# Report on Master Thesis

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

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| **Student:** | **Bc. David Brandejs** |
| **Advisor:** | **Doc. PhDr. Ladislav Krištoufek, Ph.D.** |
| **Title of the thesis:** | **Statistical properties of the liquidity and its influence on the volatility prediction** |

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

The thesis focuses on the relationship between return, risk (volatility) and liquidity, i.e. the magic triangle of financial economics. The main motivation behind this is the fact that liquidity is usually omitted in the applications.

The structure of the text is standard but it misses a proper literature review on the topic. Section 2 “Magic triangle of investment” does not make up for it. The rest of the text is fine in this aspect and it should meet the word count criterion for a diploma thesis. From stylistic perspective, most of the figures and tables would benefit from more detailed captions so that a reader can understand them easily without a need to search through the text.

An important part of the thesis is the data collection and processing as the volatility and liquidity measures are built on the high-frequency data which were not readily accessible in this case. The presented results are then partially surprising and the author may want to discuss them in more detail during the defense.

I believe this is a nice thesis with a demanding these but also with some deficiencies. Therefore**, I suggest a weak A for the defense**.

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

| **CATEGORY** | | **POINTS** |
|---|---|---|
| *Literature* | *(max. 20 points)* | 12 |
| *Methods* | *(max. 30 points)* | 27 |
| *Contribution* | *(max. 30 points)* | 25 |
| *Manuscript Form* | *(max. 20 points)* | 17 |
| **TOTAL POINTS** | *(max. 100 points)* | **81** |
| **GRADE** | **(1 – 2 – 3 – 4)** | **1** |

***NAME OF THE REFEREE: doc. PhDr. Ladislav Krištoufek, Ph.D.***

***DATE OF EVALUATION: 15.6.2016***

Digitally signed by Ladislav Krištoufek
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Date: 2016.06.15 00:30:51 +02'00'

***Referee Signature***