Report on Bachelor / Master Thesis

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

Student:	**Bc. Lenka Herrmannová**
Advisor:	**Doc. Roman Horváth**
Title of the thesis:	**Forecasting Ability of Confidence Indicators: Evidence for the Czech Republic**

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

Lenka has decided to examine the role of confidence indicators for business fluctuations in the Czech Republic. There are a number of important policy issues related to confidence indicators. For example, OECD recently created a leading indicator comprising of many underlying variables, which are likely to signal near-term economic developments. OECD has included the consumer confidence indicator, but not business confidence indicator for the Czech Republic. Lenka thesis shows that this is a wrong way to proceed. In fact, business confidence indicators are shown to be able to forecast near-term economic activity reasonably well, while this is not the case for the consumer confidence, which carries less forward-looking information. Clearly, there is an important policy aspect in the thesis.

Nevertheless, the good policy story that Lenka provides is not the only assets in her thesis. The thesis is extremely well written with great care. It almost reads as a journal article. This is really exceptional and shows that Lenka has put enormous effort into delivering outstanding thesis.

Lenka has mastered all important forecasting techniques that are typically used in macroeconomic analysis. It is nice that she uses the proper forecast evaluation tests for nested models, which is typically not the case in many academic papers.

As I said, it was a great joy to read the thesis and I suggest the grade A. In addition, I recommend 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)*	27
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**97**
GRADE	**(1 – 2 – 3 – 4)**	**1**

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