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# LEONARDO ELIAS

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EDUCATION	Ph.D. in Financial Economics, MIT Sloan (expected) M.Sc. in Economics, LSE B.Sc. in Economics, MIT	2021 2013 2012
FIELDS	International Macroeconomics and Finance, Macroeconomics.	
JOB MARKET PAPER	<b>Capital Flows and the Real Effects of Corporate Rollover Risk</b> (draft coming soon) How do shocks to international capital flows get transmitted to the real economy? In this paper I exploit plausibly exogenous variation in firms' exposure to rollover risk to identify a causal channel. Using a panel of firms across a large number of countries, I show that firms with higher exposure -as measured by the share of long-term debt maturing over the next year- reduce investment 8% more than non-exposed firms following sudden stops in capital flows. I also show that the results are persistent -exposed firms have lower investment even 3 years after the shock and that they extend to other firm outcomes, such as employment and total assets. Additionally, I run a number of placebo tests to show that the results are specific to sudden stop episodes: they do not hold in periods without sudden stops, and they hold across sudden stop episodes regardless of whether the sudden stop takes place during large economic contractions.	
RESEARCH	<b>Inflation and Long-Run Risks</b> (draft coming soon) with Fernando Duarte and Marta Szymanowska  <b>The Corporate Debt-Overhang Channel of Global Credit Cycles</b> (draft coming soon) There is a global financial cycle in credit markets. Plausibly exogenous capital inflows drive boom-bust credit cycles and, more importantly, also drive cyclical changes in issuer credit quality; as credit booms disproportionately affect credit conditions faced by low-quality firms. I show that deterioration in corporate issuer credit quality is a better predictor of a country's subsequent GDP growth than measures of aggregate corporate credit growth. I uncover a corporate balance sheet channel that helps explain why credit booms predict lower GDP growth. Underperformance of low quality firms that lever up, especially during credit booms, explains a significant part of the growth decline. Low quality firms reduce capital expenditures and employment disproportionately more than good quality firms during a credit bust. The results are consistent with a global credit cycle that 'pushes' capital into countries/firms irrespective of their own investment opportunities and repayment capacity.	

**Global Factors and the Pricing of Sovereign Risk** (draft coming soon)

I study the effects of US Macroeconomic surprises on the pricing of sovereign risk of sixty-six countries in the period 2002-2017 using daily CDS data. I find that positive macroeconomic surprises in the US systematically reduce sovereign spreads consistent with the view that global investors price sovereign risk. However, I find that both the size and the sign of the effect depend on the business cycle in the US. During contractionary periods the positive effect of news is greatly reduced, often erased, and sometimes reversed. I also find evidence of asymmetric and non-linear effects. Moreover, I find that country characteristics such as its credit rating, its debt-to-GDP ratio, and measures of economic integration play a crucial role in determining the country's response to US shocks. I discuss potential transmission mechanisms of sovereign distress to the real economy by studying the cross-sectional response of security prices -corporate CDS spreads and stock returns- to global shocks.

ACADEMIC EXPERIENCE	Research Assistant: Ricardo Caballero	2015 - 2016
	Research Assistant: Esther Duflo	2011
	Research Assistant: Dave Donaldson	2011 -2012
	Research Assistant: Joshua Angrist	2009
TEACHING EXPERIENCE	Futures and Options (Master of Finance, MBAs), MIT Sloan for Deborah Lucas	Spring 2020
	Fixed Income Securities (Master of Finance, MBAs), MIT Sloan for Deborah Lucas	Spring 2020
	International Capital Markets (Master of Finance, MBAs), MIT Sloan for Jonathan Parker	Spring 2019
	Finance Theory (Master of Finance), MIT Sloan for Leonid Kogan and Simon Gervais	Summer 2018
	Financial Management (MBA Sloan Fellows), MIT Sloan for Egor Matveyev	Fall 2018
	Financial Management (MBA Sloan Fellows), MIT Sloan for Deborah Lucas and Nittai Bergman	Summer 2017
	Financial Management (MBA Sloan Fellows), MIT Sloan for Xavier Giroud	Summer 2016
PROFESSIONAL EXPERIENCE	Banco de Chile, Economic Research Division , Visiting Fellow	2018
	Inter-American Development Bank, Research Department, Research Fellow	2013-2014
	Banco de Mexico, Note Issue Planning and Programming Division , Intern	2009
OTHER INFORMATION	Software Knowledge: Stata, Matlab, Mathematica, R, Python. Languages: English (Fluent), Spanish (Native), Italian (Intermediate).	