

Report on Bachelor / Master Thesis

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

Student:	Dritan Gjika
Advisor:	Doc. Roman Horváth
Title of the thesis:	CEE stock market comovements: An asymmetric DCC analysis

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

Dritan has written an interesting thesis about stock markets in Central Europe. Even though this is a common topic (among students as well as among researchers), he was able to contribute to this literature. His main contribution is methodological because he uses more flexible econometric framework than previous literature. Dritan employs asymmetric dynamic conditional correlation multivariate GARCH model. This model is able to capture the asymmetry both in conditional volatility as well as in conditional correlations, too. Therefore, it may be well suited to examine stock market correlations during financial crisis, which represents a common shock. His results show that there are indeed important asymmetries in the stock market volatilities and in stock market correlations, to a certain degree, too.

Dritan had to learn to work with Matlab to make the necessary estimations. Another thing I would like to emphasize is that he had to adjust the available code on asymmetric dynamic conditional correlation multivariate GARCH model to carry out estimation in his setting. This clearly shows that Dritan is able to work independently and to undertake a complicated quantitatively oriented project. This is an intellectual achievement that we expect from our best students.

The thesis is well written and Dritan has demonstrated that he knows the relevant literature very well.

All in all, I strongly recommend the thesis for the defense and suggest grade A. I also suggest a 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
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	27
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	95
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Doc. Roman Horváth*

DATE OF EVALUATION: *August 15, 2012*

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