# M. Pavel Solís M.

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International Finance | Empirical Macroeconomics | Financial Intermediation

## Education

**Ph.D. in Economics**, Johns Hopkins University, 2021 (expected).
*Dissertation:* Essays on Monetary Policy in Emerging Markets.
*Advisor:* Professor Jonathan H. Wright.

**M.A. in Economics**, Johns Hopkins University, 2018.

**M.A. in Economics**, Centro de Investigación y Docencia Económicas, Mexico, 2009.

**B.A. in Mathematical Engineering**, Instituto Politécnico Nacional, Mexico, 2006.

## Professional Experience

2019-2019 **Research Intern**, Financial Stability Division, Banco de México.

2010–2015 **Senior Research Analyst**, Financial Stability Division, Banco de México.

2009–2010 **Fixed Income Analyst**, Middle Office, Banorte (Brokerage Firm).

2006–2007 **Intern**, Insurance and Pensions Division, Mexican Ministry of Finance.

## Academic Experience

**Certificate** from the Johns Hopkins Teaching Academy, October 2020.

**Instructor**: Elements of Macroeconomics, Johns Hopkins University (SU 2019, SU 2018).
Macroeconomics, School of Physics & Mathematics, IPN (SP 2012, FA 2010).

**Teaching Assistant**: Computational Methods (Grad.), Financial Markets & Institutions, International Monetary Economics, Macroeconomic Strategies, Econometrics, Monetary Analysis, Finance & Macroeconomy, Elements of Macroeconomics.

**Referee** for *The Mexican Journal of Economics and Finance*.

## Publication

"**The Impact of Macroeconomic Surprises from Mexico and the U.S. on the Mexican Stock Market**," with Rodolfo Cermeño Bazán, *Economía Mexicana* (renamed *Latin American Economic Review* in 2014), 2012, 35-67. [In Spanish]

# Working Papers

"**Term Premia and Credit Risk in Emerging Markets: The Role of U.S. Monetary Policy**" (Job Market Paper)

**Abstract**: This paper documents the channels through which U.S. monetary policy impacts the sovereign bond yields of emerging markets. Traditional decompositions of sovereign yields are not suitable for emerging markets because they rely on a default-free assumption. Instead, I decompose the yields of 15 emerging markets into average expected future short-term interest rates, a term premium and compensation for credit risk. I use this decomposition to analyze the transmission channels of U.S. monetary policy surprises identified with intraday data. I find that the response of emerging market yields to target, forward guidance and asset purchase surprises is economically significant, yet delayed over days. In addition, unanticipated U.S. monetary policy decisions lead to a reassessment of policy rate expectations and a repricing of interest and credit risks in emerging markets. Finally, U.S. unconventional monetary policies limit the monetary autonomy of emerging markets along the yield curve.

"**Does the Exchange Rate Respond to Monetary Policy in Emerging Markets? Evidence from Mexico**" (Submitted to *IMF Economic Review*)

**Abstract**: This paper addresses the exchange rate puzzle in emerging markets. While monetary policy in advanced countries exerts a strong impact on exchange rates, existing evidence for emerging markets shows that the response is small, nonexistent or inconsistent with standard open economy models. I use a new dataset of intraday changes in asset prices around policy events to estimate the impact of monetary policy on the exchange rate and the yield curve in Mexico. I find that an unanticipated increase in the policy rate appreciates the currency and flattens the yield curve, in line with the evidence for advanced economies. I show that the puzzle is the result of wide event windows when measuring changes in the exchange rate with daily data, giving rise to a standard omitted variable bias.

"**Price and Quantity Effects of Monetary Policy Actions and Statements in an Emerging Economy**"

**Abstract**: This paper studies the effects of monetary policy actions and statements on the exchange rate, the yield curve and portfolio flows in Mexico. I use a new dataset of intraday changes in asset prices around central bank announcements to identify exogenous monetary policy surprises. I show that changes in both the policy rate and statements significantly impact asset prices and portfolio flows. albeit asymmetrically. For instance, the exchange rate does not respond to target easing surprises, while bond yields respond more to them.

"**Do Banks Hedge Their Return on Assets from Monetary Policy Shocks?**" 2019.
"**The Structure of the Mexican Interbank Market**," 2013.

## Presentations

2020: Southern Finance Association 60th Annual Meeting; Johns Hopkins University.
2019: Banco de México, Financial Stability Division; Johns Hopkins University.
2015: FSB Regional Consultative Group for the Americas, Key Attributes Workshop.
2014: Deutsche Bundesbank, Centre for Technical Central Bank Cooperation.
2013: Banco de México, Financial Stability Division.

## Award and Fellowships

2015–2021 Economics Department Fellowship, Johns Hopkins University.
2015–2019 Conacyt (Mexico's Council of Science and Technology) Ph.D. Fellowship.
2007–2009 Conacyt M.A. Fellowship.
June 2009 Best Dissertation Award, M.A. in Economics, CIDE.

## Skills

Software: Matlab, Stata, R, Bloomberg, Git, LaTeX, Office.
Languages: English (fluent), Spanish (native).

## References

**Professor Jonathan H. Wright**
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