

Report on Bachelor / Master Thesis

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

Student:	Bc. Jaroslav Mida
Advisor:	Doc. Roman Horváth, Ph.D.
Title of the thesis:	Exchange Rate Forecasting: An Application with Model Averaging Techniques

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

This thesis uses Bayesian model averaging to forecast exchange rates. It employs various exchange rate not examined before by the Bayesian model averaging. It finds that from time to time it is possible to provide more accurate forecasts than based on random walk.

The econometric exercise in this thesis is very complex and comprehensive. Bayesian model averaging is not easy to learn and it is not available in canned software such as Stata. Forecasting exercise is extensive, different forecasting horizons and difference forecasting performance measures are employed. The thesis is an excellent example of empirical work, which Jaroslav mastered independently, to a large extent.

In addition, the thesis is well written and the Jaroslav expresses his ideas very clearly. The literature survey is sufficient, covering all important contributions.

I have no doubt that this thesis is defensible. I strongly recommend the grade A (vyborne).

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

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CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	28
<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, Ph.D.*

DATE OF EVALUATION: *May 26, 2015*



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