

Report on Bachelor Thesis

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

Student:	David Vostřák
Advisor:	doc. Mgr. Tomáš Holub, Ph.D.
Title of the thesis:	Current account adjustment in the Baltic countries

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

This bachelor thesis focuses on the recent boom-bust cycle in the Baltic countries, with was associated with extremely high current account deficits before the crisis and their subsequent fast – but painful – correction.

The structure of the thesis is logical. After an introduction to the topic in Chapter 1, the author summarizes the stylized facts of the Baltic countries in Chapter 2. The model of intertemporal substitution is developed in Chapter 3, followed by the empirical part in Chapters 4 and 5. Chapter 6 discusses the current account adjustment process in the Baltic countries and Chapter 7 concludes.

The list of references is sufficiently broad for a bachelor thesis and covers both the general papers focusing on the intertemporal model of current account determination and empirical papers on the Baltic experience (here one could probably find a few more references). The model that is used is explained quite clearly. I can see an obvious contribution in the fact that the intertemporal approach is taught in the International Macroeconomics course at the master level, i.e. the author has gone in his thesis beyond the usual scope of the bachelor level. The main conclusion – i.e. that the current account deficits in the Baltic countries were caused by excessively optimistic expectations about the future – is plausible within the chosen model (even though one could think of alternative explanations within other models). The manuscript form is not perfect, but the English language is sufficiently clear to be understood.

The author consulted with me his work actively during its writing, and had taken into account most of my suggestions. I thus have no further major comments at this stage. **I recommend the thesis to be accepted and graded “excellent” (1, výborně).**

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

CATEGORY	POINTS
Literature (max. 20 points)	17
Methods (max. 30 points)	25
Contribution (max. 30 points)	28
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	85
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Tomáš Holub

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Referee Signature