Report on Bachelor Thesis

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

Student:	**Ekaterina Tolstoguzova**
Advisor:	**Doc. PhDr. Ladislav Krištoufek, Ph.D.**
Title of the thesis:	**Forecasting oil prices volatility with Google searches**

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

With a decreasing role of traditional oil producers, e.g. the OPEC cartel, on the price formation of crude oil reflecting the increasing supply of shale oil and gas on the market, heavily rigged in the USA, the idea of this thesis was to investigate whether the traditional source of crude oil price surges – the negative events in the oil producing countries – still plays its role and how this role evolves in time. Admittedly, this had been the original idea of the thesis but it turned out into a more standard analysis of the VAR-IRF-forecasting exercise. Even though this is still fine for a bachelor's thesis, the topic still deserves more research into it.

Contribution

The results follow the industry standard of the Google searches based research, which mainly shows that for modelling, the searches form an influential factor, but their forecasting value added is not significant. This is mostly represented by the bidirectional impulse-response functions which do not show strong results which, in their presented form, are not even shown with confidence intervals. The results are hardly surprising and are in fact a reflection of a change of research direction or not having enough time to finalize the original idea of the thesis.

Methods

The used methods represent a standard set of VAR-IRF-forecasting tools and these are carried out well enough, even though the aforementioned confidence intervals for IRFs are missing.

Literature

The literature covers the most important papers on the topic of utilizing Google searches in economics and finance. The necessary methodological papers are covered as well.

Manuscript form

The text is represented in a nice and legible manner, the structure is logical and can be followed well. The only thing I am not sure about is whether the thesis meets the length criterion.

Summary and suggested questions for the discussion during the defense

I found no critical flaws in the thesis. It was quite regularly consulted, although the final version is quite far from the original idea. I suggest grade C for the defense with one question:

- How would you proceed to follow the original idea of the thesis as described in this report's pre-text?

Report on Bachelor Thesis

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

Student:	**Ekaterina Tolstoguzova**
Advisor:	**Doc. PhDr. Ladislav Krištoufek, Ph.D.**
Title of the thesis:	**Forecasting oil prices volatility with Google searches**

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

CATEGORY		**POINTS**
Contribution	*(max. 30 points)*	15
Methods	*(max. 30 points)*	23
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	16
TOTAL POINTS	*(max. 100 points)*	**74**
GRADE	**(A – B – C – D – E – F)**	**C**

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

DATE OF EVALUATION: 3.9.2019

Digitally signed by Ladislav Krištoufek
DN: cn=Ladislav Krištoufek, o=Faculty of Social Sciences, Charles University in Prague, ou=Institute of Economic Studies, email=ladislav.kristoufek@fsv.cuni.cz, c=CZ
Date: 2019.09.03 14:47:22 +02'00'

Referee Signature