

## LAURA CASTILLO-MARTINEZ

### **LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE**

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**GENDER:** Female

**CITIZENSHIP:** Spanish

### **PRE-DOCTORAL STUDIES:**

2013-2014 MRes in Economics, London School of Economics  
2012-2013 MSc in Econometrics and Mathematical Economics, London School of Economics  
2008-2012 BSc in Economics, University Carlos III of Madrid  
Erasmus exchange program at Humboldt University of Berlin in 2010/11

### **DOCTORAL STUDIES:**

London School of Economics

DATES: 2014 – present

THESIS TITLE: “Essays in Macroeconomics”

EXPECTED COMPLETION DATE: Summer 2019

### **THESIS ADVISOR AND REFERENCES:**

Professor Silvana Tenreyro (Advisor)  
Department of Economics  
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**DESIRED TEACHING AND RESEARCH:**

Primary Fields: Macroeconomics  
Secondary Fields: International Macro, Monetary Economics

**TEACHING EXPERIENCE:**

2017-2018	Macroeconomics	MRes\PhD level
2016-2017	Monetary Economics	MSc level
Sept 2016	Introduction to Statistics	MSc level
2015-2016	Monetary Economics	MSc level
Sept 2015	Introduction to Statistics	MSc level
Summer 2015	Intermediate Macroeconomics	2 <sup>nd</sup> year undergraduate level
2014-2015	Macroeconomic Principles	2 <sup>nd</sup> year undergraduate level

**RELEVANT POSITIONS HELD:**

2016-2018 Research Assistant for Professor Ricardo Reis  
Summer 2017 Internship at International Monetary Fund, Macro-Finance Research Division

**LANGUAGES**

Spanish (native), English (fluent), German (intermediate), French (basic)

**HONORS, SCHOLARSHIPS AND FELLOWSHIPS:**

2018-2019	Bank of Spain Fellowship
2017-2018	Advanced Education Trust Scholarship
2013-2017	LSE PhD Studentship
2012-2013	La Caixa Scholarship for Postgraduate Studies

**COMPLETED PAPERS:**

***Job Market Paper:***

**“Sudden stops, productivity and the exchange rate”**

Following a sudden stop, real exchange rates can realign through a nominal exchange rate depreciation, lower domestic prices, or a combination of both. This paper makes four contributions to understand how the type of adjustment shapes the response of macroeconomic variables, in particular, productivity, to such an episode. First, it documents that TFP systematically collapses after a sudden stop under a flexible exchange rate arrangement while it moderately improves if taking place within a currency union. Second, using firm-level data for two sudden stops in Spain, it highlights that the difference in the productivity response is largely driven by entry and exit firm dynamics. Third, it proposes a small open economy DSGE framework with firm selection into production and endogenous mark-ups that is consistent with the empirical findings. The model nests three mechanisms through which a shock affects productivity: a pro-competitive, a cost, and a demand channel. While only the former operates when the nominal exchange rate adjusts, all three are active under a currency union. The model delivers general conditions under which the demand channel dominates in the latter scenario. Fourth, it uses a quantitative version of the model to revisit the optimality of exchange rate policy after a sudden stop.

***Other Papers:***

**“Internal devaluation and the extensive margin of trade: the case of Spain”**

An economy can improve its performance in the exporting market in two ways: with a nominal exchange rate devaluation or a fall in relative prices. Both alternatives induce a real exchange rate depreciation which boosts international sales through enhanced price competitiveness. Wage moderation policies traditionally attempt to reduce the prices of exports by lowering the costs of production and are often associated with the latter. This paper revisits the mechanisms through which an internal devaluation may contribute to an export boom, not as a price but a cost competitiveness strategy. In a small open economy setting, a reduction in costs does not fully pass on to export prices and, thus, the traditional channel no longer applies. I suggest that lower costs and fixed prices expand the extensive margin of trade by allowing more firms to substitute away from a weaker domestic demand into the exporting sector. This results in a simultaneous decrease in the number of firms, an increase in the share of exporters and improved aggregate labor productivity. The model's predictions are in line with Spanish aggregate data following the wage moderation policies implemented during the recent financial crisis.

**RESEARCH IN PROGRESS:**

“Paying Bankers: Rents, Risk, and Performance” (with Sophia Chen and Deniz Igan)

“Dual mandates and excessive hawkishness: a principal-agent approach to monetary policy design”

**OTHER PROFESSIONAL ACTIVITIES:**

**Refereeing activity:**

Economica

**Committee memberships:**

24<sup>th</sup> Spring Meeting of Young Economists. Programme committee. 2019.  
RES Symposium of Junior Researchers. Scientific committee. 2017, 2018.

**Seminar and conferences:**

2018	43 <sup>rd</sup> Spanish Economic Association Symposium (scheduled), European Winter Meeting of the Econometric Society (scheduled), Université de Lille workshop on “International Finance: do exchange rates still matter?” (scheduled), Belgrade Young Economists Conference, 23 <sup>rd</sup> Spring Meeting of Young Economists, London School of Economics.
2017	IMF, London School of Economics.