

# Report on Bachelor / Master Thesis

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

Student:	<b>Batnyam Damdinsuren</b>
Advisor:	<b>Doc. Roman Horváth</b>
Title of the thesis:	<b>ROLE OF FINANCIAL MARKET IN MACRO MODELING: CASE OF MONGOLIA</b>

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

Batnyam has examined a very topical issue in contemporary macroeconomics-central banking research. With the ongoing crisis, an important policy issue is whether we can extract some useful information from the financial variables for macroeconomic forecasting. Note that this is a challenge for almost all central banks around the world. Almost all central banks before the crisis used the forecasting models largely based on macroeconomic variables only and largely neglected the possible interaction with financial variables. This was a viable approach, when financial system was stable. Clearly, this is no longer the case and many researchers around the world now analyze how to model macro-finance interactions in a comprehensive way.

Batnyam has used Mongolian data to address the aforementioned issues. More specifically, he constructed the structural vector autoregression model as well as small-scale macro model for Mongolia. He shows that the macro-finance interactions are sizeable and non-trivial.

I have to say that I am impressed by Batnyam's modelling skills and his knowledge of various econometric software. My feeling is that the two models that Batnyam has developed could be of interest for Mongolian central bank and could have been applied in forecasting practice. Clearly, I evaluate them very positively and I have to emphasize that it was a real joy to read the thesis. I am sure that the results could be of interest to academic journal, too, and I suggest considering to submit some parts of thesis to the journals such as Eastern European Economics or Emerging Markets Finance and Trade.

All in all, I am impressed by this thesis and suggest the grade A. I recommend nominating Batnyam for the distinction from the Dean of the Faculty of Social Sciences for an extraordinarily good MA thesis.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	30
Contribution (max. 30 points)	18
Manuscript Form (max. 20 points)	16
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** R. Horvath

**DATE OF EVALUATION:** May 28, 2012

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**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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
20                          10                          0

### **Overall grading:**

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