Report on **Bachelor Thesis**

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

Student:	**Martin Kotek**
Advisor:	**PhDr. Ladislav Krištoufek, Ph.D.**
Title of the thesis:	**Relationship between liquidity and volatility of selected Exchange rate pairs**

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

In short, this is an extraordinary thesis. The selected topic is highly demanding utilizing high-frequency data (down to the tick frequency) for an estimation of both liquidity and volatility. In the course of the thesis, Martin applies realized volatility, cointegration, vector auto-regression and Granger causality which are all well above the bachelor's level studies. The text itself is well structured and it reads very nicely and smoothly. The results, even though there are loads of them, are presented in comprehensive and understandable manner. The quality of the text outreaches a standard bachelor thesis. Martin also shows high computational and programming skills as most of the codes are written in Python. The results themselves are also very interesting as they show that when the liquidity and volatility are actually efficiently estimated, it is hard to find any strong relationship between the two even though the contemporary theoretical literature suggests there is a strong one.

In the case of a successful defense, I suggest grade A and I confidently suggest the thesis for the Dean's Distinction for an Extraordinary Bachelor's Thesis.

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

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

NAME OF THE REFEREE: PhDr. Ladislav Krištoufek, Ph.D.

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