

Report on Bachelor / Master Thesis

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

Student:	Bc. Norbert Skákala
Advisor:	doc. PhDr. Jozef Baruník, Ph.D.
Title of the thesis:	Does economic uncertainty spill across countries?

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

The master thesis focuses on economic uncertainty spillovers among ten countries during the last twenty years. The spillovers are estimated with standard VAR methods using forecast error variance decompositions. The data used for spillovers' estimates are the Economic Policy Uncertainty Index (monthly news-paper based index). Furthermore, the spillovers are disentangled to different horizons (short-, mid- and long-term cycles) using frequency-domain tools. This extension gives an essential insight into spillover dynamics as it shows that a substantial part of spillovers is persistent. Thus, long-term spillover cycles prevail. Another extension of the traditional spillover approach is the study of distributional aspects of spillovers. Results of quantile regression indicate significant spillover propagation in the right tail of the distribution.

The presentation of results is excellent. In the thesis, one can find informative Figures with perfect graphics. The event analysis discusses possible drivers of spillovers. The Section is very informative, discussing the results into the political and economic context. Results are compared with recent literature. Overall, the analysis of spillovers is complete as Norbert analyses time-varying traditional spillovers as well as frequency and quantile aspects of spillovers.

Contribution

The contribution of the thesis is a complete and robust analysis of economic policy uncertainty spillovers. The results show that most of the spillovers are persistent and that the right tail is the most important. Moreover, results are compared with recent literature. In my opinion, the contribution is strong.

Methods

Norbert uses both time and frequency domain advanced methods that are relevant for the analysis. He uses the methods correctly as well as he interprets the results.

Literature

In the thesis, Norbert uses relevant literature in the field. Considering the work with literature, it is clear that Norbert understands the literature, and he quotes appropriately. Moreover, the literature overview is very well written.

Manuscript form

The manuscript has a standard form with a clear and logical structure. The thesis is complete, and all technical issues are fully addressed. The presentation, as well as a description of the results, is excellent.

Summary and suggested questions for the discussion during the defense

To conclude, in his master thesis, Norbert presents an excellent piece of work. The extent of the analysis is beyond the master thesis requirements. The presentation and discussion of results are on very high level. I suggest grade A for the defense.

Q: What are the benefits of using the EPU index in comparison to volatility?

Q: Why do we observe the highest proportion of spillovers at periods longer than one year?

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

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

NAME OF THE REFEREE: Mgr. Lukáš Vácha, Ph.D.

DATE OF EVALUATION: 7.6.2020



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