

Report on Bachelor / Master Thesis

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

Student:	Bc. Alemayehu Demissew Taye
Advisor:	Doc. Roman Horváth, Ph.D.
Title of the thesis:	Evaluation of Monetary Policy in Ethiopia: An Empirical Study

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

The thesis examines the effect of monetary policy in Ethiopia using the structural vector autogressions.

The thesis is not polished and does not read very well. It contains sentences such as: "there is a wide agreement that monetary policy is a tool in promoting economic growth and stabilizing inflation", which are at odds with our knowledge on monetary policy or are not well formulated. The monetary policy can stabilize the short run fluctuations in output but it cannot promote economic growth. Or consider this sentence: "Since some scholars are dissatisfied with the orthodox money view". We do not know which scholars and we also do not learn from the thesis what is orthodox money view. Formatting of the thesis should be improved, tables seem to be copy-pasted from econometric software.

The shock identification is strange. I have never come across the identification scheme for structural vector autoregression as it is done in this paper. Since the text is not polished, I am not totally sure about the ordering of variables. But from what I can grasp the identification scheme assumes that interest rates do not contemporaneously to output and prices. Natural starting point such as Choleski decomposition is not discussed at all or some other commonly applied approaches, when one wants to introduce more structure into vector autogressions.

The thesis provides extensive literature survey and overview of monetary policy in Ethiopia and except identification scheme discussed in the previous paragraph, the econometric modelling is comprehensive and all tests and procedures seem to be applied correctly.

I propose the grade „velmi dobře“ – B.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	13
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	22
<i>Manuscript Form</i> (max. 20 points)	6
TOTAL POINTS (max. 100 points)	61
GRADE (1 – 2 – 3 – 4)	2

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

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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