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DOCTORAL STUDIES Massachusetts Institute of Technology (MIT)
PhD, Economics, Completed February 2008
DISSERTATION: *“Essays on European Labor Markets”*

DISSERTATION COMMITTEE AND REFERENCES

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PRIOR EDUCATION	Masters B. A. (Licenciatura)	Economics Economics	London School of Economics Universidade do Porto	2002 2001
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CITIZENSHIP	Portugal	GENDER: F	DATE OF BIRTH	1978
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LANGUAGES Portuguese (native language); English (fluent);
French, German, Italian, Spanish (basic)

RESEARCH & TEACHING FIELDS International Economics
Labor Economics

TEACHING EXPERIENCE	Intermediate Macroeconomic Theory (Undergraduate, MIT course 14.06), Teaching Assistant to Professor Jordi Galí, CREI Universitat Pompeu Fabra and MIT, Department of Economics	Spring 2006
	Intermediate Applied Macroeconomics (Undergraduate, MIT course 14.05), Teaching Assistant to Professor Peter Temin, MIT, Department of Economics	Fall 2004
CURRENT POSITION	Economist, Bank of England, International Finance Division	February 2007 - present
PAST POSITIONS	Summer Intern, European Department, International Monetary Fund	Summer 2005
	Research Assistant to Professor Olivier Blanchard, MIT, Department of Economics	Summer 2003
FELLOWSHIPS, HONORS, AND AWARDS	MIT Schultz Fund, 2006 MIT Undergraduate Economics Association Teaching Award, 2006 PhD Fellowship from Ministry for Science and Technology, Portugal, 2002-2006 Masters Fellowship from Ministry for Science and Technology, Portugal, 2001-2002	
PROFESSIONAL ACTIVITIES	Referee for <i>Economic Modeling</i> and <i>Economic Inquiry</i> Research Affiliate, IZA – Institute for the Study of Labor, since July 2006	
PUBLICATIONS	<p>“International Investors, the U.S. Current Account, and the Dollar” (with Olivier Blanchard – MIT - and Francesco Giavazzi - Università Commerciale Luigi Bocconi and MIT), <i>Brookings Papers on Economic Activity</i>, 1:2005</p> <p>A simple model of exchange rate and current account determination is used to interpret the recent behavior of the U.S. current account and the dollar and explore what may happen in alternative future scenarios. The model’s central assumption is imperfect substitutability not only between U.S. and foreign goods but also between U.S. and foreign assets. The recent behavior of the U.S. current account and the dollar exchange rate can be explained by an increase in U.S. demand for foreign goods and an increase in foreign demand for U.S. assets. We show that both shifts imply an eventual depreciation of the dollar, a phase in which the U.S. appears to have entered. How much more depreciation is to come and at what rate depends on how far the process has come and on future shifts in the demand for goods and for assets. We anticipate that, in the absence of surprises, more dollar depreciation will come at a slow but steady rate. The model is used to discuss what will happen if surprises take place. We consider a number of alternative scenarios, from the abandonment of the renminbi’s peg against the dollar, to changes in the composition of reserves held by Asian central banks, to changes in U.S. interest rates. To determine how much of the dollar’s future depreciation is likely to occur against the euro, and how much against Asian currencies, we extend the model to allow for four countries: the U.S., the euro area, Japan and China. We conclude that the path of adjustment is likely to be associated with an appreciation of Asian currencies, but also with a further appreciation of the euro against the dollar.</p>	

“The 35-Hour Workweek in France: Straightjacket or Welfare Improvement?” (with Marcello Estevão - IMF), *Economic Policy*, Issue 55, July 2008

Workweek reduction laws may be beneficial if market interactions do not fully take into account the preferences reflected in declining secular trends in working hours. The most recent law in France shortened the workweek from 39 to 35 hours in 2000 for large firms and in 2002 for small firms. Analyzing differences between employees in large and small firms before and after the law, we find that aggregate employment was unaffected but labor turnover increased, as firms shed workers who became more expensive. Survey responses indicate that the welfare impact of the law was different across groups of workers: women but not men may have benefited from coordination to a shorter workweek, and there is also evidence of negative welfare effects for managers, possibly due to the law’s administrative burden.

**RESEARCH
PAPERS**

“Does Employment Protection Help Immigrants? Evidence from European Labor Markets”, *IZA Discussion Paper*, No. 3414, March 2008

High levels of employment protection reduce hiring and firing and have a theoretically ambiguous effect on the employment level. Immigrants, being new to the labor market, may be less aware of employment protection regulations and less likely to claim their rights, which may create a gap between the costs for employers of hiring a native relative to hiring an immigrant. This paper tests that hypothesis drawing on evidence for the EU and on two natural experiments for Spain and Italy. The results suggest that strict Employment Protection Legislation (EPL) gives immigrants a comparative advantage relative to natives. Stricter EPL is found to reduce employment and reduce hiring and firing rates for natives. By contrast, stricter EPL has no effect on most immigrants and may even increase employment rates for those who have been in the country for a longer time.

“The Geographical Composition of National External Balance Sheets: 1980-2005” (with Chris Kubelec - Bank of England)

This paper constructs a dataset on cross-border assets and liabilities for a group of 18 countries, including both developed and emerging economies. The data covers the years 1980 to 2005 and distinguishes between four asset classes: FDI, equity, debt, and foreign exchange reserves. A number of stylized facts emerge from the dataset. In particular, the findings indicate that bilateral financial linkages are organized in three tiers of financial centers. The first tier is composed of the US, the UK, Singapore, and Hong Kong; the second of Japan, France, Germany, Australia and Canada; with the third composed of the remaining countries. This contrasts with the pattern of bilateral trade, which is predominantly intra-continental and is organized in three clusters: a European cluster (centered on Germany), an Asian cluster (centered on China), and an American cluster (centered on the US).

“Financial Globalization and Cross-Country Spillovers” (with Chris Kubelec - Bank of England)

We analyse cross-border spillovers to GDP growth for a set of 18 advanced and emerging market countries from across Europe, the Americas and Asia from 1980 to 2005. Changes in the structure of the world economy over recent years raise the possibility that the pattern and magnitude of spillovers may have changed significantly. Using a new dataset on bilateral financial linkages, we construct

empirical measures of spillovers that vary over time as bilateral linkages evolve. We find that spillovers to industrialized countries have increased significantly since the mid 1990s as a result of the increase in cross-border financial linkages. In contrast, spillovers to EMEs have been broadly constant and are very large, with almost 100% of the variation in GDP growth being explained by shocks from abroad. We find that geographical proximity is not a key determinant of the size of spillovers and that the main source of spillovers to growth in the global economy is the US. There is no evidence that the Asian economies included in the sample have decoupled from the US, with the exception of China. A possible interpretation is that accumulation of reserve assets by China has provided a hedge against spillovers from the US. Spillovers to the UK are large and have increased over time. They are originated mostly in the US and European neighbours.

“The Macroeconomic Implications of Sovereign Wealth Funds” (with Francesca Viani – European University Institute)

Sovereign Wealth Funds (SWFs) are expected to manage an increasing share of foreign exchange reserves in the near future. Compared to central banks, SWFs have higher risk tolerance and invest less in US dollar assets. Their growth may have implications for the US net debt and the dollar. To study these implications, we use a dynamic general equilibrium model with two countries (the US and the rest of the world), and two asset classes (equities and bonds). The model is characterized by imperfect substitutability between assets and allows for endogenous adjustment in interest rates and asset prices. Therefore, it accounts for capital gains arising from equity price movements, in addition to valuation effects stemming from exchange rate changes. The model is used to simulate what will happen if ‘excess’ reserves held by Emerging Markets are transferred from central banks to SWFs. We look separately at two diversification paths: one in which SWFs keep the same allocation across bonds and equities as central banks, but move away from dollar assets (path 1); and another in which they choose the same currency composition as central banks, but shift from US bonds to US equities (path 2). In path 1, the dollar depreciates and US net debt falls on impact and increases in the long run. In path 2, the dollar depreciates and US net debt increases in the long run. In both cases, there is a reduction in the ‘exorbitant privilege’, i.e., the excess return the US receives on its assets over what it pays on its liabilities.