

GERMÁN SÁNCHEZ SÁNCHEZ

www.germansanchezsanchez.com

germansa@sas.upenn.edu

UNIVERSITY OF PENNSYLVANIA

Placement Director: Iouri Manovskii
Placement Director: Andrew Shephard
Graduate Student Coordinator: Gina Conway

MANOVSKI@ECON.UPENN.EDU
ASHEPH@SAS.UPENN.EDU
GNC@SAS.UPENN.EDU

215-898-6880
215-898-7408
215-898-5691

Office Contact Information

Department of Economics, University of Pennsylvania
The Ronald O. Perelman Center for Political Science and Economics
133 South 36th Street
Suite 646
Philadelphia, PA 19104
Phone: 267-257-6782

Undergraduate Studies:

B.A. Economics, ITAM (México City), 2012.

Masters Level Work

M.A. Economic Theory, ITAM (México City), 2017.

Graduate Studies:

University of Pennsylvania, 2017 to present.

Thesis Title: Essay in Mortgages and Macroeconomics.

Expected Completion Date: May 2024.

Thesis Committee and References:

Guillermo Ordóñez (Advisor)

Department of Economics
University of Pennsylvania
133 South 36th Street
Office 505
Philadelphia, PA 19104
215-898-1875, ordonez@econ.upenn.edu

Tim Landvoigt

Finance Department, the Wharton School
University of Pennsylvania
2324 Steinberg-Dietrich Hall
3620 Locust Walk
Philadelphia, PA 19104
215-898-9749, timland@wharton.upenn.edu

William Diamond

Finance Department, the Wharton School
University of Pennsylvania
2320 Steinberg-Dietrich Hall
3620 Locust Walk
Philadelphia, PA 19104
215-898-3609, diamondw@wharton.upenn.edu

Teaching and Research Fields:

Primary fields: Macroeconomics, Housing and Mortgage Finance.

Secondary fields: Role of Financial Intermediaries, Fiscal and Monetary Policy.

Teaching Experience:

University of Pennsylvania:

Summer 2020	Introductory Macroeconomics (Undergraduate), Instructor
Fall 2019	Economics of the Family (Undergraduate), Teaching Assistant for Jeremy Greenwood
Spring 2019	Intermediate Macroeconomics (Undergraduate), Instructor
Fall 2018	Intermediate Macroeconomics (Undergraduate), Teaching Assistant for Luca Bossi

ITAM:

2008-2009	Intermediate Macroeconomics (Undergraduate), Teaching Assistant for Martina Copelman
-----------	--

Research Experience and Other Employment:

University of Pennsylvania:

2021 – 2023	Research Assistant to Guillermo Ordóñez and Harold Cole, University of Pennsylvania
2019 – Present	Research Assistant to Tim Landvoigt and William Diamond, University of Pennsylvania

ITAM, Mexico:

2016 – 2017	Research Assistant to Felipe Meza Goiz, ITAM, Economic Research Center (CIE, for its acronym in Spanish)
-------------	--

Central Bank of Mexico:

2013 – 2015	Research Assistant to Lorenza Martínez Trigueros, Central Bank of Mexico, Payment Systems Division
-------------	--

Ministry of Economics, Mexico:

2011 – 2012	Research Assistant to Lorenza Martínez Trigueros, Ministry of Economics, Undersecretariat of Industry and Commerce
-------------	--

Professional Activities

Conferences and Seminars:

* Presented by co-authors.

UPenn Macroeconomics Seminars (2021, 2022, 2023), UPenn Macroeconomics Student Talk Seminar (Various), ASSA Meeting* (2022), UBC Winter Finance* (2023), SFS Cavalcade* (2023), Cowles Conference GE* (2023).

Referee Experience:

Journal of Economic Theory, 2020
Young Economist Symposium

Honors, Scholarships, and Fellowships:

Honors:

2022	Honorable Mention, Marshall Blume Prizes in Financial Research, for “Printing Away the Mortgages: Fiscal Inflation and the Post-Covid Housing Boom” with Tim Landvoigt and William Diamond
2020	Nominated for Best 3 rd Year Paper for “Restricted Mortgage Offering in the Great Recession” with Dick Oosthuizen

Fellowships:

2022-2023	School of Arts and Sciences Graduate Division Fellowship Award, University of Pennsylvania
2018-2022	Graduate Fellowship, University of Pennsylvania

2017	Ph.D. Fellowship, Central Bank of México
2015-2017	M.A. Fellowship, ITAM

Research Papers:

“Mortgage Choice and Credit Guarantees” (Job Market Paper)

I analyze the general equilibrium effects of government-sponsored enterprises' credit guarantees for fixed-rate mortgages. I develop a macroeconomic model where borrowers choose between fixed-rate mortgages (FRMs) and adjustable-rate mortgages (ARMs) provided by a constrained financial intermediary. Relative to FRMs, ARMs typically have lower required payments during recessions generating lower and less cyclical default rates. Since the intermediary prices the exposure to credit risk, borrowers choose 60% of ARMs in an economy without credit guarantees. This outcome aligns with some European economies where ARMs are prevalent, and intermediaries maintain unhedged balance sheets against credit risk. With existing guarantees, the intermediary does not bear FRMs' credit risk, resulting in a high insensitivity of the FRM rate to borrower's leverage. As observed in the US, this leads to a 70% FRM share. Compared to the economy without guarantees, mortgage default rates are higher, while intermediary equity, borrower consumption and house price volatility increase. The difference in the general equilibrium impact of guarantees crucially relies on my model's novel feature of endogenizing the mortgage choice.

“Printing Away the Mortgages: Fiscal Inflation and the Post-Covid Housing Boom”, with Tim Landvoigt and William Diamond.

We theoretically and quantitatively analyze the impact of fiscal and monetary stimulus during and after the 2020 Covid recession on output, inflation, and house prices. Our theoretical analysis clarifies that fiscal stimulus increases consumption demand in a recession by providing liquidity, by redistributing from savers to borrowers, and by lowering the return on saving if it causes future inflation. Future inflation only occurs if taxes after the recession do not increase to pay for the stimulus. In our quantitative analysis, we study a temporary shift to passive monetary policy with low responsiveness to inflation. Fiscally-driven inflation enabled by this passive monetary policy reduces the real value of both mortgages and government debt, so it increases the spending capacity and housing demand of credit-constrained homeowners. Together with transfer payments and large fiscal deficits during the Covid recession, this policy greatly reduces the recession's severity and causes high house prices and inflation similar to the data.

“Restricted Mortgage Offering in the Great Recession”, with Dick Oosthuizen.

The literature has studied the ex-ante consequences of introducing teaser-rate mortgages (TRMs) on the housing and mortgage markets. We study how the ex-post restricted access to TRMs during the Great Recession amplified the housing bust. TRMs start with a low initial rate, with the expectation of a rate hike in the future. Empirically, we show that lower-income and younger households chose TRMs during the housing boom. At the onset of the crisis, the government-sponsored enterprises tightened restrictions on their purchases of TRMs, which induced intermediaries to increase their lending standards. To evaluate the impact of eliminating TRMs during the crisis, we use a dynamic general equilibrium housing model with long-term mortgages and a contract choice between fixed-rate mortgages (FRMs) and TRMs. The restricted contract choice amplifies the house price drop by 1 percentage point. Without the availability of TRMs, low-income and younger households are excluded from the mortgage market, leading to a decrease in housing demand that triggers a downward spiral effect on house prices. Without the restricted supply, the share of TRMs would nearly have doubled during the crisis.

Work in Progress:

“Flippers and the Business Cycle”, with Agustín Díaz Casanueva and Sean McCrary

Skills:

Programming: MATLAB, Julia, R, STATA, Latex
Languages: Spanish, English