

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Three Essays on Central European Foreign Exchange Markets
Type of Defense:	DEFENSE
Date of Pre-Defense:	November 14, 2018
Opponent:	Prof. Ing. et Ing. Luboš Komárek Ph.D., MSc., MBA

General Assessment:

The dissertation is divided into three main chapters, which could be seen as three relatively independent – but mutually related – academic papers. After the introduction to the topic of the emerging European foreign exchange markets, which connects the main three chapters nicely, the second chapter focuses on the intraday effect of news on emerging European forex markets. In the third chapter the author studied the impact of German macroeconomic news on emerging European forex markets. The last chapter is concentrated on exchange rate comovements, hedging and volatility spillovers on new EU forex markets.

1. The topic/field of study

The issue studied by this dissertation is very interesting, not only from the academic point of view, but also from the practical one, and is faced by central banks in the area of econometric modelling. It is certainly a good piece of work, because:

- the author presents her own original empirical analysis,
- she brings novelty to the literature by examining the efficiency of new EU FX markets, analysing the impact of German macroeconomic news announcements and ECB meeting days on the Czech, Hungarian and Polish FX markets and also evaluating time-varying exchange rate comovements (including hedging ratios and volatility spillovers on the EU FX markets).
- the quality of her work has already been “tested” in journals with significant impact factors (i.e. to Economic Systems, Prague Economic Papers and Journal of International Financial Markets, Institutions & Money) where these three main chapters were accepted.
- Her work can be placed in the context of current monetary policy relevant issues, to which the behaviour of the exchange rate belongs. This can be demonstrated nowadays, when have faced “negative sentiment from global markets” since April 2018, which is putting depreciation pressures on the Koruna, Forint and Zloty (hard to explain by fundamental factors). Some findings from this dissertation can be used as confirmation for policymakers of several stylised facts, for example:

- (i) “the exchange rates of the new-EU-country currencies with respect to the USD are generally more volatile than with respect to the euro”,
- (ii) “the most volatile currency is the HUF, the volatility of CZK is the lowest among the new-EU-country currencies”,
- (iii) “The CZK/EUR exchange rate exhibits the strongest reaction among the euro-denominated exchange rates, as the abnormal returns are statistically significant immediately after the news release” e.g. after the ECB loosened monetary policy conditions,
- (iv) “communications on the monetary policy settings show that ECB communication matters. The CZK/EUR exchange rate exhibits the strongest and HUF/EUR the quietest reaction among euro-dominated exchange rates. The impact of Fed monetary policy changes on the new-EU-country currencies is present but less significant than that of the ECB: both PLN/USD and HUF/USD depreciate after the Fed eases monetary policy but there is no statistically significant impact on the CZK/USD exchange rate” or other important results.

2. The literature review

The dissertation thesis is well-balanced; it consists of both theoretical and empirical parts, with an interesting literature survey.

3. The research design and methodology

The research design is around standard for a Ph.D thesis. This thesis is certainly defensible at Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague or other respected universities in the Czech Republic.

4. Technical and forma presentation

Technical presentation is very good, the arrangement of this thesis is logical and well done.

5. The contribution of the study to the field of knowledge

This is quite high, the author (re)confirms some stylised facts about the development of the Czech, Hungarian and Polish FX markets (see part 1 of this opponent's report).

6. Suggestions to the thesis (or further work on this topic):

See my opponent's Report from November 2018.

7. Overall assessment:

I recommend the thesis for defense without substantial changes.

Date:	29.08.2019
Opponent's Signature:	
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