

REPORT ON THE MASTER THESIS

IEPS – International Economic and Political Studies, Faculty of Social Sciences, Charles University

Title of the thesis:	Evaluation of China's FOREX Policy: Equilibrium Exchange Rate Perspective
Author of the thesis:	Qiriga
Referee (incl. titles):	PhDr. Jaromír Baxa, Ph.D.

Comments of the referee on the thesis highlights and shortcomings (following the 5 numbered aspects of your assessment indicated below).

1) Theoretical background: The thesis relies on an estimated FEER model, extended for a multiregional dimension, and the model is used to estimate whether the Renminbi is misaligned or not. The main results show that after a period of undervaluation, reaching a peak in 2007; the Renminbi became overvalued since 2013. I find the choice of the model as relevant. Then, the first part provides historical background on the exchange rate regimes in China since 1949.

2) Contribution: The author presents an excellent thesis with nice, original, and up-to-date results.

3) Methods: The FEER models are a reasonable choice for the problem of interest. There are also other alternatives, not particularly demanding in terms of computational skills, such as the purchasing power parity or some form of the BEER model. These models are often needed to make strong policy implications since all models lead to slightly different results. Anyway, the methodology is well described and put into the context quite well. I don't have any limitations towards calculations, which are done correctly (up to my knowledge, obviously).

4) Literature: The main literature on the equilibrium exchange rate and on China's foreign exchange rate policy is well surveyed. The work with literature (citations and references) is just OK.

5) Manuscript form: The structure is in line with the conventions, and logical. Occasional inaccuracies: I don't get what's on the horizontal axis in Figure 2.2. Similarly, the header of Figure 2.3 (and the following ones) states exchange rate Yuan/USD, instead of RMB/USD (if I don't miss anything).

Also, to meet the conventions, the equations shall be numbered.

Box for the thesis supervisor only. Please characterize the progress in the working out of thesis (e.g. steady and gradual versus discontinuous and abrupt) and the level (intensity) of communication/cooperation with the author:

n.a.

Suggested questions for the defence are:

What's the sensitivity of the results on selected sustainable current account balances?

I recommend the thesis for final defence. I recommend the following grade: A

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

CATEGORY	POINTS
<i>Theoretical background (max. 20 points)</i>	20
<i>Contribution (max. 20 points)</i>	20
<i>Methods (max. 20 points)</i>	20
<i>Literature (max. 20 points)</i>	20
<i>Manuscript form (max. 20 points)</i>	18
TOTAL POINTS (max. 100 points)	98
The proposed grade (A-B-C-D-E-F)	A

DATE OF EVALUATION: May 30, 2019



Referee Signature

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Quality standard
91 – 100	A	= outstanding (high honour)
81 – 90	B	= superior (honour)
71 – 80	C	= good
61 – 70	D	= satisfactory
51 – 60	E	= low pass at a margin of failure
0 – 50	F	= failing is recommended

The referee should give comments to the following requirements:

1) THEORETICAL BACKGROUND: Can you recognize that the thesis was guided by some **theoretical fundamentals** relevant for this thesis topic? Were some important theoretical concepts **omitted**? Was the theory used in the thesis consistently **incorporated with the topic** and hypotheses tested? Has the author demonstrated a genuine **understanding** of the theories addressed?

Strong	Average	Weak
20	12	< 8

 points

2) CONTRIBUTION: Evaluate if the author presents **original ideas** on the topic and aims at demonstrating **critical thinking** and ability to draw **conclusions** based on the knowledge of relevant theory and relevant empirical material. Is there a distinct **value added** of the thesis (relative to knowledge of a university-educated person interested in given topic)? Did the author explain **why** the observed phenomena occurred? Were the **policy implications** well founded?

Strong	Average	Weak
20	12	< 8

 points

3) METHODS: Are the **hypotheses** for this study clearly stated, allowing their further **verification and testing**? Are the theoretical explanations, empirical material and **analytical tools** used in the thesis relevant to the research question being investigated, and adequate to the aspiration level of the study? Is the thesis **topic comprehensively analyzed** and does the thesis not make trivial or **irrelevant detours** off the main body stated in the thesis proposal? More than 12 points signal an exceptional work, **which requires your explanation "why" it is so**).

Strong	Average	Weak
20	12	< 8

 points

4) LITERATURE REVIEW: The thesis demonstrates author's full understanding and **command of recent literature**. The author **quotes** relevant literature in a **proper way** and disposes with a **representative bibliography**. (Remarks: references to Wikipedia, websites and newspaper articles are a sign of **poor research**. If they dominate you cannot give more than 8 points. References to books published by prestigious publishers and articles in renowned journals give much better impression. Any sort of **plagiarism** disqualifies the thesis from admission to defence.)

Strong	Average	Weak
20	12	< 8

 points

5) MANUSCRIPT FORM: The thesis is **clear and well structured**. The author uses appropriate **language and style**, including the academic **format for quotations**, graphs and tables. The text effectively refers to graphs and tables, is easily readable and **stimulates thinking**. The text is free from typos and easy to comprehend.

Strong	Average	Weak
20	12	< 8

 points

Remarks for the referees:

- 1) Download the thesis from the SIS. If you have no access to SIS please ask the secretary of IPS (jana.krejcikova@fsv.cuni.cz, tel. 251 080 214) for sending you the thesis by e-mail.
- 2) Use the IEPS Thesis Report form only for your comments. **It is a standard at the FSV UK that the Referee's Report is at least 400 words.** In case you will assess the thesis as "non-defendable", please explain the concrete reasons for that in detail.
- 3) Retain your critical stance. You cannot confer more than 80 points upon a thesis that does not satisfy research standards in top European universities.
- 4) Upload the Report as PDF/A file into the SIS. Instructions how to convert .DOCx to PDF/A): „Save as“ – select „PDF“ – check in „Options or Možnosti“ that „PDF options“ tick „ISO 19005-1 compliant /kompatibilní s/ (PDF/A)“ – „Save“. If you have no access to SIS please send the unsigned PDF file to the secretary of IPS (jana.krejcikova@fsv.cuni.cz).
- 5) Please deliver to the IPS Secretariat, U Kříže 8, 15800 Praha 5 Jinonice, **two hand-signed originals**. Unfortunately, a photocopied report with signature does not suffice. Sorry.
- 6) Your Report will be remunerated, so we need also your account information (separate from this form).