Report on Bachelor / Master Thesis

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

Student:	Matej Balažovič
Advisor:	PhDr. František Čech, Ph.D.
Title of the thesis:	Perceiving Uncertainty on Financial Markets During the Covid-19 Pandemic

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary
The submitted thesis studies the role and impact of Covid-19 related data on the uncertainty of the financila markets in the Czech Republic. To measure uncertainty, the author uses spread of the various forward rate agreements. The data are analyzed using standard time series techniques, i.e., ARMA-GARCH. The author main finding is that shorter maturity spread is affected more than the longer maturity and the source of this result is attributed to behavior of economic agents.

Contribution
The main contribution of the thesis is the empirical application where author tries to connect financial markets data with the Covid-19 related measures and I think author did a good job here. I like that the author is aware of limitations of the analysis and that he points out on them (problem with stationarity).

Methods
The methods used in the thesis are standard in the time series literature, although they are not standard for bachelor thesis. To finalize the thesis author studied volatility modelling by means of ARMA-GARCH models on his own. The description of the methods in the thesis is accurate, and the author includes just a sufficient amount of details. I have discussed the theoretical and empirical application of the methods with the author regularly. Overall all the methods and concepts are well described and applied correctly.

Literature
The submitted thesis contains a general overview of the current literature devoted to Covid-19 effects on the financial markets. All the papers mentioned in the thesis are relevant to the topic, and the majority of them were published in respected economic journals. The author shows a good knowledge of the literature, works with it well and tries to explain all the concepts used throughout the thesis in a clear way.

Manuscript form
Manuscript form is the weakest part of the thesis. Although the thesis is written in reasonable English, standardly structured, and typeset in LaTeX the thesis would greatly benefit from careful proofreading. Since the final version of the thesis was finished and submitted on the last minute the author was not able to incorporate all of my suggestions. Just to mention few – second paragraph in Introduction should be restructured, Intro should be longer, the main results should be also summarized in intro. The equations in the section 5 should be formated in different way, etc.

Overall evaluation and suggested questions for the discussion during the defense
Overall, it is very nice bachelor thesis – author studies the actual and interesting problem using proper methods. In my view, the major drawback is that thesis was not proofred carefully. During the defense author should explain why we need to be careful when interpreting the results of analysis using almost non-stationary variables. In my view, the thesis fulfils the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University. I recommend it for the defense and suggest a grade B." The results of the Urkund analysis do not indicate significant text similarity with other available sources

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

CATEGORY	POINTS
Contribution (max. 30 points)	25
Methods (max. 30 points)	27
Literature (max. 20 points)	18
Manuscript Form (max. 20 points)	14
TOTAL POINTS (max. 100 points)	**84**
GRADE (A – B – C – D – E – F)	**B**

NAME OF THE REFEREE: František Čech

DATE OF EVALUATION: 23.5.2022

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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