

Report on Bachelor / Master Thesis

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

Student:	Kateřina Doskočilová
Advisor:	Doc. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	Forecasting Election Results in the Czech Republic

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.

Contribution

The contribution of this thesis is the synthesis of polls and betting markets for the prediction of election results in a multiparty political system (specifically, the Czech Republic). As far as I can tell, such an analysis has never been previously attempted in the literature, so the value added of the thesis is clear. In theory, the model developed in the thesis could also be used to make money by continuously comparing the odds implied by polls and bets. The disconnect between these two sources of information deepened following the surprise election victory by Donald Trump and the victory of the Leave camp in the Brexit referendum. According to anecdotal evidence, these two surprises created a pool of bettors who distrust polls, thereby creating more space for arbitrage.

Methods

The thesis uses standard statistical tools that translate multiple polls and betting odds into implied preferences. The strength of the thesis lies in the synthesis of various approaches.

Literature

As far as I can tell, the relevant papers are properly cited.

Manuscript form

The thesis is typeset in LaTeX and written in competent English (though sometimes there's a woodenness to it, and I believe the author could have spent more time polishing the text).

Summary and suggested questions for the discussion during the defense

I recommend the thesis for defense. Potential questions: how specifically can your model be used to make money? How much potential for arbitrage do you see in the case of the Czech Republic? What is the most important assumption in your model? Has the value added of considering the betting market increased or decreased following the Brexit vote and Trump victory?

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

CATEGORY	POINTS
Contribution (max. 30 points)	27
Methods (max. 30 points)	24
Literature (max. 20 points)	18
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	87
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Doc. PhDr. Tomáš Havránek, Ph.D.

DATE OF EVALUATION: 19.8.2019



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F