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Leonardo Elias

Contact Information

MIT Sloan
100 Main Street
Cambridge, MA, 02142 USA

Email: lelias@mit.edu
www.leonardo-elias.com
Phone: (617) 460-3476
Citizenship: Argentina

Education

Ph.D. in Financial Economics,	MIT Sloan	(expected) 2021
M.Sc. in Economics,	LSE	2013
B.Sc. in Economics,	MIT	2012

Fields

International Macroeconomics and Finance, Macroeconomics.

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 — Spring 2020
for Deborah Lucas

Fixed Income Securities (Master of Finance, MBAs), MIT Sloan — Spring 2020
for Deborah Lucas

International Capital Markets (Master of Finance, MBAs), MIT Sloan — Spring 2019
for Jonathan Parker

Finance Theory (Master of Finance), MIT Sloan — Summer 2018
for Leonid Kogan and Simon Gervais

Financial Management (MBA Sloan Fellows), MIT Sloan — Fall 2018
for Egor Matveyev

Financial Management (MBA Sloan Fellows), MIT Sloan — Summer 2017
for Deborah Lucas and Nittai Bergman

Financial Management (MBA Sloan Fellows), MIT Sloan — Summer 2016
for Xavier Giroud

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).

JOB MARKET PAPER

Capital Flows and the Real Effects of Corporate Rollover Risk (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

Inflation and Long-Run Risks (draft coming soon)
with Fernando Duarte and Marta Szymanowska

The Corporate Debt-Overhang Channel of Global Credit Cycles (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 REFERENCES

Adrien Verdelhan
Associate Professor

Department of Finance
MIT
adrienv@mit.edu

Jonathan Parker
Robert C. Merton (1970)
Professor of Financial Economics
Department of Finance
MIT
japarker@mit.edu