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Curriculum Vitae
Fall 2020

VICTOR LEÃO BORGES DE ALMEIDA

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Citizenship: Brazil (F-1 Visa)

Major Fields of Concentration

International Macroeconomics, International Finance

Education

Degree	*Field*	*Institution*	*Year*
PhD	Economics	University of Minnesota (expected)	2021
MA	Economics	University of Minnesota	2019
MA	Accounting	Fucape Business School, Brazil	2015
BA	Economics	Fucape Business School, Brazil	2014

Dissertation

Title: "Essays on Sovereign Debt Restructuring"
Dissertation Advisors: Professor Manuel Amador and Professor Timothy Kehoe
Expected Completion: Summer 2021

References

Professor Manuel Amador	(612) 624-4060 (612) 204-5781 amador@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, MN 55455
Professor Timothy Kehoe	(612) 625-1589 (612) 204-5533 tkehoe@umn.edu	
Dr. Simran Sahi	(612) 625-6353 sahix001@umn.edu	
Dr. Juanpa Nicolini	(612) 364-5367 juanpa@utdt.edu	Research Department Federal Reserve Bank of Minneapolis 90 Hennepin Avenue Minneapolis, MN 55401

Honors and Awards

2015	*Estudiar con Esperanza Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota
2015	*Fellowship for Master's in Accounting*, CAPES, Ministry of Education, Brazil
2014	*Valedictorian*, Fucape Business School, Espírito Santo, Brazil
2011 - 2014	*Full Scholarship*, (merit based), Fucape Business School, Espírito Santo, Brazil

Teaching Experience

Spring 2017, 2019 - 2020	*Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Principles of Macroeconomics* and *Economy of Latin America.*
2015 - 2016	*Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitations for *Principles of Microeconomics* and *Principles of Macroeconomics*.
2012 - 2015	*Teaching Assistant*, Fucape Business School, Espírito Santo, Brazil. Led recitation sections for *Statistics*, *Econometrics*, *Principles of Microeconomics*, *Intermediate Microeconomics*, and *Business Economics*.

Research Experience

Summer 2020	*Intern*, Fund Internship Program, International Monetary Fund, Washington, DC.
2018 - 2019	*Research Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Research assistant for Timothy Kehoe.
Spring 2018	*Consultant*, Economic Development Fellows Consulting Program, University of Minnesota.
Fall 2017	*Research Analyst*, Research Department, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota.
Summer 2017	*Intern*, Consultoria Empresarial Paulo Roberto de Almeida, Espírito Santo, Brazil.
2011 - 2013	*Research Assistant*, Fucape Business School, Espírito Santo, Brazil.

Working Papers

"The Holdout Problem in Sovereign Debt Markets," job market paper

"Default and Interest Rate Shocks: Renegotiation Matters," with Timothy Kehoe, Juan Pablo Nicolini, and Carlos Esquivel; previously presented as "Did the 1980s in Latin America Need to Be a Lost Decade?"

"Reserve Management During Partial Default Episodes"

"IMF Program Design and Risk Management: An Event Study Analysis," with Joel Okwuokei; previously presented as "Does Weak Implementation of Conditionality Increase Financial Risk to the IMF? An Empirical Investigation"

"Preferential Credit and Productivity in Brazil," with Pedro Tanure; previously presented as "Earmarked Loans and Economic Performance in Brazil"

Presentations

"The Holdout Problem in Sovereign Debt Markets," presented at the 2020 UMN-UW International Conference

"Does Weak Implementation of Conditionality Increase Financial Risk to the IMF? An Empirical Investigation," presented at the 2020 Finance Department Economists' Group Seminar, IMF

"Did the 1980s in Latin America Need to Be a Lost Decade?" 2018 Latin American Studies brown bags, Institute for Global Studies

Computer Skills

Julia, MATLAB, Stata, Python (basic), LaTeX

Languages

Portuguese (native), English (advanced), Spanish, (intermediate)

Abstracts

"The Holdout Problem in Sovereign Debt Markets," job market paper

I develop a sovereign debt model with endogenous re-entry to international financial markets via debt renegotiation and a possibility for lenders to holdout and litigate. This renders the outcome of a renegotiation process to be characterized by both

a haircut and a lenders' participation rate. I use this model to show that the lenders' threat to litigate buys commitment to the sovereign. Precisely, in order to increase the lender's participation rate and hence reduce subsequent litigation, governments in default negotiate lower haircuts; as a result, lenders charge lower spreads ex-ante, during the periods in which the country has access to international financial markets. I use this model to evaluate the role of collective action clauses and find that the optimal threshold for the economy of Argentina during the 1990s was 80%, which is only 5pp above the most widespread threshold used in sovereign debt contracts under NY law since the 2001 Argentine default.

"Default and Interest Rate Shocks: Renegotiation Matters," with Timothy Kehoe, Juan Pablo Nicolini, and Carlos Esquivel

In this paper we develop a sovereign default model with endogenous re-entry to financial markets via debt renegotiation. We use this model to evaluate how shocks to risk-free interest rates trigger default episodes through two channels: borrowing costs and expected renegotiation terms after default. The first channel makes repayment less attractive when risk-free interest rates are high due to higher borrowing costs. The second channel works through the expected subsequent renegotiation process: when risk-free rates are high, lenders are willing to accept a higher haircut in exchange for resuming payments. Thus, high risk-free rates imply better renegotiation terms for a borrower, making default more attractive ex-ante. We calibrate the model to study the 1982 Mexican default, which was preceded by a drastic increase in federal funds rates in the US. We find that the renegotiation process is key for reconciling the model to the widespread narrative that the increase in US interest rates triggered the 1982 default episode.

"Reserve Management During Partial Default Episodes"

I study the optimal accumulation of international reserves in a sovereign debt model with endogenous re-entry to international financial markets via debt renegotiation. Partial default is what distinguishes it from a simple off-the-shelf model of renegotiation. For this reason, this model features an extra motive for governments to accumulate reserves in good times: it serves as a way to hedge against the debt service in default times. I find that reserves are quantitatively relevant for hedging against income shocks while in financial autarky and for reducing the lenders' bargaining power in debt restructuring episodes. Thus, this model accounts for an empirical regularity observed in emerging markets: governments generally deplete their stocks of reserves during the first stages of a default episode and re-accumulate them in the last stages preceding restructuring.

"IMF Program Design and Risk Management: An Event Study Analysis," with Joel Okwuokei

We investigate the factors behind the weak implementation of conditionality in IMF-supported programs under the General Resources Account (GRA) and examine the extent to which it increases financial risks to the Fund. We use the MONA database to characterize the features of virtually all Fund arrangements since 2002 and the JP Morgan's EMBIG spreads to proxy for the countries' capacity to repay. We find that the Board's report of weak implementation following a program review generally elevates spreads. We also identify a negative correlation between the number of conditionalities evaluated in a program review and its underlying degree of implementation, but this effect is highly dependent on the schedule of future IMF loans.

"Preferential Credit and Productivity in Brazil," with Pedro Tanure; previously presented as "Earmarked Loans and Economic Performance in Brazil"

We develop a general equilibrium model with sectoral linkages in which firms face borrowing constraints that can be alleviated by government subsidies. Subsidies are financed by labor taxes. We use this model to evaluate two channels through which the Brazilian government's policy of earmarking loans to specific sectors impacts output per worker. The first one is the general equilibrium effect of alleviating the borrowing constraints of firms in the targeted sector (which also alleviates the constraints of firms in other sectors, given the sectoral linkages), which increases output. The second channel works in the opposite direction. In order to raise funds to subsidize private loans, the government needs to tax labor and hence distorts households' consumption-labor supply decisions. In this setting, the production network structure is key to determine whether subsidies to a given sector are beneficial or detrimental to the economy. We calibrate the model using Brazilian data and find that the observed increase in earmarked credit volume from one third of total credit outstanding in 2008 to one half in 2013 reduced the economy's welfare. We also compare the optimal to the realized policy and identify the sectors that were over and under subsidized.