

Report on Bachelor / Master Thesis

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

Student:	Bc. Matej Pjontek
Advisor:	Doc. Roman Horváth, Ph.D.
Title of the thesis:	Co-exceedances in stocks and bonds between Southern European Countries and CEE Countries - Analysis of contagion

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

The M.A. thesis of Matej Pjontek focuses on empirical examination of financial market spillovers from Southern Europe to Central Europe. More specifically, it examines the spillovers in stock market and in sovereign bond markets using so-called co-exceedance measure, which have an ambition to provide evidence on financial market contagion (i.e. spillovers beyond what is implied by economic fundamentals).

Contribution

In general, the thesis focuses on assessing the question to what extent financial and economic turbulences in Southern Europe affect Central European economies, in particular stability of the stock market and government bonds market. The evidence provided by this thesis suggest that especially stock markets (in Central Europe) are vulnerable to shocks emanating from Southern Europe. The contagion is found to be weaker for government bonds.

Methods

The thesis employs so-called co-exceedance measure, which is a measure of joint occurrence of the change in the value of financial market assets. The measure has been developed by Bae et al. (2003) – published in the Review of Financial Studies and later extended by Baur and Schulze (2005) – published in Emerging Markets Review. This thesis uses the extended measure by Baur and Schulze (2005), which is designed to be employed in a quantile regression framework to specifically examine the extreme co-exceedances. The co-exceedance measure is a well established framework in applied financial econometric work as well as in statistical theory, as it can be shown how co-exceedances can be approximated by tail risk.

Literature

The literature is covered very well and all important references are cited and properly discussed.

Manuscript form

The manuscript form as well as organization of the thesis is standard. The thesis is written well and in general, easy to follow for the reader.

Overall, I find this thesis as a solid piece of applied econometric work oriented on highly relevant policy topic and therefore, recommend the grade „výborně“ (A).

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

CATEGORY	POINTS
Contribution (max. 30 points)	26
Methods (max. 30 points)	28
Literature (max. 20 points)	18
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, 2017



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