

Report on Bachelor Thesis

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

Student:	Miroslav Fil
Advisor:	Doc. PhDr. Ladislav Křištofuk, Ph.D.
Title of the thesis:	Pairs trading in cryptocurrency markets

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.

As the title suggests, the thesis aims to inspect the profitability of pairs trading strategies in cryptocurrency markets, specifically the most traditional and popular ones – cointegration and distance techniques. The thesis presents an interesting and original piece of research which, I believe, could be published after the defense.

Contribution

The thesis presents the results for two standard techniques of pairs trading with mixed results, which is not necessarily a bad thing, but actually in line with current research on stock markets. What I think is the most contributive part here is acknowledging that the strategies do not need to be profitable and that their performance is sensitive to parameters setting. In other words, it is pretty much always possible to find a setting of parameters for which the methods work but they need not work for future data. Even though it seems as a given, it is not frequently acknowledged and only the “good results” are often shown. As the cryptocurrency markets and research around them is now in rapid motion, the results are certainly contributive and should be submitted to a journal.

Methods

The methods are standard but they are presented in a detailed manner so that a reader knows precisely what is going on without any prior knowledge and this done without text feeling too narrative. The empirical part is carried out precisely.

Literature

The text covers the most important texts on the topic and the literature is presented correctly.

Manuscript form

The thesis is well structured and it reads well. I only deduct one point here as some of the figures could have been given a bit more work.

Summary and suggested questions for the discussion during the defense

This is an excellent thesis which could be defended as a master’s thesis if need be. At this level, i.e. a bachelor’s thesis, I believe it easily gets the A grade and I would suggest the director’s distinction if the committee find the presentation excellent as well. Possible question for the defense:

- Can you think of another trading strategy that might be profitable for cryptocurrency markets? What is your idea about efficiency of the crypto-markets?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	29
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	98
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

doc. PhDr. Ladislav Krištoftek, Ph.D.

DATE OF EVALUATION: 3.9.2019

Referee Signature