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UNIVERSITY OF CHICAGO

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University of Chicago Economics Department Contacts

Placement Director: *Professor Ufuk Akcigit*, uakcigit@uchicago.edu, (773) 702 0433
Graduate Student Coordinator: *Robert Herbst*, fherbst@uchicago.edu, (773) 834 1972

Education

The University of Chicago — September 2011 to present
Ph.D. Candidate in Economics
Thesis Title: "A Macro-Finance Approach to Sovereign Debt Spreads and Returns"
Expected Completion Date: June 2017

References:

Professor Fernando Alvarez
The University of Chicago
(773) 702-8191
f-alvarez1@uchicago.edu

Professor Lars Hansen
The University of Chicago
(773) 702-8191
lhansen@uchicago.edu

Professor Zhiguo He
Booth School of Business
(773) 834-3769
zhiguo.he@chicagobooth.edu

Professor Robert Shimer
The University of Chicago
(773) 702-9015
robert.shimer@gmail.com

Stanford University — September 2000 to June 2001
Master of Science in Management Science and Engineering ("MS&E")

Ecole Centrale Paris — September 1998 to June 2000
Bachelor and Master of Science in Engineering

Teaching and Research Fields

Primary field: applied macroeconomics, financial economics.
Secondary field: international economics, asset pricing

Teaching Experience/Teaching Assistantships (University of Chicago)

Applied Macro III (2nd Year PhD class taught by V. Guerrieri)	Spring 2015/2016
Asset Pricing II (2nd Year PhD class taught by L. Hansen and J. Heaton)	Winter 2015
Asset Pricing I (2nd Year PhD class taught by G. Constantinides)	Fall 2014
Monetary Econ (2nd Year PhD class taught by F. Alvarez)	Fall 2014
Theory of Income I (Core PhD class taught by F. Alvarez)	Fall 2013
Empirical Analysis III (Core PhD class taught by D. Neal and A. Hortacsu)	Spring 2013
Theory of Income II (Core PhD class taught by R. Shimer)	Winter 2013
Theory of Income I (Core PhD class taught by N. Stokey)	Fall 2012

Honors, Scholarships and Fellowships

The Theodore W. and Esther Schultz Economics Fellowship	June 2016
Stevanovich Student Fellowship	May 2015
Macro Financial Modeling Dissertation Support (Sloan Foundation)	October 2014
University of Chicago Best Economics Core Teaching Assistant Award	October 2012
University of Chicago 2^{nd} Year Macroeconomics Lee Prize	October 2012
University of Chicago Sherwin Rosen Prize	June 2012
Stanford MS&E Graduate Student Highest GPA Award	June 2001
Ecole Centrale Paris Award for Best Student in Double-Degree Program	June 2001
Jean-Walter Zellidja Fellowship (awarded by the Académie Française)	June 2000
McKinsey Fellowship	April 2000

Referee Services

Econometrica, *Journal of Finance*, *Management Science*, *Journal of Banking and Finance*.

Conferences and Presentations

EGSC Conference (St Louis, October 2015), Macro Finance Modeling (New York City, January 2016), Becker-Friedman Institute Graduate Student Conference (University of Chicago, May 2016), Society of Economic Dynamics (Toulouse, June 2016), Federal Reserve Bank of Chicago (Chicago, December 2016), Minnesota Junior Scholar Conference (Minneapolis, December 2016)

Research Papers

A Macro-Finance Approach to Sovereign Debt Spreads and Returns (job market paper)

Foreign currency sovereign bond spreads tend to be higher than historical sovereign credit losses, and cross-country spread correlations are larger than their macro-economic counterparts. Foreign currency sovereign debt exhibits positive and time-varying risk premia, and standard linear asset pricing models using US-based factors cannot be rejected. The term structure of sovereign credit spreads is upward sloping, and inverts when either (a) the country's fundamentals are bad or (b) measures of US equity or credit market stress are high. I develop a quantitative and tractable continuous-time model of endogenous sovereign default in order to account for these stylized facts. My framework leads to semi-closed form expressions for certain key macro-economic and asset pricing moments of interest, helping disentangle which of the model features influences credit spreads, expected returns and cross-country correlations. Standard pricing kernels used to explain properties of US equity returns can be nested into my quantitative framework in order to test the hypothesis that US-based bond investors are marginal in sovereign debt markets. I show how to leverage my model to study the early 1980's Latin American debt crisis, during which high short term US interest rates and floating rate dollar-denominated debt led to a wave of sovereign defaults.

Debt Runs and the Value of Liquidity Reserves

This article analyzes a firm prone to debt runs, and the effect of its portfolio liquidity composition on the run behavior of its creditors. The firm holds cash and an illiquid cash flow generating asset, and is financed with debt held by a continuum of creditors. At each point in time, a constant fraction of the firm's outstanding liabilities matures, leading the maturing creditors to decide whether to roll-over or ask for their funds back. When the firm's portfolio value deteriorates, creditors are inclined to run, but their propensity to run decreases with the amount of available liquidity resources. The theory has policy implications for micro-prudential bank liquidity regulation: for any leverage ratio, it characterizes the quantity of liquidity reserves a firm should hold in order to deter a run. I solve the model numerically and perform comparative statics, varying the firm's illiquid asset characteristics and the firm's debt maturity profile. I discuss the influence of the firm's portfolio choice and dividend policy on the run behavior of creditors. The model can also be transported into an international macroeconomic context: the firm can be reinterpreted as a central bank/government, having issued foreign-currency denominated sovereign debt that is regularly rolled over. A high debt-to-GDP ratio combined with low levels of foreign currency reserves will prompt foreign creditors to run. The theory can therefore provide guidance on the appropriate sizing of central banks' foreign currency reserves for countries issuing large amounts of short term foreign currency debt.

"Intermediary Capital, Corporate Debt Spreads, and the Real Economy" (jointly with P. Khorrami & J. Sakong)

In this paper, we develop a general equilibrium model with production and financial intermediation to explain the interactions between credit spreads, defaults, and the macroeconomy. There are both benefits and costs to financial intermediation. Intermediaries are useful because they allow firms to lever up, and because they allow households to hold deposits. However, corporate debt is risky due to defaults, and financial distress imposes real costs on the rest of the economy. The result is that intermediation by specialized investors amplifies macroeconomic fluctuations, as intermediary capital is limited. This amplification is particularly strong when corporate leverage is high, and can lead to prolonged recessions through debt overhang. Aside from the inclusion of risky debt, our model is distinguished from the financial accelerator literature by delineating clear economic roles for firms, intermediaries, and households.

"Rigid Wages, Seniority Rules, and Unemployment Duration" (jointly with F. Alvarez & R. Shimer – paper previously titled "Unions and Unemployment" – under revision)

This paper examines the impact of unions on unemployment and wages in a dynamic equilibrium search model. We model a union as imposing a minimum wage and rationing jobs to ensure that the unions most senior members are employed. This generates rest unemployment, where following a downturn in their labor market, unionized workers are willing to wait for jobs to reappear rather than search for a new labor market. Introducing unions into a dynamic equilibrium model has two implications, which others have argued are features of the data: the hazard of exiting unemployment at long durations is very low when the union-imposed minimum wage is high; and a high union-imposed minimum wage generates a compressed wage distribution and a high turnover rate of jobs.

Professional Experience

Goldman Sachs 2001 - 2010

- Global Liquidity Products October 2009 - April 2010
  Executive Director, head of GLP Trading at GS in London
- Structured Credit Trading May 2008 - October 2009
  Vice President, co-head of European SCT at GS in London
- Mortgage Structured Products Trading July 2004 - May 2008
  Associate then Vice President at GS in New York City and London
- High-Yield CDOs and Principal Investing July 2001 - July 2004

Analyst at GS in New York City