

Report on Bachelor / Master Thesis

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

Student:	Júlia Jonášová
Advisor:	Doc. Roman Horváth, Ph.D.
Title of the thesis:	Voting in central banks: An empirical analysis

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

The bachelor thesis examines the voting record of several central banks (Czech Republic, Hungary, Poland, UK and Sweden) and evaluates whether the voting record may help predict future monetary policy rate changes controlling for the financial markets expectations. These central banks release the voting record of their bank board members. As a consequence, it is possible to calculate the metric whether the voting record is skewed towards lower or higher rates as in Kristen-Gerlach (2004, Scandinavian Journal of Economics) or in Horvath et al. (2012, International Journal of Central Banking). The bachelor thesis first replicates and updates the aforementioned studies and second, it extends it in several directions. More specifically, it examines the predictive power of voting record not only for the next monetary policy meeting but also for the meetings at more distant time horizons. In addition, it also sheds light on whether the experience of central bankers with monetary policy making have any effect on their decision and their dissent with the majority in particular. Given the censored nature of monetary policy rates, ordered probit is employed.

The results suggest that voting record indeed helps predict the future course of monetary policy. It helps predict the monetary policy rate at $t+1$ and at $t+2$ and sometimes even at $t+3$.

The thesis is well-written and econometrics is carried out competently. The literature survey is sufficient and the description of central bank decision-making adequate.

The thesis is a nice extension of Kristen-Gerlach (2004, Scandinavian Journal of Economics) or in Horvath et al. (2012, International Journal of Central Banking) and I believe that if adequately revised, it can be published as a short article in Economics Letters or Applied Economics Letters.

All in all, I recommend the thesis to be defended and suggest the grade A.

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

CATEGORY	POINTS
<i>Literature (max. 20 points)</i>	19
<i>Methods (max. 30 points)</i>	29
<i>Contribution (max. 30 points)</i>	29
<i>Manuscript Form (max. 20 points)</i>	19
TOTAL POINTS <i>(max. 100 points)</i>	96
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: **Doc. Roman Horváth, Ph.D.**

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DATE OF EVALUATION: August 17, 2014



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