

Report on Master Thesis

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

Student:	Bc. Věra Bludská
Advisor:	Mgr. Václav Hausenblas
Title of the thesis:	Sovereign Debt Markets: Where does the Czech Republic stands

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

In this master thesis, the author looks at the fundamental factor underlying bond spread determination (i.e. country specific risk premium) in Central European countries. This is an excellent thesis and I truly enjoyed reading this work, in particular as it lies slightly outside my research field. The language of the thesis is outstanding: to the point and easy to follow even when more complex technical concepts. Overall, I am genuinely impressed by this thesis and for that reason, I propose the grade 'Excellent' (1)

The author shows a deep understanding of the subject and explains well the basic principles of bond spread economics and discusses the key determinants that are likely to affect the sovereign debt risk premium for a given country. The thesis contains comprehensive overview of academic literature and the author works well with the external sources, in particular when walking a reader through the main economic concepts underlying this thesis. I also appreciated an easy to follow summary of key empirical results from previous empirical papers in Table 2.1

The empirical analysis appears to be sufficiently rigorous and reasonably robust. The author shows and excellent understanding of advanced dynamic econometric techniques used for the empirical assessment of bond spreads in sovereign debt markets. The key results appear mostly intuitive (e.g. Czech Republic seem to be over performing its neighbours, the level of

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debt and bond spread prior to the financial crisis has a significant impact on bond spread post crisis) and seem to be supported by sufficient level of robustness testing.

Nevertheless, it would be helpful to try to highlight the key messages a bit clearer in the conclusion chapter. I think the author has done an excellent job and that there are clear policy messages that can be drawn from this work, however tentative. Therefore, I would suggest a discussion around ‘so what?’ messages of this thesis once the thesis is defended at the state exam.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	27
<i>Contribution</i> (max. 30 points)	24
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	91
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: PhDr. Goran Serdarević M.A.

DATE OF EVALUATION: 21.06. 2014

Referee Signature