Report on **Master Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Sidita Reshketa
Advisor:	doc. Mgr. Tomáš Holub, PhD.
Title of the thesis:	The Performance of inflation targeting in emerging market economies

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

Contribution

The thesis analyses empirically the performance of inflation targeting regime in emerging market economies. It extends the lenght of the data set, which now covers the whole global crisis period, as well as a post-crisis phase. The obtained results are quite consistent with earlier findings of the literature, i.e. adoption of the inflation targeting regime leads to lower and more stable inflation without having statistically significant costs in terms of slower or more unstable GDP growth. In that regards, the conclusions are not extremely innovative, but at least confirm indirectly that the previous findings are robust to the data sample length.

Methods

The thesis uses the difference-in-difference method, which is a rather simple approach, but appropriate for the analysed question (even though other methods could be applied, too).

Based on the description on pages 37-40, I was a bit confused what time spans of the data were used in the alternative models. There is also not enough clarity regarding the statistical significance of individual coefficients presented in the tables. There are many coefficients that exceed the presented standard errors more than two times, and yet are not labled as statistically significant even at the 10% probability level. This casts doubts on the interpretation of the results provided in the text.

I also see scope for further robustennes checks (e.g. as regards the splitting of „pre" and „post" period for non-IT countries in 2004, the country sample choice, and so on).

Literature

The literature review is sufficient, it covers both the older seminal pieces of work, as well as more recent contributions.

Manuscript form

The manusript form is a clear weakness of the thesis. The English is sometimes hard to understand, and the thesis would clearly benefit from carefull languange editting. One example out of many is the wrong term used for the „reversion to the mean", which is incorrectly called „revision to the mean" in many places. Also, many of the charts are not very nice and would benefit from further work (aligning the scale of vertical axes where appropriate, harmonizing the labelling of time axes etc.).

Summary and suggested questions for the discussion during the defense

Overall, the thesis brings some interesting findings, but it makes an unfinished impression. It would have most probably required a few more weeks of work to achieve a better outcome.

At the defense, I suggest concentrating on the above mentioned unclarity regarding the statistical significance of individual estimated coefficients.

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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Contribution	(max. 30 points)	15
Methods	(max. 30 points)	15
Literature	(max. 20 points)	18
Manuscript Form	(max. 20 points)	6
TOTAL POINTS	(max. 100 points)	54
GRADE	(A – B – C – D – E – F)	E

NAME OF THE REFEREE: *Tomáš Holub*

DATE OF EVALUATION: **6 September 2018**

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Referee Signature