no, and low doc financing. There is a lot of pressure to streamline the foreclosure process, in light of the robo mortgage process that was scrutinized and penalized recently.