

University of Minnesota - Twin Cities

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**Curriculum Vitae
Fall 2023****Ricardo Alves Monteiro****Personal Data***Address*

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Citizenship: Portugal (J-1 Visa)

Major Fields of Concentration

Macroeconomics, International Economics, International Finance

Education

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
PhD	Economics	University of Minnesota (expected)	2024
MA	Economics	University of Minnesota	2023
MSc	Economics	CATÓLICA-LISBON SBE	2014
BS	Economics	CATÓLICA-LISBON SBE	2012

Dissertation

Title: “Essays on Sovereign Debt Auctions”

Dissertation Advisor(s): Professor Manuel Amador and Professor Timothy Kehoe

Expected Completion: Summer 2024

References

Professor Manuel Amador	(612) 624-4060 amador@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, Minnesota, 55455
Professor Timothy Kehoe	(612) 625-1589 tkehoe@umn.edu	
Dr. Marco Bassetto	bassetto@nber.org	Research Department Federal Reserve Bank of Minneapolis 90 Hennepin Avenue Minneapolis, Minnesota, 55401

Honors and Awards

- 2022 *Heller Public Policy Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2022 *Graduate Research Program Partnership Summer Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2019 *Dr. Harald Uhlig Award in Macroeconomics*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- 2018 *College of Liberal Arts Graduate Fellowship*, College of Liberal Arts, University of Minnesota, Minneapolis, Minnesota
- 2009-2014 *Católica Lisbon Top + Scholarship*, Católica Lisbon SBE, Lisbon, Portugal

Teaching Experience

- Summer 2023 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Money and Banking*.
- Spring 2023 *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitation sections for *Introduction to Econometrics*.
- 2022-2023 *TA Mentor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
- Fall 2021 *Head Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Public Economics*.
- Summer 2020 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Principles of Microeconomics*.
- 2019-2020 *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitation sections for graduate level *Macroeconomic Theory*.
- Fall 2016 *Head Instructor*, ISEG - Lisbon School of Business and Economics, Lisbon, Portugal. Taught *Financial Economics*.
- 2012-2018 *Teaching Assistant*, Católica Lisbon School of Business and Economics, Lisbon, Portugal. Led recitation sections for *Macroeconomics*, *Microeconomics*, *Corporate Finance and Statistics*.

Research Experience

- 2023-2024 *Research Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Research assistant for Professor Manuel Amador.
- 2020-2021 *Research Analyst*, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota. Research analyst for Dr. Cristina Arellano.

Working Papers

- Alves Monteiro, Ricardo, and Stelios Fourakis. "Sovereign Debt Auctions and the Role of Strategic Interactions," Job Market Paper.
- Alves Monteiro, Ricardo (2022). "A Debt Crisis with Strategic Investors: Changes in Demand and the Role of Market Power".

Publications

- Aguiar, Mark, Manuel Amador, and Ricardo Alves Monteiro (2023): "Sovereign Debt Crises and Floating-Rate Bonds". In A. Aguirre, A. Fernandez, and S. Kalemli-Ozcan, editors, *Credibility of Emerging Markets, Foreign Investors' Risk Perceptions and Capital Flows*, pages 159–84.

Work in Progress

- Alves Monteiro, Ricardo. "Demand Elasticities and the Maturity Choice of Sovereign Debt".

Computer Skills

Julia, R, stata, latex

Languages

Portuguese (Native), English (Fluent), Spanish (Intermediate)

Abstract(s)

Alves Monteiro, Ricardo, and Stelios Fourakis. "Sovereign Debt Auctions and the Role of Strategic Interactions," Job Market Paper.

In this paper, we compare how different protocols for sovereign debt auctions affect borrowing, the cost of debt and welfare, when default risk is a concern. To do so, we build a theoretical model of sovereign borrowing and default with auctions and asymmetric information. We calibrate the model to the Portuguese economy under the discriminatory price protocol, prior to the bailout in 2011. Using the calibrated model we perform a counterfactual exercise by changing the auction protocol. We find that the uniform price protocol yields higher welfare than the discriminatory price protocol, and that these gains are highest during crises (up to 0.5% of permanent consumption). This result is consistent with the observed switch in 2011 to a uniform price protocol (for long term debt). Our accounting for dynamic effects is crucial for this result. Given standard values for risk aversion of the borrowing country, the discriminatory price protocol performs better than the uniform under a single auction setting. Once we allow for repeated auctions, however, the uniform price protocol is preferred under the calibrated model. In fact, when default risk is a concern, the uniform price protocol provides much better incentives for borrowing over time, as well as protecting investors from static dilution within an auction. These both lead to much better prices for the government, which more than justifies forgoing the insurance mechanism provided by the discriminatory protocol.

Aguiar, Mark, Manuel Amador, and Ricardo Alves Monteiro (2023): "Sovereign Debt Crises and Floating-Rate Bonds"

Sovereign debt markets are plagued by a number of frictions; in particular, a limited commitment to repay, limited commitment to future fiscal policies (debt dilution), lack of state contingency, and vulnerability to self-fulfilling runs. We use an analytical model to explore the role of maturity in mitigating or exacerbating the respective frictions. We show that long-term debt with a variable (but capped) coupon combines many of the desirable properties of both short-term and long-term bonds. We then turn to a quantitative model to explore the welfare benefits or costs of issuing floating rate bonds.

Alves Monteiro, Ricardo (2022). "A Debt Crisis with Strategic Investors: Changes in Demand and the Role of Market Power"

Does demand for sovereign debt change during high default risk events? Using a dataset containing individual bids on Portuguese debt auctions, I investigate whether investors' demand for sovereign debt changes during the debt crisis. I find that aggregate bid functions are, on average, five times more elastic leading up and during the crisis. That is, on average, in order to increase the amount raised by 1%, the price would need to decrease, in percentage terms, by five times more than it had before the crisis. I then decompose the changes in demand into two components: a fundamental component, due to changes in valuation, and a strategic component, that arises from investors' market power. Although the role of market power is negligible in normal times, it gets more pronounced leading up and during the crisis. The auction mechanism loses efficiency during that period as the government is not able to extract the full surplus from strategic investors. At their peak, inefficiency costs jump to 0.6% of the issued amount. Finally, I discuss a possible mitigation strategy. Everything else constant, shorter maturities should be used to avoid higher inefficiency costs.