

Fernando Mendo

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AFFILIATIONS

Central Bank of Chile, Economic Research Department

Senior Economist

2019 – Present

World Bank, Peru Country Office

Junior Professional Associate

2011- 2013

EDUCATION

Princeton University

Ph.D. Economics

2019

M.A. Economics

2015

Pontificia Universidad Católica del Perú

Applied Mathematics

2013

Universidad del Pacífico

M. Sc. Economics, *Valedictorian*

2012

B. Sc. Economics, *Valedictorian*

2010

RESEARCH FIELDS

Primary fields: Macroeconomics, Finance.

Secondary fields: Banking, Monetary Economics, International Economics.

WORKING PAPERS

Risky low-volatility environments and the stability paradox

**Previously circulated as "Risk to Control Risk." Macro Financial Modeling Dissertation Fellowship 2019, BFI.*

Can low risk be risky? In this macro-financial model, smooth business-cycle-frequency fluctuations may disguise vulnerability to panics. Self-fulfilled panics trigger collapses in asset prices and output. When moderately capitalized, the financial sector uses debt to shield allocation efficiency from real shocks, smoothing business-cycle-frequency fluctuations and supporting high asset prices. However, an indebted financial sector, coupled with high asset prices, fuels the exposure to panics: these low-volatility environments are, indeed, risky. A stability paradox emerges: more stable fundamentals lead to a less stable economy, more prone to panics. Importantly, business-cycle-frequency risk, and not the exposure to collapses, drive portfolio allocations.

Financial Frictions, Amplification, and Sunspots (with Paymon Khorrami)

In most economies with financial frictions, asset prices and the wealth distribution form a two-way feedback loop, typically referred to as an "amplification" mechanism for real shocks. But this loop also supports self-fulfilling fluctuations: if agents believe in price volatility, sunspot shocks cause trading behavior that shifts allocative efficiency and the wealth distribution, justifying asset-price fluctuations. Sunspot equilibria permit arbitrary amounts of volatility and a decoupling of fluctuations from fundamentals, with both effects sharper in crisis times.

WORK IN PROGRESS

Inside Money and Debt Settlements (with Saki Bigio)
Continuous-time Models: A Macroeconomist's Solution Manual

RESEARCH EXPERIENCE

Research Assistant for Saki Bigio, Columbia University	2014
Research Assistant for Juan F. Castro, Universidad del Pacífico	2009-2011
Research Assistant for Gustavo Yamada, Universidad del Pacífico	2009-2011

TEACHING EXPERIENCE (as teaching assistant)

Princeton University

ECO315 Topics in Macroeconomics (Nobuhiro Kiyotaki)	2018
ECO467 Institutional Finance (Stephan Luck)	2017, 2018
ECO301 Macroeconomics (Iqbal Zaidi)	2016, 2017
ECO525 Financial Economics (Markus Brunnermeier)	2015
ECO353 International Monetary Economics (Mark Aguiar)	2015

Universidad del Pacífico

Graduate Microeconomic Theory (Guillermo Díaz)	2011
Econometric Theory II (Carlos Casas)	2011
Macroeconomic Theory I (Juan F. Castro)	2010, 2011
Mathematics III (Antonio Ortiz)	2010
Economics of Education and Labor (Gustavo Yamada)	2010
Econometric Theory I (Juan F. Castro)	2009, 2010
Microeconomic Theory II (Giovanna Priale)	2008

HONORS, AWARDS AND FELLOWSHIPS

Macro Financial Modeling Dissertation Fellowship, Becker Friedman Institute	2018
Griswold Center for Economic Policy Studies Fellowship, Princeton University	2018-2019
International Economics Section Summer Fellowship, Princeton University	2016
Princeton University Graduate Fellowship	2013-2018
Universidad del Pacífico Graduate Fellowship	2010-2012
Beta Gamma Sigma (Business Honor Society)	2013
Valedictorian, Highest GPA ever recorded (1st/64 graduates since 2006), Special Robert Maes Award.	
Graduate Program in Economics, Universidad del Pacífico.	2012
Valedictorian, Highest GPA ever recorded (1st/2,535 graduates since 1962), Special Robert Maes Award, Robert Maes Award. Undergraduate Program, Universidad del Pacífico.	2010
Dean's Honor List, Universidad del Pacífico.	2006-2009
Best Freshman Award (1st/475), Universidad del Pacífico.	2006
Partial Scholarship, Juan XXIII High School.	2001-2005

PROFESSIONAL ACTIVITIES

SEMINARS AND CONFERENCES

2018: Macro Financial Modeling Summer Meeting, Civitas Foundation Finance Seminar (Princeton University), Chicago Booth Asset Pricing Conference (poster), Finance Lunch Seminar (Princeton University), Macro and International Macro Student Workshop (Princeton University).

2019: Kellogg School of Management (Northwestern University), Robert H. Smith School of Business (University of Maryland), University of Rochester, Universidad Los Andes, Universidad de Chile, Banco Central de Chile, Fourth International Workshop in Financial Econometrics (poster), Latin American Meeting of the Econometric Society (LACEA-LAMES), Banco de Mexico 3rd Conference on Financial Stability, RIDGE Financial Stability Workshop, 7th Paris Financial Management Conference, III Santiago Macroeconomics Workshop.

2020: World Congress Econometric Society, Imperial College Business School (internal seminar)*, SCE 26th International Conference on Computing in Economics and Finance (CEF)**, Financial Intermediation Research Society (FIRS) Workshop.**

*Presented by co-author, ** Postponed or canceled due to COVID

DISCUSSIONS

The Real Response to Uncertainty Shocks: the Risk Premium Channel by Lorenzo Bretscher, Alex Hsu and Andrea Tamoni, Santiago Finance Workshop, 2019

How Do Banks Respond to NPLs? by Brunella Bruno and Immacolata Marino, Paris Financial Management Conference, 2019

Leaning Against the Wind: An Empirical Cost-Benefit Analysis by Luis Brandao, Gaston Gelos, Machiko Narita, and Erlend Nier, CEBRA Annual Meeting, 2020.

Treasury Debt and the Pricing of Short-Term Assets by Quentin Vandeweyer, CESifo Area Conference on Macro, Money, and International Finance, 2020.

INVITED SUMMER SESSIONS

MFM Summer Session for Young Scholars, Becker Friedman Institute (2016, 2018), Yale Summer School in Behavioral Finance, Yale University (2015), Capital Markets Research Workshop, MIT Sloan School of Management (2015).

REFERENCES

Professor Markus Brunnermeier
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Professor Nobuhiro Kiyotaki
Department of Economics
Princeton University
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Professor Mark Aguiar
Department of Economics
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MISCELLANEOUS

Languages: English (fluent), Spanish (native).
Citizenship: Peru.