

JULIO L. ORTIZ

270 BAY STATE ROAD

BOSTON, MA 02215

CELL: (201) 230-1960

EMAIL: JLORTIZ@BU.EDU

WEBSITE: [HTTPS://JULIOLORTIZ.COM](https://juliolortiz.com)

Education

Ph.D., Economics, Boston University, Boston MA, May 2021 (Expected)

M.A., Political Economy, Boston University, Boston MA, May 2018

B.S., Double Major in Economics and International Affairs (*Summa Cum Laude*), George Washington University, Washington DC, 2013

Fields of Interest

Macroeconomics, Econometrics

Non-Refereed Publications

“Inflation: Drivers and Dynamics: 2019 CEBRA Annual Meeting Session Summary,” (with Timo Haber, Edward S. Knotek II, Jean-Paul L’Huillier, Damjan Pfajfar, Robert W. Rich, and Raphael Schoenle) *Economic Commentary, Federal Reserve Bank of Cleveland*, (2020) 14: 1-3.

Working Papers

“Spread Too Thin: The Impact of Lean Inventories,” September 2020 (Job Market Paper)

“Time-Varying Volatility, Underreaction, and Overreaction,” May 2020

“A New Fact to Discipline Models of Beliefs,” March 2020

Works in Progress

“How Do Managers Form Expectations?”

“Input-Output Inventories and Inflation Dynamics”

Presentations

BU-BC Green Line Macro Meeting, Boston, MA, 2019, 2020

BU Macro Dissertation Workshop, Boston, MA, 2017, 2018, 2019, 2020

BU Macro Student Workshop, Boston, MA, 2018, 2019, 2020

GW Forecasting Seminar, Washington, DC, 2020

CEBRA Annual Meeting, New York, NY, 2019

Fellowships and Awards

Dean's Fellowship, Boston University, Fall 2015-Spring 2020
Teaching Fellowship, Boston University, Fall 2016-Fall 2019

Work Experience

Research Assistant, Federal Reserve Board, Washington DC, May 2013 - July 2015

Teaching Experience

Instructor, International Trade, Department of Economics, Boston University, Summer 2018
Instructor, Principles of Macroeconomics, Department of Economics, Boston University,
Summer 2019
Instructor, Introduction to Econometrics, Department of Economics, Boston University,
Summer 2020
Teaching Assistant, Econometrics (Masters), Department of Economics, Boston University,
Fall 2017 - Spring 2020 (six semesters)
Teaching Fellow, Introductory Macroeconomics, Department of Economics, Boston University,
Fall 2016, Spring 2017, Fall 2019

Other Activities

Graduate Economics Association (GEA) Co-chair, Boston University, 2017-2018

Memberships and Affiliations

American Economic Association, Member
H.O. Stekler Research Program on Forecasting, Student Member

Language Skills: English (native) and Spanish (fluent)

Computer Skills: STATA, MATLAB, R, Unix, Fortran, L^AT_EX

Citizenship: USA

References

Professor Stephen Terry
Department of Economics
Boston University
Phone: (757) 754-3514
Email: stephent@bu.edu

Professor Adam Guren
Department of Economics
Boston University
Phone: (617) 353-4534
Email: guren@bu.edu

Professor Pascual Restrepo
Department of Economics
Boston University
Phone: (617) 353-4010
Email: pascual@bu.edu

JULIO L. ORTIZ

Spread Too Thin: The Impact of Lean Inventories (Job Market Paper)

Widespread adoption of just-in-time (JIT) production, a strategy that minimizes the time between orders, has reduced inventory holdings. This paper finds that JIT creates a tradeoff between firm profitability and vulnerability to large unexpected shocks. Empirically, JIT adopters experience higher sales and less volatility while also exhibiting greater cyclicality and heightened sensitivity to natural disasters. I explain these facts in a structurally estimated general equilibrium model where heterogeneous firms can adopt JIT. Relative to a counterfactual economy reflecting adoption patterns from the 1980s, when JIT was in its infancy, the estimated model implies a 1% increase in long-run firm value. At the same time, an unanticipated COVID-19 shock results in a 1.6 percentage point sharper output contraction. This occurs because more firms “stock out” while others hoard highly valued materials.

Time-Varying Volatility, Underreaction, and Overreaction

Two seemingly contradictory patterns coexist in data on professional forecasters. After positive news and upward forecast revisions, predictions made by the same person are sometimes systematically too optimistic, “overreacting,” while they are also sometimes predictably too pessimistic, “underreacting.” Making sense of both patterns within the same model proves difficult for a wide range of theories of belief dynamics. But I show that such patterns are to be expected in an environment with time-varying volatility about which agents are imperfectly informed. In states of the world where volatility exceeds agents’ perceptions, forecasters appear to underreact, while states in which volatility is lower than agents perceive cause apparent overreaction. I provide empirical evidence consistent with this mechanism, emphasizing the importance of accounting for the impact of volatility shifts for belief dynamics.

A New Fact to Discipline Models of Beliefs

Changes made to existing forecasts that are systematically correlated with subsequent forecast errors yield “error predictability,” a salient feature of survey data. Full information rational expectations (FIRE) models, by contrast, produce unpredictable errors, a fact motivating many non-FIRE theories. Within this non-FIRE group, I demonstrate that empirical error predictability is not typically enough to distinguish across alternative belief systems. Instead, I highlight an additional empirical fact that, paired with error predictability, can serve to further disentangle competing models of beliefs. In particular, I emphasize that any model featuring Bayesian updating requires that forecast revisions be serially uncorrelated. Applying this logic to two widely studied theories and taking it to data from the Survey of Professional Forecasters favors a model of diagnostic expectations over a model of beliefs driven by strategic interaction.