MASTER'S THESIS REPORT

International Economic and Political Studies (IEPS)
Faculty of Social Sciences, Charles University

Thesis title:	Heterogeneity in Inflation Expectations: Evidence from Czech Household Panel Data
Student's name:	Bc. Ondrej Šebík
Supervisor's name:	PhDr. Jiří Schwarz, Ph.D.

Criteria	**Maximum**	**Points**
Contribution and argument (originality, justifiable research question and hypotheses, argumentation)	25	24
Theoretical framework (situating research into the existing knowledge)	25	24
Methodology (methods and data relevant to the research question and appropriately used)	20	19
Referencing to sources	15	14
Formal aspects (structure, logical coherence, layout, tables, figures)	10	10
Presentation (language, style, cohesion)	5	5
Total	**100**	**96**

Plagiarism-check (URKUND) match score (if the plagiarism-check (URKUND) match score is above 15%, the reviewer has to include his/her assessment of the originality of the reviewed thesis in his/her review): 14%

Reviewer's commentary according to the above criteria (min. 1,800 characters including spaces when recommending a passing grade, min. 2,500 characters including spaces when recommending a failing grade):

Overall evaluation
This is a strong, carefully executed empirical thesis that examines how demographic traits, perceptions, values, trust in the central bank, and political affiliation shape Czech households' inflation expectations using a multi-wave survey panel from 2024. The author organizes ten clear hypotheses and tests them with a modern panel framework that distinguishes within-individual and between-individual components via Correlated Random Effects (CRE), complemented by GEE models for saving behavior. The structure is logical, the literature review is impressively thorough, and the graphical presentation (marginal effects and interaction plots) is clear and genuinely informative. Results are summarized concisely and interpreted with appropriate caution, with limitations acknowledged. Overall, the thesis makes a meaningful contribution to the empirical expectations literature in a Czech context and merits a very favorable evaluation.

Contribution and argument
The work's contribution is twofold: (i) micro-evidence on heterogeneity of inflation expectations in Czechia using fresh, multi-wave household data; and (ii) systematic exploration of interactions and non-linearities, with a strong emphasis on marginal effects and the distinction between habitual (between) and idiosyncratic (within) variation. The author demonstrates: a strong pass-through from perceived to expected inflation; systematic roles for gender, income, education, trust in the CNB, and political affiliation; limited or negligible effects for single-person households and media

consumption; and a robust link between real rate expectations and saving plans that aligns with the consumption Euler equation and is asymmetric. These insights are well argued and clearly related back to the ten hypotheses.

Theoretical framework
Chapter 2 offers a well-structured, detailed review across exposure to prices, demographics, central-bank communication, media, partisanship, uncertainty, and cognitive factors. It situates the study within current debates and motivates the Czech setting convincingly. The breadth and organization of the review, together with the transparent statement of hypotheses, provide an excellent scaffold for the empirical sections.

Methodology
Methodologically, using CRE to decompose within vs. between effects is well motivated and very useful here; employing GEE for saving decisions is also appropriate. The thesis specifies models for each hypothesis, uses extensive robustness (balanced panel, winsorization, RE/FE comparisons), and provides marginal-effect visualizations to explain interactions (e.g., perceived inflation × demographics; trust/knowledge × partisanship). The approach is careful and transparent, with multiple appendices documenting alternative specifications. One area that could be strengthened in future work is a deeper discussion of multiple-testing considerations given the many hypotheses and interactions which raises the risk of false positives. For a potential article version of the thesis, it would probably help to address this issue in some systematic way, such as by reporting the false-discovery rates within families of tests. One such family might be e.g. all coefficients for expected inflation.

Referencing
Sources are appropriate and current, spanning key papers on household expectations, information frictions, CNB/ECB communications, and behavior under uncertainty. Citations are plentiful in the literature review and linked well to each hypothesis. Minor opportunities: add a brief note on how replication materials (code, variable construction) could be made accessible for future research users and consider a short subsection on measurement choices (e.g., perceived inflation question wording) with references on survey design in expectations research.

Formal aspects
The thesis is very well structured (clear ToC, consistent chaptering) and typeset, with figures/tables that are attractive and informative. The visual presentation of marginal effects and interaction patterns is a particular strength, making complex relationships easily legible. Appendices are extensive and helpful.

Presentation
The writing is clear, cohesive, and free of distracting errors. Summaries of findings at the end of subsections distill many results into straightforward takeaways, which is especially helpful given the scope of the empirical analysis. The tone is appropriately cautious when interpreting associations.

Proposed grade: A

Suggested questions for the defence:

1. Why did you prioritize CRE over standard FE/Mundlak for the core results, and how should we interpret your within vs. between estimates in terms of economic behavior? What would change if you restricted analysis to a balanced panel only?

2. Can you elaborate on why habitual high real-rate expectations increase saving plans but within-person increases are associated with lower saving plans? How does this square with the Euler equation in a noisy survey setting?
3. Despite controlling for shopping responsibility, the gender gap persists. What mechanisms remain plausible, and how would you design an experiment to probe them?
4. Your interactions of trust in the CNB and monetary knowledge provide interesting results. How would you communicate these findings to a central bank audience looking to improve expectation anchoring?

I recommend the thesis for the final defence.

PhDr. Jiří Schwarz, Ph.D.

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Signature

Overall grading scheme at the Faculty of Social Sciences, Charles University:

Total Points	Grade	Quality standard
91–100	A	= outstanding (high honour)
81–90	B	= superior (honour)
71–80	C	= good
61–70	D	= satisfactory
51–60	E	= low pass at a margin of failure
0–50	F	= failing, the thesis is not recommended for defence