

ANGELO AVELAR HERMETO MENDES

PERSONAL DATA

PLACE AND DATE OF BIRTH: Belo Horizonte, Brazil | 29 February 1996
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EDUCATION

FALL 2021 - SPRING 2027 (EXPECTED)	PhD. in ECONOMICS, University of Minnesota ADVISORS: Manuel Amador and Tim Kehoe
JAN 2018 - MAR 2020	M.Sc. in ECONOMICS, Sao Paulo School of Economics - FGV ADVISORS: Prof. Tiago Cavalcanti and Prof. Pierluca Pannella THESIS TITLE: Firm Dynamics and Misallocation in Production Networks
FEB 2014 - DEC 2017	B.A. in ECONOMICS, IbmeC MG ADVISOR: Prof. Sergio Guerra THESIS TITLE: Assessing Predictive Power of Brazilian Confidence Indexes

SCHOLARSHIPS AND AWARDS

APR 2025	Errett W. McDiarmid Graduate Fellowship Economics Department nominee for the CLA Dissertation Fellowship
APR 2025	Minnesota Supercomputer Institute Poster Competition Awarded 2nd best poster - <i>Domestic vs. Foreign Law: Portfolio Dynamics of Sovereign Debt</i> (with Lucas Belmudes)
DEC 2024	Third Year Paper Competition, University of Minnesota Awarded 2nd best paper - <i>Transparency in Debt Crisis</i> (with Lucas Belmudes)
MAY 2024	Sandor Poster Conference, University of Minnesota Awarded 3rd best poster - <i>Transparency in Debt Crisis</i> (with Lucas Belmudes)
JAN 2019 - FEB 2020	Graduate Fellowship by CAPES Scholarship granted by Brazilian Federal Agency for Support and Evaluation of Graduate Education
JAN 2018 - DEC 2018	Graduate Fellowship by FGV Scholarship granted by Fundação Getulio Vargas

RESEARCH EXPERIENCE

AUG 2024 -	Research Assistant <i>Prof. Manuel Amador</i>
MAR 2020 - AUG 2021	Research Assistant <i>Prof. Tiago Cavalcanti, Prof. Joseph Kaboski, Prof Cezar Santos</i> Dispersion in Financing Costs and Development I worked on numerical implementation and calibration of dynamic general equilibrium models using mostly Matlab.
JAN 2021 - AUG 2021	Research Assistant <i>Prof. Luiz Brotherhood, Prof. Cezar Santos, Prof. Daniel Da Mata, Prof. Phillip Kircher, Prof. Nezh Guner</i> Labor Market Policies, Regulation and Informality This is a project on labor market policies and informality. I worked to implement and calibrate a dynamic general equilibrium model using Fortran and Matlab.

PUBLICATIONS

ENTREPRENEURSHIP AND MISALLOCATION IN PRODUCTION NETWORK ECONOMIES *with Tiago Cavalcanti and Pierluca Pannella - Economic Theory*

Abstract: This paper investigates how sectoral linkages amplify or diminish misallocation at the intensive and extensive margins. Our analysis is based on a multisector general equilibrium model with input-output linkages, heterogeneous entrepreneurial abilities, and endogenous occupational choice. Distortions affect the intensive use of production inputs and they also impact the agents' occupational decisions, misallocating the mass and type of entrepreneurs in different sectors of production. When the most distorted sectors are upstream (downstream), input-output linkages amplify (diminish) the loss from entrepreneurial misallocation. We calibrate the model to the US and quantify the output losses from sectoral corporate taxes, decomposing the role of networks and the extensive margin decisions. We find that sectoral linkages triple the loss from the misallocation of entrepreneurs. We study an entry subsidy program, showing that it should target those sectors whose *marginal* entrepreneurs suffer larger profit losses, even if they are not necessarily the most distorted.

WORK IN PROGRESS

TRANSPARENCY IN DEBT CRISIS

with Lucas Belmudes

Abstract: We study the problem of a sovereign choosing whether to disclose information to international lenders in an [?] environment. The government faces a trade-off: full disclosure ensures that debt is sold at high prices in good times, but hampers new debt issuance in bad times. Conversely, non-disclosure creates an insurance opportunity through adverse selection. The unique equilibrium under no-disclosure is a pooling equilibrium that allows the sovereign to take more debt in bad times at the cost of worse prices obtained in good times. We characterize the sovereign's optimal choice of information disclosure and show that non-disclosure is preferred when deadweight losses from defaulting are small. We argue that our model is consistent with the behavior of the Mexican government before and during the 1994-1995 Mexican Crisis.

DOMESTIC VS. FOREIGN LAW: COMPOSITION DYNAMICS OF SOVEREIGN DEBT

with Lucas Belmudes

Abstract: The aftermath of sovereign default episodes for emerging and developed economies since the 1980s underscores the crucial role of the legal jurisdiction under which debt is issued. This paper provides a quantitative framework for evaluating the trade-offs between issuing domestic and foreign-law bonds from the sovereign's perspective. While foreign-law bonds offer stronger legal protections for investors and thus command higher prices, domestic-law bonds are more easily restructured after default. We document differences in the maturity structures of both types of debt for a set of emerging market economies. Then, we disentangle the effects of differences in maturities and recovery rates in shaping the composition of the sovereign's portfolio. The model reveals that when recovery rates are similar, the sovereign favors bonds with shorter maturities. However, when recovery rates diverge, the sovereign prefers to issue the asset with a higher recovery rate. The dominant factor hinges on the magnitude of recovery rate differences between foreign and domestic-law debt after default.

OPAQUENESS AND LIQUIDITY IN OVER-THE-COUNTER MARKETS

with Fernando Lopes and Gabriel Toledo

Abstract: We develop a model of search in OTC markets with asymmetric information and trade occurring under double-sided uncertainty over asset quality, where holding the asset does not necessarily translate into knowing its quality. This leads to deterioration of market information conditions over subsequent trades, causing both sellers and buyers to become more pessimistic even though aggregate asset quality remains unchanged. If *re-trade* opportunities are frequent, information in the economy becomes coarser, hindering market liquidity and volume of trade.

TEACHING EXPERIENCE

SUMMER 2023	Math Camp, University of Minnesota <i>Graduate Level Course</i> Teaching students the basics of Real Analysis and Linear Algebra used in the first-year core courses at UMN with a self-contained set of lecture notes and problem sets.
FALL 2022 - SPRING 2023	Intermediate Macroeconomics, University of Minnesota <i>Undergraduate Level Course</i>
FALL 2019	Macroeconomics III, Sao Paulo School of Economics - FGV <i>Graduate Level Course</i> Teaching students how to implement numerical procedures using Matlab programming language to solve classical macroeconomic models.
SPRING 2019	Advanced Macroeconomics, Sao Paulo School of Economics - FGV <i>Undergraduate Level Course</i> Teaching students how to solve RBC and New Keynesian models using Dynare.

WORK EXPERIENCE

SEP 2023 - SEP 2024	Research Analyst at FEDERAL RESERVE BANK, Minneapolis <i>Research Department</i> Working with James Schmitz.
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COMPUTER SKILLS

Programming Languages and Softwares: \LaTeX , MATLAB, PYTHON, DYNARE.

REFEREEING

Review of Economic Dynamics (RED)

LANGUAGES

PORTUGUESE (Native), ENGLISH (Proficient).

ACADEMIC REFERENCES

MANUEL AMADOR	University of Minnesota amador.manuel@gmail.com
TIMOTHY J. KEHOE	University of Minnesota tkehoe@umn.edu
MARCO BASSETTO	FRB Minneapolis bassetto@nber.org
TIAGO CAVALCANTI	Cambridge University tvdvc2@cam.ac.uk