

# JULIO L. ORTIZ

270 BAY STATE ROAD

BOSTON, MA 02215

CELL: (201) 230-1960

EMAIL: [JLORTIZ@BU.EDU](mailto:JLORTIZ@BU.EDU)

WEBSITE: [HTTPS://JULIOLORTIZ.COM](https://JULIOLORTIZ.COM)

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## Education

Ph.D., Economics, Boston University, Boston MA, May 2021 (Expected)

M.A., Political Economy, Boston University, Boston MA, May 2018

B.S., Double Major in Economics and International Affairs (*Summa Cum Laude*), George Washington University, Washington DC, 2013

## Fields of Interest

Macroeconomics, Econometrics

## Non-Refereed Publications

“Inflation: Drivers and Dynamics: 2019 CEBRA Annual Meeting Session Summary,” (with Timo Haber, Edward S. Knotek II, Jean-Paul L’Huillier, Damjan Pfajfar, Robert W. Rich, and Raphael Schoenle) *Economic Commentary, Federal Reserve Bank of Cleveland*, (2020) 14: 1-3.

## Working Papers

“Spread Too Thin: The Impact of Lean Inventories,” September 2020 (Job Market Paper)

“Time-Varying Volatility, Underreaction, and Overreaction,” May 2020

“A New Fact to Discipline Models of Beliefs,” March 2020

## Works in Progress

“How Do Market Analysts Form Expectations?”

“Input-Output Inventories and Inflation Dynamics”

## Presentations

BU-BC Green Line Macro Meeting, Boston, MA, 2019, 2020

BU Macro Dissertation Workshop, Boston, MA, 2017, 2018, 2019, 2020

BU Macro Student Workshop, Boston, MA, 2018, 2019, 2020

GW Forecasting Seminar, Washington, DC, 2020

CEBRA Annual Meeting, New York, NY, 2019

## **Fellowships and Awards**

Dean's Fellowship, Boston University, Fall 2015-Spring 2020  
Teaching Fellowship, Boston University, Fall 2016-Fall 2019

## **Work Experience**

Research Assistant, Federal Reserve Board, Washington DC, May 2013 - July 2015

## **Teaching Experience**

Instructor, International Trade, Department of Economics, Boston University, Summer 2018  
Instructor, Principles of Macroeconomics, Department of Economics, Boston University, Summer 2019  
Instructor, Introduction to Econometrics, Department of Economics, Boston University, Summer 2020  
Teaching Assistant, Econometrics (Masters), Department of Economics, Boston University, Fall 2017 - Spring 2020 (six semesters)  
Teaching Fellow, Introductory Macroeconomics, Department of Economics, Boston University, Fall 2016, Spring 2017, Fall 2019

## **Other Activities**

Graduate Economics Association (GEA) Co-chair, Boston University, 2017-2018

## **Memberships and Affiliations**

American Economic Association, Member  
H.O. Stekler Research Program on Forecasting, Student Member

**Language Skills:** English (native) and Spanish (fluent)

**Computer Skills:** STATA, MATLAB, R, Unix, L<sup>A</sup>T<sub>E</sub>X

**Citizenship:** USA

## **References**

### **Professor Stephen Terry**

Department of Economics  
Boston University  
Phone: (757) 754-3514  
Email: [stephent@bu.edu](mailto:stephent@bu.edu)

### **Professor Adam Guren**

Department of Economics  
Boston University  
Phone: (617) 353-4534  
Email: [guren@bu.edu](mailto:guren@bu.edu)

### **Professor Pascual Restrepo**

Department of Economics  
Boston University  
Phone: (617) 353-4010  
Email: [pascual@bu.edu](mailto:pascual@bu.edu)

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## **Spread Too Thin: The Impact of Lean Inventories (Job Market Paper)**

Lean production generates a tradeoff between micro stability and macro vulnerability. Examining public “just-in-time” (JIT) firms, I find that JIT producers experience higher sales growth and less volatility. At the same time, JIT producers are more cyclical and sensitive to natural disasters. Motivated by these facts, I build and structurally estimate a general equilibrium model in which heterogeneous firms can adopt JIT. The estimated model implies that while JIT producers enjoy a 1% increase in steady state firm value, an unanticipated disaster akin to the COVID-19 shock results in a 1.6 percentage point sharper output contraction relative to a counterfactual economy with less adoption. With more JIT, previously lean businesses stock out more frequently and hoard now highly valuable materials, disrupting their production processes.

## **Time-Varying Volatility, Underreaction, and Overreaction**

Two seemingly contradictory patterns coexist in data on professional forecasters. After positive news and upward forecast revisions, predictions made by the same person are sometimes systematically too optimistic, “overreacting,” while they are also sometimes predictably too pessimistic, “underreacting.” Making sense of both patterns within the same model proves difficult for a wide range of theories of belief dynamics. But I show that such patterns are to be expected in an environment with time-varying volatility about which agents are imperfectly informed. In states of the world where volatility exceeds agents’ perceptions, forecasters appear to underreact, while states in which volatility is lower than agents perceive cause apparent overreaction. I provide empirical evidence consistent with this mechanism, emphasizing the importance of accounting for the impact of volatility shifts for belief dynamics.

## **A New Fact to Discipline Models of Beliefs**

Changes made to existing forecasts that are systematically correlated with subsequent forecast errors yield “error predictability,” a salient feature of survey data. Full information rational expectations (FIRE) models, by contrast, produce unpredictable errors, a fact motivating many non-FIRE theories. Within this non-FIRE group, I demonstrate that empirical error predictability is not typically enough to distinguish across alternative belief systems. Instead, I highlight an additional empirical fact that, paired with error predictability, can serve to further disentangle competing models of beliefs. In particular, I emphasize that any model featuring Bayesian updating requires that forecast revisions be serially uncorrelated. Applying this logic to two widely studied theories and taking it to data from the Survey of Professional Forecasters favors a model of diagnostic expectations over a model of beliefs driven by strategic interaction.