

Report on Bachelor / Master Thesis

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

Student:	Veronika Luková
Advisor:	Ing. Michala Moravcová
Title of the thesis:	Vliv komunikace ECB na vybrané trhy eurozóny

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

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution

The thesis examines the impact of macroeconomic news announcements and ECB communication on the value and volatility of 5 European stock indices, particularly German DAX, Portugal PSI-20, Greece ATHEX, Italian FTSE MIB and Spain IBEX 35. The main contribution of this paper is the mutual comparison of indices' reaction on ECB communication. Student shows different reaction patterns in DAX and indices of PIGS countries. Paper demonstrates that ECB communication has bigger impact on the volatility of DAX index comparing to indices of PIGS countries.

Veronika nicely presents the overall results in the Tables 4 and 5. When it comes to ECB communication, Veronika had to read several ECB statements and speeches of Mario Draghi in order to figure out the impact of the communication on the intended monetary policy. Please, see the appendix.

Methods

The thesis is standard empirical exercise applied on GARCH-type models. Student examines different models from GARCH family and tests both normal and Student's error distribution. I would like to emphasize that this kind of model is not the subject of bachelor study and student has to study it by herself. Author demonstrates very good understanding of the model concept and its empirical application.

Literature

The thesis contains relevant literature survey. Author provides wide knowledge of literature related to GARCH model and the impact of central banks' communication and news announcements on financial markets in Chapter 2 – Literature review. She also uses nice citations in the text. For example, results are compared with existing literature.

Manuscript form

The thesis is logically structured and the literature is well cited. Manuscript is neat, written in Latex editor. However, I can see some drawbacks. For example, the equations are sometimes numbered, sometimes not. Thesis has some typos.

Let me acknowledge, that Veronika worked systematically on her bachelor thesis and regularly consulted her writing progress.

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Overall, it is nice thesis with explicit value and well-applied econometric work with interesting findings. Therefore, I recommend the grade „výborně“ (A).

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	27
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	16
TOTAL POINTS (max. 100 points)	91
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE:

DATE OF EVALUATION:

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