

# Report on Master Thesis

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

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<b>Advisor:</b>	<b>PhDr. Ladislav Krištofuk, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Forecasting in futures markets: Front, back and rolling contracts</b>

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

The thesis tackles a very interesting topic of capital market efficiency with a special focus on commodity futures. The author steps outside of the classical assumption of existent liquidity and examines the relationship between (il)liquidity and efficiency approximated by predictability of given series. A wide portfolio of commodities is analyzed and various types of futures (front, back and roll contracts) are discussed as well.

The analyzed topic is an advanced one, combining long-range correlations models and other more standard ones. The presented results are novel as the author uncovers a negative relationship between liquidity and efficiency. I.e. if the market is inefficient and thus predictable, possible profitable trading strategies are offset by low liquidity. This fits well into the concept of fractal markets hypothesis.

The thesis is nicely written and it reads well. The current literature is well summarized and the utilized methodology is well described. There are several typos here and there, and some tables and figures would need more work. Other than that, I have no objections. I believe that with some more effort, these results could be published in a scientific journal. For the above-mentioned reasons, **I suggest grade A.**

## **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)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>96</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE: PhDr. Ladislav Krištofuk, Ph.D.**

**DATE OF EVALUATION: 15.6.2015**

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**Referee Signature**