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Curriculum Vitae
Fall 2020

CAMILO ALVAREZ

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Citizenship: USA

Major Fields of Concentration

International Macroeconomics, Monetary Economics

Education

Degree	*Field*	*Institution*	*Year*
PhD	Economics	University of Minnesota (expected)	2021
MA	Economics	University of Minnesota	2020
BA	Mathematics and Economics	University of Miami	2015

Dissertation

Title: "Puzzling Correlations and When to Find Them: Sovereign Spreads and Inflation"
Dissertation Advisors: Professor Manuel Amador and Professor Timothy Kehoe
Expected Completion: Summer 2021

References

Professor Manuel Amador	(612) 624-4060 (612) 204-5781 amador@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, MN 55455
Professor Timothy Kehoe	(612) 625-1589 (612) 204-5533 tkehoe@umn.edu	
Dr. Mark Wright	mark.wright@mpls.frb.org	Research Department Federal Reserve Bank of Minneapolis 90 Hennepin Avenue Minneapolis, MN 55401

Honors and Awards

2018 - 2020	*Beverly and Richard Fink Summer Research Fellowship*, College of Liberal Arts, University of Minnesota, Minneapolis, Minnesota
2016	*Distinguished Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
2015 - 2016	*Dove Fellowship*, Graduate School, University of Minnesota, Minneapolis, Minnesota

Teaching Experience

2016 - 2017 Spring 2020	*Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitation sections for *Principles of Microeconomics, Principles of Macroeconomics,* and *Topics in Indigenous Economic Development*.

Research Experience

2017 - present	*Research Analyst*, Research Department, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota. Research assistant to Dr. Mark Wright.
2017	*Graduate Summer Fellow*, Minnesota Population Center, University of Minnesota, Minneapolis, Minnesota.

Publication

"Restructuring Venezuela's Debt: Lessons from the Past and Implications for the Future," with Mark Wright and Daniel A. Dias, *The Journal of Investing,* Fall 2018, 27 (3): 74-79.

Papers

"Puzzling Correlations and When to Find Them: Sovereign Spreads and Inflation," 2020, job market paper
"Deception, Self Deception, and Sovereign Debt Statistics," with Mark Wright, Daniel Dias & Christine Richmond, 2019
"Inflation and Domestic Default: A Redistribution Story," 2019
"Dollarization in the Time Of Default: Currency as Repression," 2019
"Too Late to Fail: Political Economy in Default Decisions," 2018

Presentations

"Deception, Self Deception, and Sovereign Debt Statistics," present at 2019 DebtCon 3: Sovereign Debt Research and Management Conference, Georgetown Law, Washington, DC.
"Puzzling Correlations and When to Find Them: Sovereign Spreads and Inflation," presented at the 2020 UMN-UW International Conference.

Computer Skills

Julia, Python, C++, Fortan, LaTeX, Stata, Matlab, Grasshopper, Bloomberg Terminal and BQL

Languages

English (native), Spanish (native)

Abstracts

"Puzzling Correlations and When to Find Them: Sovereign Spreads and Inflation," job market paper

The paper explores a new novel pattern in correlations between default risk and currency depreciation risk. It uses data from secondary bond markets to proxy default and inflation risk for six developing countries. The default risk is proxy by using the yield from USD denominated bonds, and the currency depreciation risk is proxy by implied yield in exchange rate forwards between LCU and USD. When the results are compared to the ones found in previous studies, it shows that the positive co-movements between currency depreciation risk and default risk disappears in the short horizon, broadly defined as less than two years. These relations remain when doing robustness checks by using other measures for currency depreciation risk. I use the correlation curve for different maturities, to discipline a model that explores a new mechanism of the trade offs associated with inflation and investment. The model is used to evaluate welfare loss for Brazil between 1995 and 2010, and quantify underinvestment because inflation risks. Using the model, I also evaluate different policy proposals to combat inflation risk and reduce the ex-post temptation to inflate away debt. Main result is that investment in Brazil is about 5% lower than otherwise because debt inflation concerns.

"Restructuring Venezuela's Debt: Lessons from the Past and Implications for the Future," with Mark Wright, Daniel A. Dias, and Christine Richmond

Venezuela's incipient sovereign debt restructuring is likely to be difficult for a number of legal and diplomatic reasons. This article discusses three additional economic issues that will influence the success of any restructuring operation. First, we show that Venezuela's total debt liabilities are not transparent and present evidence suggesting that available measures may be misleading as an indicator of the total debt-servicing cost. Second, we calculate that there are significant gains to re-profiling Venezuela's debt and note that it is feasible for these gains to be realized if official debts are restructured in accordance with past practices. Third, we review data on Venezuela's oil wealth and argue that it could be either help or a hindrance to a successful debt restructuring.

"Deception, Self Deception, and Sovereign Debt Statistics," with Mark Wright, Daniel A. Dias, and Christine Richmond

Statistics on sovereign debt are used for many purposes. In this paper, we argue that existing measurements of sovereign indebtedness are typically not well designed for any of these purposes. We focus on two issues. First, existing accounting frameworks are designed for a deterministic environment, while sovereign debt portfolios contain numerous explicit and implicit state contingencies. Flawed concepts are compounded by directions to debt compilers to map state contingent cashflow into deterministic flows in uninteresting ways. Second, as a result of widespread market incompleteness, the debtor country and its creditors can be expected to value the same cashflows differently. We review current accounting practice, point to measurement issues, and suggest some alternative measures that may be less susceptible to these critiques. We apply the result to data on Argentina since 2014.

"Too Late to Fail: Political Economy in Default Decisions"

We study the relationship between political economy forces created by political turnover and government agents biased towards expenditure when they are in power and the incentives to both default and renegotiate. Same political economy forces that can drive a country to delay default can create incentives to delay renegotiations. The basic idea is that the government in power faces a higher turnover when in default than in non-default times, which cause them to try to postpone default since they discount those states of the world more. Furthermore, once they do default, the government can fall into poverty trap and delay renegotiation, since it carries a cost. The welfare and policy implications are not clear since political economy buys ex-ante credibility, but ex post inefficiencies. The model can also explain abut 43% of the default costs usually associated with productivity costs by attributing them to political economy frictions.