

Report on Bachelor / Master Thesis

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

Student:	Matej Novotny
Advisor:	prof. Ing. Karel Janda M.A., Dr., Ph.D.
Title of the thesis:	Estimating the Relationship between Food, Fuel and Biofuel Prices

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

This thesis contributes to the papers examines connection between biofuels and food prices in the USA, Europe, and Brazil. The biofuels connection estimated under Minimum Spanning Tree (MTS) and Hierarchical Tree (HT) methods using original dataset of the prices of 38 commodities and assets in period of 2003-2019. Author is aiming to find the dependence of biofuels and their feedstock to the overall level of food prices referring to the 4 periods in the world food price change. This thesis contributes to the relevant literature by capturing an additional period in the world food price change, that was not estimated previously in biofuel-food prices correlation.

Methods

Chapter 3 describes in details methods used in the thesis. Author is using Minimum Spanning Tree to measure distance of the interconnections within a group of commodities and assets and Hierarchical Tree methods to visualise the order and position of each asset and commodity in the network following it behaviour in clusters. Such methods are appropriate for linkages of the food and biofuel prices and was previously used in similar studies. Results are interpreted with caution, knowing the limitation of the model and the data used. Further analysis is overseen by author by using additional methods that capture the effect of other factors that influence these correlations and impact potential outcomes.

Literature

Chapter 1 gives a good literature overview of the previous studies performed in this field in global market as well as specified to the level of USA, European Union, and Brazil. Identification of advantages and disadvantages of previous studies was used by Matej as the prerequisite for this thesis. Chapter 2 is devoted to the explanation of the biofuel linkages with food following overtime development and changes in the feedstock in different geographical locations.

Manuscript form

The general look of the paper is at proper level.

Recommendations:

Manuscript is missing Chapter „Results“. Chapter 5 „Taxonomy analysis“ is recommended to be renamed to Chapter „Results“.

Graphical visualisation of the prices of commodities as well as interest rates through the estimated timeframe would be appreciated.

Currency per unit of commodities could be added in Table 1.

Conclusion could include all four periods average distance of MTS;

Other comments:

- Referred studied period corresponds to less than 16 years;
- Bibliography should follow same format;
- Exclude extra spaces between paragraphs;
- Page 33 typo “tests test”;

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Summary and suggested questions for the discussion during the defense

I believe the thesis fulfils the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, and suggest grade B.

The questions related to the paper:

1. Was the second research question from the Bachelor thesis proposal answered: "Is it possible to find new commodities, that would have a significant effect on the biofuels-food system?"
2. The currency exchange rates were captured in the research, nevertheless did you account for the fact that strengthening USD would reflect in falling of food prices, because consumers pay for it in their local currency?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	21
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	82
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Khymych Olha

DATE OF EVALUATION: 29.05.2019



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F