Victor Leão Borges de Almeida

Curriculum Vitae, January 2021

PERSONAL DATA

Date of birth: October 7, 1992
Citizenship: Brazil (F-1 visa)

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MAJOR FIELDS

International Finance, International Macroeconomics

EDUCATION

PhD	Economics	University of Minnesota	2021 (expected)
MA	Economics	University of Minnesota	2019
MA	Accounting	Fucape Business School	2015
BA	Economics	Fucape Business School	2014

DISSERTATION

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

REFERENCES

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

RESEARCH AND PROFESSIONAL EXPERIENCE

Summer 2020 *Intern (Fund Internship Program)*, International Monetary Fund
2018 – 2019 *Research Assistant*, Department of Economics, University of Minnesota
Spring 2018 *Consultant,* Economic Development Fellows Consulting Program, University of Minnesota
Fall 2017 *Research Analyst*, Federal Reserve Bank of Minneapolis
Summer 2017 *Intern*, Consultoria Empresarial Paulo Roberto de Almeida
2011 – 2013 *Research Assistant*, Fucape Business School

TEACHING EXPERIENCE

Spring 2017, 2019 – 2021 *Instructor*, Department of Economics, University of Minnesota
Taught *Principles of Macroeconomics* and *Economy of Latin America*
2015 – 2016 *Teaching Assistant*, Department of Economics, University of Minnesota
Led recitations for *Principles of Macroeconomics* and *Principles of Microeconomics*
2012 – 2015 *Teaching Assistant*, Fucape Business School
Led recitations for *Statistics*, *Econometrics*, *Business Economics*, *Principles of Microeconomics*, and *Intermediate Microeconomics*

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?"
"Management of Foreign Reserves During Sovereign Debt Crisis"
"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

HONORS AND AWARDS

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

COMPUTER SKILLS

Julia, MATLAB, Python, Stata, LaTeX

LANGUAGES

English: advanced level
Portuguese: native speaker
Spanish: intermediate level

ABSTRACTS

The Holdout Problem in Sovereign Debt Markets: 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. Thus, a haircut and a lenders' participation rate characterize the outcome of a renegotiation process. I use this model to show that the lenders' threat to litigate buys commitment to the sovereign. Precisely, 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 Argentine economy during the 1990s was 80%, which is only 5pp above the typical threshold currently used in sovereign debt contracts.

Default and Interest Rate Shocks: Renegotiation Matters *(with Carlos Esquivel, Timothy Kehoe, Juan Pablo Nicolini)*: 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 interruptions in IMF-supported programs under the General Resources Account (GRA) and examine the extent to which a weak implementation of conditionality 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 and identify a negative correlation between the number of conditionalities evaluated in a program review and its underlying degree of implementation.

Preferential Credit and Productivity in Brazil *(with Pedro Tanure)*: 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.