

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Josef Boček</b>
<b>Advisor:</b>	<b>Roman Horváth</b>
<b>Title of the thesis:</b>	<b>Evaluation of interest rates predictions: The case of Czech National Bank</b>

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

The main research focus of this master thesis is an empirical assessment of interest rates forecasts published by Czech National Bank. My understanding is that this is a relatively unique attempt to evaluate publicly available central bank's forecasts.

The author provides a well-structured piece of work, first discussing the logic and economic rationale behind central banks' incentives to publish interest rates' forecasts. This is based on a good overview of relatively limited but recent academic literature. The main part of the thesis is devoted to the actual testing of the forecasts' accuracy.

The author tests the quality of the central bank's prediction using multiple statistical measures (e.g. sign evaluation or Minzer-Zarnowitz approach), then comparing these results with the quality of forecasts provided by Ministry of Finance (Treasury) and author's own AR/VAR models. The main conclusion and contribution of this thesis is that there seems to be strong evidence that the forecasts published by the Czech National Bank are the most reliable and more accurate than similar forecasts provided by other institutions, but also in comparison to various standardised econometric methods.

The thesis is short, to the point and well written. It clearly states and interesting research questions and explores it empirically using a set of robust econometric methods. For that reason, I propose the grade A for this thesis.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	26
<i>Contribution</i> (max. 30 points)	28
<i>Manuscript Form</i> (max. 20 points)	17
<b>TOTAL POINTS</b> (max. 100 points)	<b>89</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	

**NAME OF THE REFEREE:** Goran Serdarević

**DATE OF EVALUATION:** 1.9.2013

