

**University of Minnesota - Twin Cities**

Department of Economics  
 4-101 Hanson Hall  
 1925 Fourth Street South  
 Minneapolis, Minnesota 55455  
 U.S.A.

(612) 625-6353  
 (612) 624-0209 FAX

*Placement Directors*  
 Ellen R. McGrattan  
 erm@umn.edu  
 (612) 625-6714  
 Thomas Holmes  
 holmes@umn.edu  
 (612) 625-6353

*Placement Coordinator*  
 Catherine Bach  
 (612) 625-6859  
 c-bach@umn.edu

**Curriculum Vitae**  
**Fall 2019**

**CARLOS ESQUIVEL****Personal Data***Address*

4-101 Hanson Hall  
 1925 Fourth Street South  
 Minneapolis, MN 55455

*Contact Information*

Cell: (612) 913-0766  
 E-mail: esqui033@umn.edu  
 URL: www.cesquivel.com

*Citizenship:* Mexico (F-1 Visa)

**Major Fields of Concentration**

International Macroeconomics, International Finance

**Education**

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
PhD	Economics	University of Minnesota (expected)	2020
MA	Economics	University of Minnesota	2017
BA	Economics	Instituto Tecnológico Autónomo de México (ITAM)	2012

**Dissertation**

Title: "Essays on International Economics"

Dissertation Advisor: Professor Timothy Kehoe and Professor Manuel Amador

Expected Completion: Summer 2020

**References**

Professor Timothy Kehoe	(612) 625-1589 (612) 204-5533 tkehoe@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, MN 55455
Professor Manuel Amador	(612) 624-4060 (612) 204-5781 amador@umn.edu	
Dr. Juan Pablo Nicolini	(612) 204-5487 juanpa@minneapolisfed.org	Research Department Federal Reserve Bank of Minneapolis 90 Hennepin Avenue Minneapolis, MN 55401

## Honors and Awards

2019 - 2020     *Hutcheson-Lilly Dissertation Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota  
Summer 2019     *Graduate Research Program Partnership Fellowship*, University of Minnesota, Minneapolis, Minnesota  
Summer 2016,     *Distinguished Instructor Award*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.  
Summer 2018     Received the award twice.  
Summer 2015,     *Distinguished Teaching Assistant Award*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Received the award twice.  
Spring 2016  
2014 - 2015     *Kurt Winkelman and Janine Gleason Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota

## Teaching Experience

Summer 2016,     *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.  
Summer 2018     Taught *Principles of Microeconomics*.  
2015 - 2016     *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.  
Summer 2015     Led recitation sections for *Principles of Microeconomics*, and *Introduction to Econometrics*.  
2009 - 2010     *Teaching Assistant*, Instituto Tecnológico Autónoma de México (ITAM), Mexico City, México.  
Led recitations for *Economics 1-4*.

## Research and Professional Experience

2016 - 2019     *Research Assistant*, Heller Hurwicz Economics Institute, University of Minnesota, Minneapolis, Minnesota.  
Research assistant to Professor Timothy Kehoe and Dr. Juan Pablo Nicolini.  
Summer 2017     *PhD Summer Intern*, Banco de México, Mexico City, México.  
2013 - 2014     *Senior Associate*, SAI Law & Economics, Mexico City, México.  
2012 - 2014     *Research Assistant*, SAI Law & Economics, Mexico City, México. Research assistant to Dr. Jaime Serra.  
2012 - 2013     *Associate*, SAI Law & Economics, Mexico City, México.  
2011 - 2012     *Intern*, SAI Law & Economics, Mexico City, México.

## Working Papers

“Sovereign Risk and Dutch Disease,” job market paper  
“Lessons from the Monetary and Fiscal History of Latin America,” in the *Monetary and Fiscal History of Latin America Project*, with Timothy Kehoe and Juan Pablo Nicolini, 2019  
“Default and Interest Rate Shocks: Renegotiation Matters,” with Victor Almeida, Timothy J. Kehoe, and Juan Pablo Nicolini, 2018  
“Pricing Following the Nominal Exchange Rate,” 2017

## Presentations

“Did the 1980s in Latin America Need to be a Lost Decade?” presented at the Society for Economic Dynamics Annual Meeting, Mexico City, México, June 2018.  
“Pricing Following the Nominal Exchange Rate,” presented at the 81<sup>st</sup> Annual Meeting of the Midwest Economics Association, Chicago, Illinois, March 2018.

## Refereeing

*Journal of Business Economics and Statistics*

## Computer Skills

Julia, MatLab, STATA, Fortran (basic), Python (basic)

## **Languages**

English (fluent), Spanish (native)

## **Abstracts**

“Sovereign Risk and Dutch Disease,” job market paper

This paper studies the impact of natural resource discoveries on default risk. I use data of giant oil discoveries to estimate their effect on the spreads of 37 emerging economies. I find that spreads increase by up to 530 basis points following a discovery of average size. I develop a quantitative sovereign default model with production in three intermediate sectors and oil discoveries. Following a discovery, foreign borrowing and investment increase, with opposite effects on spreads. The discovery also generates a reallocation of production factors away from manufactures into oil extraction and to the non-traded sector. This reallocation increases the volatility of tradable income used to finance debt payments, which undermines the effect of investment on spreads. Under the benchmark calibration the Dutch disease accounts for at least one third of the increase in spreads observed in the data.

“Default and Interest Rate Shocks: Renegotiation Matters,” with Victor Almeida, Timothy J. Kehoe, and Juan Pablo Nicolini

In this paper we develop a sovereign default model with endogenous re-entry to financial markets via debt renegotiation. We use this model to evaluate how shocks to risk-free interest rates trigger default episodes through two channels: borrowing costs and expected renegotiation terms after default. The first channel makes repayment less attractive when risk-free interest rates are high due to higher borrowing costs. The second channel works through the expected subsequent renegotiation process: when risk-free rates are high, lenders are willing to accept a higher haircut in exchange for resuming payments. Thus, high risk-free rates imply better renegotiation terms for a borrower, making default more attractive ex-ante. We calibrate the model to study the 1982 Mexican default, which was preceded by a drastic increase in federal funds rates in the US. We find that the renegotiation process is key for reconciling the model to the widespread narrative that the increase in US interest rates triggered the 1982 default episode.

“Lessons from the Monetary and Fiscal History of Latin America,” with Timothy J. Kehoe and Juan Pablo Nicolini

Studying the modern economic histories of the ten largest countries in South America and Mexico teaches us that the lack of fiscal discipline has been at the root of most of the region’s macroeconomic instability. The lack of fiscal discipline, however, takes various forms, not all of them measured in the primary deficit. Especially important have been implicit or explicit guarantees to the banking system, denomination of the debt in US dollars and short maturity of the debt, and large transfers to the private sector, especially in times of crisis that are not part of the budget approved by the national congresses. Comparing the histories of our eleven countries side by side, we see that, rather than leading to an economic contraction, in general fiscal stabilization leads to growth. On the other hand, rising commodity prices are no guarantee of economic growth, nor are falling commodity prices a guarantee of economic contraction.

“Pricing Following the Nominal Exchange Rate”

This paper studies how the informativeness of the exchange rate affects the sensitivity of prices to nominal depreciations. In an environment with imperfect information, the exchange rate is a signal of the state of the economy and thus relevant for pricing decisions, even if it does not affect costs. This “information channel” gives rise to a policy trade-off: a currency intervention that reduces the level of a depreciation also reduces exchange rate volatility and, therefore, increases its precision as a signal. This increases the elasticity of prices with respect to the exchange rate through the information channel. Overall, the effect of such currency interventions on inflation is ambiguous: on one hand they reduce the magnitude of the shock and, on the other, they increase the responsiveness of firms when adjusting their prices. To test the relevance of the information channel I use policy changes in Mexico to identify an increase in the precision of information provided by the Central Bank. I calibrate this increase in precision using data from a survey of private inflation forecasts. Holding everything else constant, this increase accounts for 4 out of a 12 point drop in the elasticity of prices with respect to the exchange rate.