Report on Bachelor / Master Thesis

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

Student:	**Bc. Pavlína Kadlecová**
Advisor:	**Doc. Roman Horváth, Ph.D**
Title of the thesis:	The Evolution of Optimum Currency Area Index: Post-crisis Perspective

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

The thesis examines the optimum currency area theory and the readiness to adopt the euro in Central and Eastern European countries. The thesis provides an estimate of so-called optimum currency area index, which assess to what extent the exchange rate should or should not be volatile based on synchronicity of economic fundamentals of domestic and foreign countries.

There has been a number of attempts to construct the optimum currency area index in literature in the late 1990s and 2000s. The thesis builds on this literature but extends the optimum currency area to account for labor and financial markets issues. Previous estimates somewhat ignored the labor and financial markets issues either because of the lack of data or because the financial markets has been largely stable at that time.

Constructing the optimum currency area index is a relatively time-consuming endeavor and given the uncertainty in how to operationalize the optimum currency area theory, a number of robustness checks has to be carried out.

The thesis is well-written and logically structured. The literature is well cited. The regression analysis and subsequent calculation of optimum currency area index seems to be conducted appropriately. Several estimation methods and regression specification are carried out. The result suggest some stability over time in terms of whether countries in Europe form optimum currency area.

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)*	18
Methods	*(max. 30 points)*	27
Contribution	*(max. 30 points)*	27
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**90**
GRADE	**(1 – 2 – 3 – 4)**	**1**

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

DATE OF EVALUATION: May 25, 2016

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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