Report on Bachelor/Master Thesis

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

Student:	**Bc. Boril Šopov, MSc**
Advisor:	**PhDr. Jakub Seidler**
Title of the thesis:	Alternative Yield Curve Modelling

OVERALL ASSESSMENT

The thesis addresses an interesting and relevant topic - yield curve modelling. The thesis is competently written; standard theory is appropriately described and explained with many references to the current literature. The theoretical background is strong and brings the main contribution of the thesis - a creation of a complete framework that enables to analyze yield curves. The applicability of the models was further demonstrated by setting risk scenarios and framework for the detection of structural breaks. The form of the manuscript is exemplary and highlights quality of the thesis.

All relevant comments given by the supervisor were incorporated into the text during the process of writing. However, possible defense questions could be concerned with a) latent factor – how to interpret it in the principal component model analysis, b) what may be the intuition behind the common factors in regional yield curves of selected countries.

Further work could be focused on yield curve modelling with employing macroeconomic variables, which could bring additional insight on regional yield curves.

Based on the high quality of the submitted diploma thesis, I recommend accepting the thesis with **excellent** evaluation and awarding **distinction from the Dean of the Faculty of Social Sciences**.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	19
Methods	*(max. 30 points)*	30
Contribution	*(max. 30 points)*	27
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**96**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: **PhDr. Jakub Seidler**

DATE OF EVALUATION: **January 20, 2010**

_____
Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong	Average	Weak
20	10	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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
30	15	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.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě