Julio L. Ortiz

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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)

"Nonlinear Expectations: Making Sense of Professional Forecasts," May 2020

"Rationalizing Overreactions," March 2020

Works in Progress

"How Do Market Analysts Form Expectations?"

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, LaTeX

Citizenship: USA

References

Professor Stephen Terry
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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 1.1 percentage point sharper output contraction relative to a counterfactual economy with less adoption. In the estimated model, previously lean businesses hoard materials and rebuild stocks of now highly valuable inventories, disrupting their production processes.

Nonlinear Expectations: Making Sense of Professional Forecasts

Among professional forecasters, the same respondent simultaneously over- and underreacts to distinct macroeconomic variables. I show that these empirical patterns can arise in a nonlinear noisy information environment, where rational forecasters are unable to obtain an optimal and exact estimate of the state. I consider stochastic volatility as the source of nonlinearities and assume that forecasters select their forecasting model from a set of costly alternatives. Over- and underreactions are found to depend on the underlying signal-to-noise ratio. In particular, relatively noisier variables deliver more volatile revisions and raise the scope for overreaction. I provide empirical evidence and calibration results in favor of this mechanism, and conclude that error predictability is not prima-facie evidence against rationality.

Rationalizing Overreactions

Survey data on expectations show that errors and revisions tend to covary negatively which indicates that forecasters exhibit overreactive behavior. While this empirical finding is used to motivate models of non-rational expectations, I argue that error predictability is not sufficient to reject rationality. I prove that a rational model of strategic interaction can deliver and identical OLS coefficient from an errors-on-revisions regression as non-rational models of overconfidence and diagnostic expectations. In light of this, I propose focusing on the persistence of revisions as a more robust reduced form exercise. Based on the alternative test, I find evidence against linear rational expectations in the Survey of Professional Forecasters.