

Report on Bachelor / Master Thesis

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

Student:	Thai Nhat Phi Tran Nguyen
Advisor:	Ladislav Krištoufek
Title of the thesis:	Gamified Stock Markets, Sentiment and Volatility: Evidence from the GameStop frenzy

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

The thesis provides an assessment of the individual investors' biases and their ability to affect stock price developments with a focus on the role of social media with respect to increasing the biases and strengthening an impact on prices. Specific case of the GameStop retail trading frenzy in early 2021 is analyzed. It is shown that sentiment of retail investors is very sensitive to high volatility, extreme returns, and frequent news coverage. A key contribution is hard evidence that individual investor sentiment is able to predict short-run dynamics for brief periods. On the other hand, such relationship reverses in the long run as price correction occurs.

Methods

The study employs (i) natural language processing, (ii) wavelet analysis and (iii) vector error correction models to analyze link between individual investor sentiment and stock price. Granger-causality is used as a supplementary tool. Textual and sentiment data are complemented with the financial data to perform an empirical assessment. The econometric methods represent standard tools, but they are applied in a competent way. The methods are described in detail and sufficiently. Modeling and estimation approaches are formally defined. The methods are well applied on the data.

Literature

The literature review section summarizes the current state of research in the field quite well. Moreover, literature review covers several angles of the research topic from the perspective of the Noise Trader theory, covers the issue of the individual investors' sentiment linked to the news and social media, deals also with the news and social media sentiment, plus covers the literature related specifically to the GameStop trading. Hence, the literature is reviewed in a detail and covers all relevant papers and angles.

Manuscript form

The manuscript conforms to formal requirements for the master thesis. The text reads well and does not contain imperfections in sentence structure and grammar. The results are presented with enough detail. Introduction is informative, albeit slightly lengthy, and the goal of the thesis is clearly stated. Data are described with enough detail. Hypotheses are not stated in the thesis itself, but they are clearly stated in the thesis proposal. Tables and figures are presented in an organized and legible manner. References are complete.

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Summary and suggested questions for the discussion during the defense

The thesis does represent very good empirical work on the subject of the impact of individual retail investors on the financial markets. The results of the Urkund analysis do not indicate significant text similarity with other available sources. In my view, the thesis fulfills the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University. I suggest a grade of A.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	95
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Evžen Kočenda*

DATE OF EVALUATION:

Referee Signature