

Report on Master Thesis

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

Student:	Krenar Avdulaj
Advisor:	PhDr. Jozef Barunik
Title of the thesis:	Value-at-Risk based on Extreme Value Theory method and copulas. Empirical evidence from Central Europe

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

The thesis presents technically demanding topic regarding Value-at-Risk modeling using copulas. Standard theory is appropriately described and explained with references to the current literature. The theoretical background is strong. Author performs scientific work while estimating the proposed models on the real-world data, which demonstrated applicability of the presented model.

Even if I highly appreciate the technical character of the thesis, which showed author's good understanding of the Value-at-Risk concept and technical skills to empirically use advanced technical methods, many other shortcomings of the thesis are being present that lower the value of the manuscript.

The form of the thesis and style of writing is not precise enough. The motivation and intuition behind presented models is lacking and is not so clear and straightforward from the text. The structure of the thesis should be better organized and much more attention should be devoted to the logical flow of the text. The author should keep readers better informed, why this chapter is following this chapter and where the thesis is heading. The thesis should be a little bit longer and the relevant parts should be added – which should help thesis to be better understandable. In my opinion, the thesis in the current form is quite short compared to other thesis at IES.

Abovementioned problems should be improved before the thesis will be submitted as a journal article or as a rigorous thesis. Also, Czech abstract should be checked and corrected before the thesis will be published on the IES webpage.

Possible defense question could be concerned with the assumption of returns normality – what are the main (dis)advantages for VAR modeling.

Still, based on the technical quality of the submitted diploma thesis, I recommend the thesis for the defense with evaluation **Good**.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	10
TOTAL POINTS (max. 100 points)	80
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: *PhDr. Jakub Seidler*

DATE OF EVALUATION: *June 17th, 2010*

Referee Signature