

Opponent's Report on Dissertation Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague
Opletalova 26, 110 00 Praha 1, Czech Republic
Phone: +420 222 112 330, Fax: +420 222 112 304

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| Author: | Martina Horníková |
| Advisor: | Doc. Mgr. Tomáš Holub, PhD. |
| Title of the Thesis: | Measuring Financial Market Perception of Economic and Monetary Union Enlargement |
| Type of Defense: | DEFENSE |
| Date of Pre-Defense: | February 24, 2011 |
| Opponent: | Prof. Mgr. Kateřina Šmídová, PhD., M.A. |

a) Is the thesis based on relevant references?

The thesis is based on relevant references, they are international and up-to-date. References I requested in the pre-defence stage were added.

b) Is the thesis defensible at your home institution or another respected institution where you gave lectures?

The thesis is defensible at the institutions comparable to the Charles University.

c) Do the results of the thesis allow their publication in a respected economic journal?

Results of the thesis allow their publication in a respected regional economic journal. As I pointed out during the pre-defence, one part of the thesis has already been published in Finance a úvěr, which I consider to be a respected journal.

d) Are there any additional major comments on what should be improved?

My comments from the pre-defence stage were either incorporated or explained. This relates to the problems of "non-computed" benchmarks, the missing convergence reports by the ECB (or the EC), and clearer explanation of the benchmarks.

Author incorporated my suggestion that the computed indicators may not show the most probable euro adoption date but the most probable date when nominal convergence ends, and agrees that this could solve problem of Slovakia where a too late euro adoption is signaled by the models.

e) What is your overall assessment of the thesis? (a) I recommend the thesis to be defended without major changes; (b) The thesis is not defensible.

I recommend the thesis to be defended without major changes.

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| Date: | 5.5.2011 |
| Opponent's Signature: | |
| Opponent's Affiliation: | Prof. Mgr. Kateřina Šmídová, PhD., M.A. IES FSV UK, Opletalova 26, 110 00 Praha 1 ČNB |

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f) *Can you recognize an original contribution of the author?*

The thesis is an original contribution to the literature.

g) *Is the thesis based on relevant references?*

The thesis is based on relevant references, they are international and up-to-date. I have some minor issues here, see point e).

h) *Is the thesis defensible at your home institution or another respected institution where you gave lectures?*

The thesis is defensible at the institutions comparable to the Charles University.

i) *Do the results of the thesis allow their publication in a respected economic journal?*

Results of the thesis allow their publication in a respected regional economic journal. To my knowledge, one part of the thesis has already been published in Finance a úvěr, which I consider to be a respected journal.

j) *Are there any additional major comments on what should be improved?*

I have several comments that are mostly about interpretation of results and about comparing signals about euro adoption from various sources, rather than being “major”. Despite saying that I am convinced that the conclusion section and the stylized fact section would benefit from significant revisions:

1. It is correct to compare empirical results with some “non-computed” benchmarks. The author proposes national strategies and polls. I would like to see comparison to at least one of the two additional benchmarks. First, ratings of the sovereign debts, which I would expect to improve when markets anticipate early adoption, may be more robust to various methodological pitfalls than polls. Second, convergence reports by the ECB (or the EC) – not by national authorities – should be used as an ex post benchmark. National strategies are often outcomes of political programmes while convergence reports are more data driven, and consequently more realistic.

2. In this context, it would be useful to see one summarizing graph for each country with all dates and all methods, including benchmarks, so one can make a clearer picture of how benchmarks compared to the empirical results and how they evolved over time.

3. More interpretation of the results is needed, I think. There are clear cases where estimates do not correspond to reality (Slovakia) and less clear (suspicious) cases where estimates are maybe too optimistic (Czech Republic). Without sufficient interpretation the reader is left to choose from two options: (i) estimates are not credible, or (ii) there is some good reason for this difference, only it is omitted from the text. I am rather optimist in this so I would go for option (ii), various reasons can be commented on in the text. For example, markets quite rightly do not trust national strategies (see point 4 for additional suggestion). Alternatively, indicators do not show the most probable euro adoption date but the most probable date when nominal convergence ends (after which rates and exchange rate will be stable and move in line with euro area). The latter would solve problem of Slovakia where too late euro adoption is signaled by the models.

4. Regarding the market expectations and their comparison to national strategies, I would put more emphasis in the text on the evolution how Maastricht criteria were viewed in different phases of convergence. Specifically, views differed completely in 2006 compared to 2008 when one small Baltic state was not let in due to only a marginal divergence and when financial crisis made everyone cautious regarding the euro area enlargement. On the other hand, I would less emphasize the relatively long description of stylized facts. It is the interpretation of Maastricht that is important since markets do not trust national strategies fully. They quite likely watch Maastricht indicators as well as their interpretation by the ECB and the EC to check if national strategies are realistic.

5. It follows from the above-mentioned suggestions that references should be extended to include: convergence reports by the ECB and the EC, also references about Maastricht interpretation (e.g. by Bulíř and Hurník) should be also added.

k) *What is your overall assessment of the thesis? (a) I recommend the thesis to be defended without major changes; (b) The thesis is not defensible.*

I recommend the thesis to be defended without major changes.

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| Date: | 10.2.2011 |
| Opponent's Signature: | |
| Opponent's Affiliation: | Prof. Mgr. Kateřina Šmídová, PhD., M.A. IES FSV UK, Opletalova 26, 110 00 Praha 1 ČNB |