

Report on Bachelor / Master Thesis

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

Student:	Bc. Olód Orosz
Advisor:	Prof. Ing. Oldřich Dědek, CSc.
Title of the thesis:	The Relation Between the Euro Cash Changeover and the Perceived Inflation in the Baltic Countries

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

The thesis investigates the effect of the euro-cash changeover on inflation perception and its relation to the inflation measured by central banks or by national statistical offices. An analysis of inflation in Estonia, Latvia and Lithuania at the Euro introduction date is presented with the use of econometric methodology (Ordinaly Least Squares, Random Effects, Generalized Lest Squares and Fixed Effects estimator) and detects its determinants.

The text (47 pages) is divided into two parts. The first part examines the theoretical background of perceived inflation and focuses at the phenomenon of increased inflation gap at the date of euro introduction. Second part contains an empirical study on inflation gap

The author concludes that perceived inflation in Baltic countries does not show such a divergence as it was presented at the establishment of the Eurozone. Moreover, he finds out that education and available income in general had a small, but evincible effect on inflation gap observed during the euro introduction.

In bibliography 21 relevant texts are quoted.

I have the following formal comments to the text:

- a) Chapter 1 (Introduction), page 1, row 2: "Estonia was the first on 1 January 20011" (correct the year – 2011).
- b) Chapter 2, section 2.4, row 18 from below: "The prospect theory developed by Kahnemann and Tversky...". There is no text by Kahnemann and Tversky listed in the bibliography.
- c) Chapter 5, pages 29 and 30, Tables 5.1 and 5.2: No source of data is provided (results of the author calculations?). Please, clarify.
- d) Chapter 5, section 5.3. The author uses three figures (Fig. 5.1, 5.2 and 5.3), but the figures are not quoted in the text and not explained (e.g. what is the meaning of red line in the figures?).
- e) Appendix B (Empirical data) is empty, it contains only the text "Empirical data, data source codes and alternative specifications available upon request". Unusual way of publication structure.

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The text provides original and interesting results and is adequate for Master degree in economics.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100)	85
GRADE (1 – 2 – 3 – 4)	1

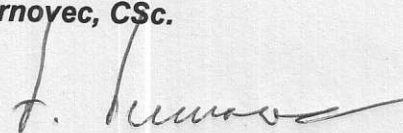
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NAME OF THE REFEREE: Prof. RNDr. Ing. František Turnoyec, CSc.

DATE OF EVALUATION: February 3, 2017



Referee Signature