

# Report on Master Thesis

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

<b>Student:</b>	<b>Mariana Celac</b>
<b>Advisor:</b>	<b>prof. Ing. Michal Mejstřík, CSc.</b>
<b>Title of the thesis:</b>	<b>The Impact of Devaluation through Price and Non-Price Competitiveness on Trade Balance</b>

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

The thesis explores the role of real exchange rate deviations in rebalancing the current account deficit. Its main purpose is to suggest recommendations to policy makers on the basis of obtained estimates of income, price and non-price elasticities of imports and exports demand.

The first three chapters give a general overview of international competitiveness followed by broader theoretical background and literature review. This part demonstrates the author's full understanding of the topic and contains relevant literature discussed extensively and quoted in a proper way.

The empirical part introduces the data and presents the methodology. The author presents two empirical models capturing the devaluation of currency through price and non-price competitiveness on the trade balance using Vector Error Correction Model. I find useful that the autor focuses on the trade balance in more developed countries (USA, Italy, Belgium, Canada, Finland) as well as in less competitive countries (Australia, Chile, Korea), which leads to an interesting comparison and findings.

The chapter presenting results provides a remarkable value added to the whole analysis. The interpretation of obtained results demonstrates author's critical thinking and original ideas. The comparison of the results to other important studies, but mainly offering logical real-life explanation of some unexpected results is done in an excellent way.

The thesis is well structured, it uses appropriate language and style. My only recommendation is to improve a format of graphs so that they comply with academic standards and fit in the top-level thesis itself.

Overall, I strongly recommend the thesis for defense and I suggest grade 1 (excellent). I recommend Mariana Celac for dean's distinction for an extraordinary Master thesis.

## **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)	28
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	17
<b>TOTAL POINTS</b> (max. 100 points)	<b>95</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** *Mgr. Magdalena Patáková*

**DATE OF EVALUATION:** 18/06/2014

  
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Referee Signature