

Report on Bachelor / Master Thesis

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

Student:	Marek Rusnák
Advisor:	Roman Horváth, Ph.D.
Title of the thesis:	Two essays on the modeling of monetary policy transmission mechanism

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

Mr. Rusnák decided to draft his diploma thesis on the subject of transmission of monetary policy. Diploma thesis consists of two separate chapters/papers, most probably designed with future publication in economic journals in mind. The thesis is written in LaTeX.

The first paper investigates the evolution of monetary transmission mechanism in Czech Republic over period 1993 – 2009. The theoretical subchapters introducing the theory behind methodology employed in the paper (Time-varying-parameters BVAR with stochastic volatility –TVP BVAR) are readable; author demonstrated his ability to work with existing literature as well as his own mastering of the theoretical background of the used models. In practical part of the first paper Mr. Rusnák firstly employed TVP BAR model to address monetary-transmission functioning in CR, secondly augmented the model with introduction of financial variable to control for financial shocks, which I believe is his own and main contribution to the topic.

Second paper/chapter deals with the notion of price-puzzle. Author's enumeration of possible solutions to the puzzle as put forward in existing literature is nicely classified and explained also in author's own words. Main contribution occurs in practical part, where Meta-regression methods are used to test for existence of publication-selection-bias among published works in the field of monetary-transmission-mechanisms modeling, as well as to model heterogeneity among existing empirical studies and their results.

I can with clear conscience pinpoint only few details that may be addressed by Mr. Marek Rusnák during his defense.

- In the work there is given large number of graphs, and author may have paid closer attention to labeling each graph and axis in more clear way, their content is sometimes not straightforward.
- In the paper/chapter on price-puzzle author employed, according to his words, “method-of-best-practice”. Although some remarks as to what he considers to be “the best practice” are suggested throughout the paper, he may be called to explain it in more detail, as “best-practice-method” chosen by him constitutes the basis he himself compares results from other papers to. In this sense the direct (and clear) exposition of reasons why just this method he considers to be the “best-practice” should not be missed out.
- Author also may have “linked” his results a bit more to the existing theory of specific transmission channels of monetary policy. In the discussion of results of the chapter on price-puzzle, there are suggestions made as to functioning of which specific channel is suggested by which result, but in my view classification of results from this perspective would deserve better recognition, maybe even in the form of additional table.

With respect to the 1) very suitably chosen up-to-date theme of the thesis, 2) wide scope of elaboration, 3) clearly shown ability to work with highly advanced tools of econometric modeling and 4) **high degree of own contribution** in the field of monetary transmission research, -

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I recommend to evaluate the thesis “výborně“ (**Grade 1**). I also recommend the thesis to be evaluated by “pochvala děkana fakulty”.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	29
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	28
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	96
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE:

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DATE OF EVALUATION:

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě