Cristian Cuevas

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EDUCATION

Ph.D. in Economics 2017 – 2023 (expected)
Georgetown University, Washington, DC, USA

Thesis: “Essays on Safe Assets and the Macroeconomy”.
References: Dan Cao (main advisor), Behzad Diba, Toshihiko Mukoyama.

MA Economics 2011 – 2012
Catholic University of Chile, Santiago, Chile

BA Economics 2007 – 2011
Catholic University of Chile, Santiago, Chile

RESEARCH FIELDS

Primary: Macroeconomics, International Finance, Monetary Policy
Secondary: Asset Pricing

WORKING PAPERS (see the abstracts on the last page)

“Safe Assets in Emerging Market Economies”, Job Market Paper.

“The Liquidity Premium on Government Debt under a Floor System of Monetary Policy”, August 2022.

“Convenience Yields and Monetary Policy”, work in progress.

CONFERENCES

2022: Georgetown Macro Conference, Midwest Economic Association, Georgetown Economics Department.
2021: Georgetown Macro Conference, Southern Economic Association.

SCHOLARSHIPS and AWARDS

Ph.D. Graduate School Fellowship, Georgetown University 2017 – Present

Conference Travel Grant, Georgetown University 2022

Summer Dissertation Fellowship, Georgetown University Summer 2020

MA Dissertation Scholarship, Catholic University of Chile 2012

RESEARCH AND PROFESSIONAL EXPERIENCE

Research Assistant, Prof. Dan Cao, Georgetown University 2019

Researcher, Center for Financial Studies, University of the Andes, Chile 2015 – 2017

Economist, Research Division, Bank of Chile 2014 – 2015

Advisor to the Chairman, Superintendence of Securities and Insurance, Chile 2013 – 2014

TEACHING EXPERIENCE (GEORGETOWN UNIVERSITY)

International Finance (Undergraduate), Instructor Summer 2019

Intermediate Macro (Undergraduate), Teaching Assistant Fall 2018-Spring 2020-Fall 2020

International Finance (Undergraduate), Teaching Assistant Fall 2019-Spring 2021-Spring 2022

Financial Economics (Graduate), Teaching Assistant Spring 2019

PRE-Ph.D. RESEARCH

"A new look at Financial Inclusion in Chile" [in Spanish], *Estudios Publicos* 143, Winter 2016.

"Market Makers and Liquidity Provision in Chile" [in Spanish], Working Paper No 12, Superintendence of Securities and Insurance, 2014.

SKILLS

Software: Matlab, Stata, Latex, Global DSGE toolbox (see www.gdsge.com)
Language: English (fluent), Spanish (Native)

REFERENCES

Dan Cao, Associate Professor, Dept. of Economics, Georgetown University (Main advisor)
Contact: Dan.Cao@georgetown.edu

Behzad Diba, Professor, Dept. of Economics, Georgetown University
Contact: dibab@georgetown.edu

Toshihiko Mukoyama, Professor, Dept. of Economics, Georgetown University
Contact: tm1309@georgetown.edu

OTHER INFO

Citizenship: Chilean.
Address: 4300 Garrison St, NW, Washington, DC.
Hobbies: Running, Tennis, History.

ABSTRACTS

"Safe Assets in Emerging Market Economies"

Abstract: Investors pay a premium for the safety and liquidity of US Treasuries compared to private comparable US debt -they enjoy a Safe Asset status. Similarly, I estimate that investors pay more than 30 basis points for the safety and liquidity of local-currency sovereign bonds of a group of nine emerging economies. However, important differences remain with respect to US Treasuries: the premium comes mainly from local investors, and the safe asset status is procyclical. I show that this procyclicality is driven by the competition of the local sovereign bond with a global safe asset during downturns. I extend the real-small open economy model to incorporate preferences for safe assets, which are satisfied by either foreign or local sovereign bonds. I use the model to derive implications for policy: unconventional monetary policy in the form of emergency liquidity provision (used by many emerging economies during 2020) is less effective when facing a downturn, as investors prefer the dollar liquidity; accordingly, bond market segmentation between local and foreign bonds improves the effectiveness of unconventional monetary policy. The model also includes the chance of sudden stops: it predicts the behavior of local-currency convenience yields and the effectiveness of local-currency tools to fight it.

"The Liquidity Premium on Government Debt under a Floor System of Monetary Policy"

Abstract: Can a government exhaust the liquidity premium on its debt by borrowing too much? The recent massive buildup of government debt in advance economies to fight the Covid pandemic poses new questions on the convenience yield literature. Empirical evidence so far has provided answers with opposite implications. On one side, the liquidity premium is negatively related to the supply of debt by the government and can therefore disappear with too much borrowing. On the other, it is the central bank who sets the price of liquidity for money and its close substitutes (such as government debt), regardless of how much the government borrows. In this paper I offer a resolution by isolating the causal impact of government debt on the liquidity premium in instances where the central bank does not need to adjust the quantity of liquidity to hit its monetary policy target. Such an opportunity is given when monetary policy is implemented through a floor system, where the interest on reserves and their supply are two independent tools. My results show that the supply of debt by the government is ultimately the main determinant of the liquidity premium, and I uncover new effects of the monetary policy rate on the liquidity premium of T-bills.