

Julius Vutz

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Princeton University
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Princeton, NJ 08544

Graduate Studies

Princeton University

Ph.D. in Economics

Thesis title: *“Essays on Macroeconomics and International Finance”*

Expected Completion Date: June 2020

REFERENCES

Professor Markus K. Brunnermeier
Department of Economics
Princeton University
(609) 903-1549
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Professor Mark A. Aguiar
Department of Economics
Princeton University
(609) 258-8049
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Professor Oleg Itskhoki
Department of Economics
Princeton University
(609) 258-5493
itskhoki@princeton.edu

Undergraduate Studies

University of Bonn
BSc. in Economics

2009 – 2013

Harvard University
Visiting Undergraduate Student

2011 – 2012

Research Fields

Macroeconomics, International Finance, Monetary Economics

Job Market Paper

“Monetary Policy and the Cross-Section of Currency Risk-Premia”

Countries whose currencies appreciate during crises pay low interest rates on their debt but forego exchange rate depreciations as a tool for macroeconomic stabilization. This paper studies how these considerations shape optimal monetary policy of a small open economy (Home) that issues Home-currency denominated external debt and is subject to nominal rigidities in price-setting. Exchange rate movements simultaneously influence aggregate demand for Home-produced goods and resource transfers (“insurance”) to the rest of the world (Foreign). Aggregate demand management considerations call for a risk-premium on the Home bond that is decreasing (increasing) in the covariation of the global business cycle with Home productivity shocks (demand shocks for Home-produced goods). Insurance considerations call for a risk-premium on the Home bond that is increasing in the covariation of Home and Foreign output and decreasing in Foreign’s risk-aversion. For countries with a larger fraction of Home-produced goods in consumption, optimal policy tilts towards aggregate demand management and for countries with larger amount of external debt, optimal policy tilts towards insurance. Empirically, I find support for the model’s predictions that countries’ currency risk-premia are increasing in the procyclicality of demand shocks and decreasing in the procyclicality of productivity shocks.

Working Papers

“Safe Asset Shortages and Aggregate Demand in a Global Economy” (with Fernando Mendo)

This paper investigates the consequences of safe asset shortages for aggregate economic activity in a global economy. We build a model with two countries (Home and Foreign) and emphasize two dimensions of heterogeneity: Home has (i) more developed financial markets and (ii) a smaller share of risk-averse agents compared to Foreign. Safe asset demand by Foreign causes a safety trap, i.e. a liquidity trap in the market for safe assets, which depresses output in both countries. Safe public debt provision expands economic activity in both countries, but the associated tax distortions are borne only by the issuing country. This externality results in the under-provision of safe public debt from a global point of view. Restricting international capital flows allows Home to avoid the safety trap but increases the interest rate paid on its debt and reduces the net interest income on its asset position.

Works in Progress

“Currency Risk-Premia in Open Economy New-Keynesian Models: A Closed-Form Solution Approach”

Research Experience

Research Assistant for Professor Markus Brunnermeier	<i>2014 - 2019</i>
Research Assistant for Professor Mark Aguiar	<i>Summer 2015</i>
Research Assistant for Professor Emmanuel Farhi	<i>Summer 2012</i>

Teaching Experience

ECO 301: Macroeconomics (Undergraduate), Princeton University Teaching Assistant for Professor Arlene Wong	<i>Spring 2018, 2019</i>
ECO 310: Microeconomic Theory (Undergraduate), Princeton University Teaching Assistant for Professor Stephen Morris and Tibor Heumann	<i>Spring, Fall 2016</i>
ECO 300: Microeconomics (Undergraduate), Princeton University Teaching Assistant for Professor Koen Decancq	<i>Fall 2015</i>

Honors, Scholarships, and Fellowships

Princeton University Graduate Fellowship	<i>2014 – 2020</i>
Princeton IES Summer Fellowship	<i>Summer 2015, 2016</i>
Towbes Prize for Outstanding Teaching	<i>2015</i>
German National Merit Foundation	<i>2009 – 2015</i>

Skills

Computer: Matlab, Stata, R, Dynare
Languages: English, German (native), Spanish (basic)