

Report on Bachelor/Master Thesis

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

| | |
|----------------------|-----------------------------------|
| Student: | Bc. Jakub Matějů |
| Advisor: | Roman Horváth, Ph.D. |
| Title of the thesis: | Two Essays on Inflation Targeting |

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

This thesis deals with evaluation of inflation targeting regime. First part is focused on the theoretical and empirical analysis of the determinants of inflation targets. Second part discusses the current challenges for inflation targeting regime especially those related to current global financial crisis.

I have to say that especially the first part of the thesis presents highly original contribution to central banking literature. It is true that monetary policy transparency has increased substantially over the course of last 20 years, but central banks do not say a lot how they choose one of the most important parameters of their policy – inflation target.

We learn a lot from Jakub's thesis. The level of inflation target is driven by current underlying inflation as well as the degree of economic activity. More interestingly, central bank institutional setup matters, too. Less independent and less credible central banks exhibit higher targets. Government party orientation influences the level of inflation target in countries with less independent central bank. I am quite happy to see the research on how institutions matter (to be honest I often hear from some of my colleagues at the Institute that institutions matter, but I strongly believe that our job is to show how they matter). Jakub does a fine job in this respect linking the monetary literature with institutional economics literature.

I believe that the revised version is publishable in respectable foreign refereed journal. I also believe that the shortened version of this part may draw some attention in student's competitions such as Mladý Ekonom. I definitively suggest that Jakub should be awarded the honor of the Dean of the Faculty of Social Sciences for excellent MA Thesis. I would also urge IES faculty to promote Jakub's research and consider his thesis also for University-wide awards.

Report on Bachelor/Master Thesis

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

| | |
|-----------------------------|-----------------------------------|
| Student: | Bc. Jakub Matějů |
| Advisor: | Roman Horváth, Ph.D. |
| Title of the thesis: | Two Essays on Inflation Targeting |

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

| CATEGORY | POINTS |
|---|---------------|
| <i>Literature</i> (max. 20 points) | 20 |
| <i>Methods</i> (max. 30 points) | 30 |
| <i>Contribution</i> (max. 30 points) | 30 |
| <i>Manuscript Form</i> (max. 20 points) | 20 |
| TOTAL POINTS (max. 100 points) | 100 |
| GRADE (1 – 2 – 3 – 4) | 1 |

NAME OF THE REFEREE: Roman horváth, Ph.D.

DATE OF EVALUATION: June 1, 2009

Referee Signature