

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	Michal Zítek
<b>Advisor:</b>	PhDr. František Čech, Ph.D.
<b>Title of the thesis:</b>	A Dynamic Approach to Fuel Hedging with Reference to the 2020 International Maritime Organization Regulations

## **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 presented thesis concentrates on the volatility dynamics between bunker spot and energy futures prices and their use in portfolio management following 2020 International Maritime Organization fuel regulations. The author employs classic and asymmetric multivariate GARCH models to study the evolution of the correlations between spot and future prices and test the hedging effectiveness of this approach. The author finds that the correlation of heavy sulphur oil and futures contracts is positive and higher than for low sulphur gasoil. Moreover, the bunker industry should consider using gasoil for hedging purposes worldwide.

### **Methods**

Although methods used in the thesis are standard in the time series literature, they are not standard for bachelor thesis. To finalize the thesis author successfully studied methods such as multivariate GARCH models on his own. We have also discussed the theoretical and empirical application of the methods on a regular basis. Overall all the methods and concepts are well described and applied correctly.

### **Literature**

The submitted thesis contains quite extensive literature review. All the papers mentioned in the thesis are highly relevant to the topic and were published in the respected economic journals. The author shows an excellent knowledge of the literature, works with it properly and explains all the concepts used throughout the thesis nicely.

### **Manuscript form**

Author considered all of my comments on the previous version of the text - the submitted thesis is well structured, nicely written and reads well.

### **Summary and suggested questions for the discussion during the defense**

Overall, I think it is very nice bachelor thesis – it is well structured, reads well and all methods and results are presented carefully. I have no additional question to be answered during defense thus in case of successful defense, I recommend grade “ A ”.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20

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<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>100</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

***NAME OF THE REFEREE: František Čech***

***DATE OF EVALUATION: 15.5.2020***

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***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.*

**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.*

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

**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.*

**Overall grading:**

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