Angelo Avelar Hermeto Mendes

Personal Data

Place and Date of Birth:	Belo Horizonte, Brazil | 29 February 1996
Nationality:	Brazilian
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Education

Fall 2021 - Spring 2027 (Expected)	P.hD. in Economics, **University of Minnesota** Advisors: Manuel Amador and Tim Kehoe
Jan 2018 - Mar 2020	M.Sc. in Economics, **Sao Paulo School of Economics - FGV** Advisors: Prof. Tiago Cavalcanti and Prof. Pierluca Pannella Thesis Title: Firm Dynamics and Misallocation in Production Networks
Feb 2014 - Dec 2017	B.A. in Economics, **Ibmec MG** Advisor: Prof. Sergio Guerra Thesis Title: Assessing Predictive Power of Brazilian Confidence Indexes

Scholarships and Awards

Dec 2024	Third Year Paper Competition, University of Minnesota Awarded 2nd best paper - *Transparency in Debt Crisis* (with Lucas Belmudes)
Jan 2019 - Feb 2020	Graduate Fellowship by CAPES Scholarship granted by Brazilian Federal Agency for Support and Evaluation of Graduate Education
Jan 2018 - Dec 2018	Graduate Fellowship by FGV Scholarship granted by Fundação Getulio Vargas

Research Experience

Aug 2024 -	**Research Assistant** *Prof. Manuel Amador*
Mar 2020 - Aug 2021	**Research Assistant** *Prof. Tiago Cavalcanti, Prof. Joseph Kaboski, Prof Cezar Santos* **Dispersion in Financing Costs and Development** I have been working on numerical implementation and calibration of dynamic general equilibrium models using mostly Matlab.
Jan 2021 - Aug 2021	**Research Assistant** *Prof. Luiz Brotherhood, Prof. Cezar Santos, Prof. Daniel Da Mata, Prof. Phillip Kircher, Prof. Nezih Guner* **Labor Market Policies, Regulation and Informality** This is a project on labor market policies and informality. I worked to implement and calibrate a dynamic general equilibrium model using Fortran and Matlab.

Publications

Entrepreneurship and Misallocation in Production Network Economies
with Tiago Cavalcanti and Pierluca Pannella - Economic Theory

Abstract: This paper investigates how sectoral linkages amplify or diminish misallocation at the intensive and extensive margins. Our analysis is based on a multisector general equilibrium model with input-output linkages, heterogeneous entrepreneurial abilities, and endogenous occupational choice. Distortions affect the intensive use of production inputs and they also impact the agents' occupational decisions, misallocating the mass and type of entrepreneurs in different sectors of production. When the most distorted sectors are upstream (downstream), input-output linkages amplify (diminish) the loss from entreprenurial misallocation. We calibrate the model to the US and quantify the output losses from sectoral corporate taxes, decomposing the role of networks and the extensive margin decisions. We find that sectoral linkages triple the loss from the misallocation of entrepreneurs. We study an entry subsidy program, showing that it should target those sectors whose *marginal* entrepreneurs suffer larger profit losses, even if they are not necessarily the most distorted.

Work in Progress

Transparency in Debt Crisis
with Lucas Belmudes

> **Abstract:** We study the problem of a sovereign choosing whether to disclose information to international lenders in an Eaton-Gersovitz environment. The government faces a trade-off: full disclosure eliminates default costs even in the lowest states but hampers new debt issuance. Conversely, non-disclosure allows new debt in the low state but introduces default costs with positive probability. We characterize the sovereign's optimal choice of information disclosure and show that under standard macroeconomic parameters, non-disclosure is optimal when default costs are low. We argue that our model is consistent with the behavior of the Mexican government during the 1994-1995 Mexican Crisis.

Domestic vs. Foreign Law: Composition Dynamics of Sovereign Debt
with Lucas Belmudes

> **Abstract:** Previous research has noted a "legal safety premium" affecting foreign-law bonds in financial distress. However, the underlying reasons for the composition of sovereign debt under foreign and domestic law remain underexplored. Quantitative models, such as those by Arellano (2008), struggle to replicate the empirical mix of domestic and foreign law debt. Our goal is to enrich empirical insights into the rationale behind the composition in law and international finance, extending quantitative literature on sovereign default to address this essential aspect of the data.

Opaqueness and Liquidity in Over-the-Counter Markets
with Fernando Lopes and Gabriel Toledo

> **Abstract:** We develop a model of search in OTC markets with asymmetric information and trade occurring under double-sided uncertainty over asset quality, where holding the asset does not necessarily translate into knowing its quality. This leads to deterioration of market information conditions over subsequent trades, causing both sellers and buyers to become more pessimistic even though aggregate asset quality remains unchanged. If *re-trade* opportunities are frequent, information in the economy becomes coarser, hindering market liquidity and volume of trade.

Teaching Experience

Summer 2023	Math Camp, University of Minnesota *Graduate Level Course* Teaching students the basics of Real Analysis and Linear Algebra used in the first-year core courses at UMN with a self-contained set of lecture notes and problem sets.
Fall 2022 - Spring 2023	Intermediate Macroeconomics, University of Minnesota *Undergraduate Level Course*
Fall 2019	Macroeconomics III, Sao Paulo School of Economics - FGV *Graduate Level Course* Teaching students how to implement numerical procedures using Matlab programming language to solve classical macroeconomic models.
Spring 2019	Advanced Macroeconomics, Sao Paulo School of Economics - FGV *Undergraduate Level Course* Teaching students how to solve RBC and New Keynesian models using Dynare.

Work Experience

Sep 2023 - Sep 2024	Research Analyst at Federal Reserve Bank, Minneapolis *Research Department* Working with James Schmitz.
Feb 2016 - Dec 2016	Intern at Banco Inter, Belo Horizonte *Treasury Department* MTM of derivative instruments, weekly monitoring of cash flow, and support to the exchange area.

Computer Skills

Programming Languages and Softwares: LaTeX, Matlab Python, Dynare, and Stata.

Languages

Portuguese (Native), English (Proficient).

Academic References

Timothy J. Kehoe	University of Minnesota tkehoe@umn.edu
Manuel Amador	University of Minnesota amador.manuel@gmail.com
Tiago Cavalcanti	Cambridge University tvdvc2@cam.ac.uk