

Report on Rigorous Thesis

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

Student:	Mgr. Hana Hejlová
Advisor:	PhDr. Michal Hlaváček, Ph.D.
Title of the thesis:	Impact of Securitization on House Price Dynamics in Spain

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

The rigorous thesis is aimed at discovering the role of covered bonds in house price dynamics using Spanish time series data. Covered bonds are presented in a broad context of recent economic conditions and a well arranged overview of literature concerning house price determinants is provided. Based on comprehensive discussion of the system of house prices, business cycle and possible impact of covered bonds an appropriate model (logistic smooth transition vector autoregressive model) is chosen. Before the estimation is performed, author provides empirical characteristics of the data and presents theoretical background of the model. Finally, results are discussed with respect to author's individual contribution to the topic.

Formal appearance of the thesis is very good, it is well structured and it is written in very good English. The topic is recent and relevant to current economic development with respect to financial stability. It is also concrete enough for the purpose of a rigorous thesis. Author uses advanced and recent econometric theory and proves deep understanding to related economic theory and mathematical and statistical methods. Author's contribution is also clear and useful in the context of proposed liquidity regulatory framework, even though the sample is quite small.

Several minor comments or questions:

- Sometimes I was lost in too much text and I would appreciate less words and some numbers or chart that would support author's arguments and make the thesis better legible (e.g. volume of securitization on p. 14, volume of emitted covered bonds and comparison with other European countries on p. 17, how liquid is the secondary market of CBs on p. 21, development of CBs' spreads on p. 25, CBs are heavily traded among banks on p. 31).
- What is the tax treatment of CBs in European countries with the highest volumes of CBs? In Czech Republic the fact that many existing CBs have a preferential tax treatment is an important incentive for both investors and issuers of new tranches.
- I do not see that obvious relationships as the author in Figure 2, 3 or 6. If the author adds a regression line, it should be accompanied by at least an R-squared.
- Some statements could have been supported by some literature (e.g. at the beginning of p. 5 or problems of the housing market on p. 13-14).

In the case of successful defense, I recommend "výborně" (excellent, 1).

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

CATEGORY	POINTS
<i>Literature (max. 20 points)</i>	20
<i>Methods (max. 30 points)</i>	27
<i>Contribution (max. 30 points)</i>	27
<i>Manuscript Form (max. 20 points)</i>	20
TOTAL POINTS (max. 100 points)	94
(doporučuji, nedoporučuji)	1

NAME OF THE REFEREE: PhDr. Petra Buzková

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DATE OF EVALUATION: 10.3.2016

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			
81 – 100	= excellent		
61 – 80	= good		
41 – 60	= satisfactory		
0 – 40	= fail		= nedoporučuji k obhajobě