

Report on Bachelor / Master Thesis

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

Student:	Thai Nhat Phi Tran Nguyen
Advisor:	Ladislav Krištofuk
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 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 thesis examines the phenomenon of GameStop trading in the beginning of 2021 that went against the standard beliefs on the financial as it was dominated by the social media coordination with little to no stress on actual valuation of the stock. Combining the tools of natural language processing, wavelet coherence analysis and VEC models, the author shows that the price dynamics was dominated by the social media hype which reversed in the longer time periods. The effect of Reddit and subreddits sentiment dominated the effect of actual news.

Contribution

The thesis contributes to the emerging literature on the social media driven trading that started directly after the 2021 frenzy. Compared to the existing literature, which mostly focuses on the individual investors, the thesis brings up an endogenous measure of sentiment through scraped data from social media. It partially validates some previous results on overly positive sentiment during the short squeeze which was also characteristic by high levels of volatility. Additional evidence on differences between sentiments derived from Twitter and Reddit is presented as well.

Methods

Several methods are combined in the thesis. Starting with natural language processing, which is likely the most demanding and also most out-of-scope of the standard IES curriculum, the sentiment-labeled activity is used within the wavelet coherence framework and vector error-correction models. All utilized methods are described to sufficient detail and used properly.

Literature

The literature coverage is sufficient. Note that such up-to-date topic often suffers from sparse literature which is partially the case here. However, literature needed for the proper background, comparison of results, and contribution setting is provided.

Manuscript form

The referencing style is somewhat unorthodox but apart from that, the thesis reads well and is organized in a logical manner. No issues found there.

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The Urkund analysis has not uncovered any signs of plagiarism, with the score of 1%, i.e., there is no sign of any misconduct.

Overall evaluation and suggested questions for the discussion during the defense

The overall evaluation is very positive. The author picked a very timely topic of retail investors beating the institutional investors by using their weapons, in a way, which is always interesting to see. By choosing such topic, the author needed to be quite creative as the literature is, by definition, scarce. I believe he has done a very good job and I gladly suggest grade A for the defense. A possible question for the defense is in a way boring but needs to be asked: Can you see a way how to generalize the results to possibly construct a trading strategy or trading behavior to profit on it?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	97
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Ladislav Kristoufek

DATE OF EVALUATION: 9 September 2022

Referee Signature