

# Report on Rigorous Thesis

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

<b>Student:</b>	<b>Mgr. Kateřina Klubičková</b>
<b>Advisor:</b>	<b>Doc. Roman Horváth, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Inflation targeting and inflation perceptions: an empirical analysis.</b>

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

The rigorous thesis of Kateřina Klubičková deals with an important and policy-relevant question. It aims to evaluate the impact of introduction of inflation targeting on the difference between actual inflation and perceived inflation. The author succeeds in fulfilling her objectives. I evaluated the research when the author submitted the work as her master thesis and I liked it already then. In the meantime, the author further strengthened her econometric analysis by introducing additional tests.

The thesis fulfils all basic technical requirements. It is structured well and the manuscript is clean, maybe with the exception of the tables with results (a technical detail of relatively low importance). Their formatting improved (they are no longer copied directly from Stata) but there is still a potential for improvement before a submission to an academic journal (to correspond with the respective journal's standards). The use of English is adequate.

The literature review provides an excellent motivation for the research. Although there is some literature on the relationship between expected and actual inflation in connection with adoption of inflation targeting, her specific research question (the relationship between perceived and actual inflation in connection with adoption of inflation targeting) is a new one.

In her thesis, Kateřina Klubičková employs appropriate econometric methods to analyse a panel data set of 19 European Union members and 1 candidate, including 7 countries with inflation targeting, with monthly information from the period beginning in January 1990 and ending in December 2012. I was happy to see that the author first showed the intuition using simple descriptive statistic tools (correlation coefficient) and only then applied the econometric methods.

The author finds that countries with inflation targeting indeed experience lower differences between actual and perceived inflation and that the difference between actual and perceived inflation decreases after the introduction of inflation targeting. Furthermore, she finds that various groups tend to be affected in a different way by the introduction of inflation targeting. The author could extend the analysis in her future work by using socio-economic data not only for perceived inflation, but also for actual inflation (as is done in the literature on inflation differentials).

Overall, Kateřina Klubičková carried out very interesting research and did an excellent job of writing a thesis. Therefore I recommend an overall grade of **excellent (výborně, 1)**.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	29
<i>Contribution</i> (max. 30 points)	29
<i>Manuscript Form</i> (max. 20 points)	19
<b>TOTAL POINTS</b> (max. 100 points)	<b>97</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE: Petr Janský, M.Sc.**

**DATE OF EVALUATION: September 21, 2013**

**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