Report on Bachelor/Master Thesis

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

Student:	Martin Janota
Advisor:	Doc., PhDr. Petr Teplý, Ph.D.
Title of the thesis:	Estimating the Euro effect with Synthetic Control Method for Estertn Europe

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

Submitted master thesis (MT) attends to the Synthetic Control Method (SCM) and the Euro-adoption-effect estimator for countries with short time series. For this analysis, considered countries are Slovakia, Balkan countries, Baltics, Malta and Cyprus. Synthetic control method is used to provide quantitative inference in small-sample comparative studies, as is the case with countries. The main requirement for this analysis is sufficiently long time series. In case of rather young countries of Eastern Europe with sometimes not even 20 years of observations, this is a problem. It is discussed very heavy a problem: the data requirements for SCM in context of Eastern European countries on the one side and short time series on the other side. The SCM assumptions and data quality in the region are hard to reconcile. The MT shoves on to find a suitable compromise based partly on economic intuition and in part on statistical approach as well.

They are discussed the following subject-matters:
1. Significant change in GDP p.c. can be attributed to Euro adoption for selected country.
2. The effect was positive for selected country.
3. During the crisis selected country performed better with Euro, than it would without it.

Two necessary requirements for a processing of these above introduced tasks are: First, using such financial econometrics, which is oriented on solving problems using submitted empirical material, and second, the possibility to obtain sufficiently long time series. Unfortunately, here are considered countries of Eastern Europe with not more than 20 observations. Such situation leads to problems with the quality of the estimation and next with interpretations of empirical results.

Therefore it is possible an occurrence the following questions:
Are credible your results?
Is it possible to realize the comparative and credible empirical econometric analysis on such submitted data structures?

In spite of problems with the theory and databases, submitted MT has high professional level. Used methods and procedures are up-to-date. Results are novel and very interesting. This one is an exposition with very good intuitive way for inferences and good processing with empirical sparse structure database.

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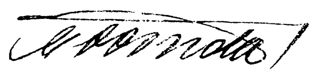
SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY		**POINTS**
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	24
Contribution	*(max. 30 points)*	22
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**82**
GRADE	**(1 – 2 – 3 – 4)**	**2**

NAME OF THE REFEREE: Prof. Ing. Miloslav Vošvrda, CSc.
IES, FSV UK
ÚTIA AV ČR



DATE OF EVALUATION: 3.6.2015

Referee Signature

REFEREE'S SIGNATURE