

Report on Bachelor / Master Thesis

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

Student:	Bc. Júlia Jonášová
Advisor:	Doc. Roman Horváth, Ph.D
Title of the thesis:	Communication of the European Central Bank and Contagion on Financial Markets

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

The thesis examines the effect of (European Central Bank) central bank communication on the co-exceedance among selected stock markets in Europe. Co-exceedance is a measure of joint occurrence of the same direction of exchange rate returns. Essentially, it measures whether, for example, German and French markets plummet at the same day and how much. There has been several applications examining the determinants of co-exceedances among stock markets but these papers typically look at the spillovers from other financial segments such as government bond yields or oil market. Using the central bank communication data within the co-exceedance framework is novel.

Once these co-exceedances are obtained, Julia estimates the driving factors of these co-exceedances using quantile regressions. She controls for the previously used financial variables but additionally includes the measure of central bank communication. Quantile regressions are helpful for this exercise because it allows examining the extreme returns and therefore, shed light on possible contagion. To the best of my knowledge, we do not have any research paper examining the effect of central bank communication on financial contagion.

The thesis is a nice empirical exercise and given the novelty of the topic, it has a potential to be published in some field journal (once substantially revised). It is well written and econometrics is conducted correctly. The thesis is logically structured and the literature is well cited.

The results suggest that co-exceedances increase after central bank communication but only when Greece is used as one of the countries to calculate co-exceedance and only at low quantiles. Overall, the results suggest that there is some limited financial contagion induced by central bank communication.

Overall, it is a fine thesis with explicit value added and well-executed applied econometric work. Therefore, I recommend the grade „výborně“ (A).

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

CATEGORY	POINTS
Literature (max. 20 points)	19
Methods (max. 30 points)	28
Contribution (max. 30 points)	30
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	95
GRADE (1 – 2 – 3 – 4)	1

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

DATE OF EVALUATION: May 25, 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	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě