

Report on Rigorous Thesis

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

Student:	Mgr. Ján Malega
Advisor:	Doc. Roman Horváth, PhD.
Title of the thesis:	Financial Stress in the Czech and Slovak Republic: Measurement and Effects on the Real Economy

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

The rigorous thesis submitted by Jan Malega deals with the measuring of financial stress in the Czech Republic and Slovakia. The financial stress increased considerably in the last decade around the globe and many important questions have arisen. For example, can we measure financial stress with a sufficient accuracy and if so, does this stress have any information value such as shedding the light on nature of the effect of financial stress on the economy?

Jan addresses these issues and extends the previous measures of financial stress in the Czech Republic and Slovakia that we have. First, the underlying variables to generate financial stress index are tailored for the country-specific conditions. Second, previous financial stress indexes are somewhat outdated typically not covering the massive scale of unconventional monetary policy measures undertaken by the European Central Bank, which significantly contributed to lower financial market fragmentation in Europe. Third, we know little how financial shocks have driven the macroeconomic fluctuations in the Czech and Slovak economies during the crisis.

The rigorous thesis significantly extended the master thesis. In addition, it includes the analysis of Slovakia and the previous version has been accepted for publication in Prague Economic Papers. Therefore, some important necessary conditions for defence have been fulfilled.

The financial stress index presented in this rigorous thesis is comprehensive and standard. Sufficient robustness checks are conducted in order to assess the stability of the index. Next, vector autoregressions are carried out and some consistent story how financial shocks affect the macroeconomy emerges. The structure of thesis is logical and sufficient references are cited and discussed. Overall, the thesis represents a fine piece of applied econometric work.

I fully recommend the rigorous thesis for defence.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	24
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	88
(doporučuji, nedoporučuji)	doporučuji

NAME OF THE REFEREE: *Doc. Roman Horváth, PhD.*

DATE OF EVALUATION: *September 22, 2016*



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			
81 – 100	= excellent		
61 – 80	= good		
41 – 60	= satisfactory		
0 – 40	= fail		= nedoporučuji k obhajobě