

# Report on Bachelor / Master Thesis

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

Student:	Lukáš Tomek
Advisor:	PhDr. František Čech Ph.D.
Title of the thesis:	Financial Markets Comovements in Northern Europe

## 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

In my view, the thesis is unfortunately less than sum of its parts. The author certainly shows ability to draw conclusions based on the knowledge of relevant theory and empirics (see also the Methods section) but the thesis somewhat lags in presenting original ideas on the topic demonstrating critical thinking. More specifically, the choice of Northern Europe as a sample of countries where financial markets comovements are investigated is not properly motivated. Why, for instance, is not Norway or Iceland included, too? Why are the Nordic and the Baltic countries pooled together? Therefore, the thesis seems to me rather as a mechanistic exercise in applying methods of financial econometrics than a coherent piece of academic work. In other words, I have my reservations about a distinct value added of the thesis. Personally, I would try to add more of a "macroeconomic flavour" to the analysis – what was the impact of the global financial crisis? This is investigated only very briefly. Has the adoption of the common currency by the Baltics played any role?

### Methods

Methodology is undoubtedly a strong point of the thesis – the author introduces several methods both intuitively and with rigorous mathematics. I believe that all of the methods are advanced for the bachelor level. The author also appends his code which can be seen as a piece of evidence for his coding proficiency. The estimations are executed diligently and the author also discusses several ways how his study could be extended which is nice. Still, I miss for instance a remark on the data source.

### Literature

The author works with a respectable amount of literature and makes use of it (mostly) in a proper way. Still, I would welcome if the Introduction was less general and built on more relevant references. The part on portfolio diversification is indeed built on relevant references but feels way too general for a study on financial markets comovements in Northern Europe. Also, the part that attempts to introduce why financial markets in Northern Europe are worth looking at should have been elaborated in much more detail and is unfortunately built on a few out-of-date references. I also miss references in the section that describes hypotheses which should be stated more clearly and based on relevant references.

### Manuscript form

In general, I find the manuscript form acceptable. However, I should mention a few points that could have been given more care. First, I believe that the thesis should have been reread as for grammar and typos – I have reviewed a few theses at the IES and this thesis scores a bit worse in this regard. Second, I miss a remark on the investigated time period in the abstract – I find that rather important for a reader to form her/his expectations about the piece of work. Third, I miss a preview of results in the Introduction – this part is rather short and such an enrichment might be helpful for an overall impression. Fourth, I would welcome if the author used references to figures and tables in the main body of the thesis; also, it would be nicer to have dates on x-axes of time series figures.

### Summary and suggested questions for the discussion during the defense

Overall, I believe that this is an acceptable bachelor thesis and I wish the author good luck for the defense. In my view, the topic could be easily revisited for the master thesis (better motivation, more



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advanced methods, connecting the results to real-life macroeconomic phenomena), I suggest these questions for the defense:

- Why have you chosen Northern Europe for your study on financial markets comovements? Based on what criteria have you chosen the sample of countries for the analysis?
- What was the source of your data?
- Is there any summarizing study (or a meta-analysis) on country and sector effects that you know of?
- In your study you devote a part of the Results section to presenting your findings on banking indices. Can you elaborate on the linkage between banking sectors in Nordic and Baltic countries (hint: think about international banking groups)?

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

CATEGORY	POINTS
Contribution (max. 30 points)	15
Methods (max. 30 points)	28
Literature (max. 20 points)	13
Manuscript Form (max. 20 points)	15
<b>TOTAL POINTS</b> (max. 100 points)	<b>71</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>C</b>

**NAME OF THE REFEREE:** Mgr. Václav Brož

**DATE OF EVALUATION:** 26. 05. 2020

**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.*

**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.*

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

**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.*

### **Overall grading:**

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