

Report on Bachelor / Master Thesis

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

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

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

Contribution

This thesis deals with an advanced topic for a bachelor's degree. It discusses and evaluates the usage of maritime fuels in the portfolio management, including the employment of fuels as a hedging instrument. It brings new insights thanks to the method of analysis. Moreover, it accounts for new conditions in the maritime transport given by the regulation that is valid from the beginning of this year.

Methods

The experimental part of the thesis employs the econometrical methods that are taught mainly on the master level of studies (different extensions of the GARCH model and various tests). Next, the methods are well described, and compared to the literature review they are appropriate for the given topic.

Literature

The author cites a large number of relevant papers in the formally correct style. Thanks to the broad review, he can position his work in the context of current existing literature. Among others, the reader clearly sees the contribution to the literature, relevancy of the used methods, comparison of results with existing studies.

Manuscript form

The manuscript form is of appropriate quality. The text is well structured, coherent, and all the chapters are clearly linked to each other. I have a minor suggestion regarding the figures in the text. For a few figures, I miss their mentioning in the text with some brief description (Figure 4.1), for Figure 5.1 the description is provided, but the figure is not cited. I would also consider implementing Figures A.3-A.10. directly in the text part of the thesis as they are explicitly and largely described in the text and the conclusions are drawn from them.

Beside these negligible remarks, I miss the more global introduction into this specific topic. The less experienced reader in the hedging methods, in oil markets (basically in markets and trades) can be lost from the beginning of the thesis. I would recommend to work more on the introduction or to add a short chapter in the literature review to explain some basic concepts (hedging, diversification of portfolio etc.) so the reader that has no expertise in the presented topic can easily follow the theme of the paper and thus appreciate this quality work.

Secondly, the hypotheses are clearly stated in the particular chapter (Chapter 3); thus I would expect to address their results in a brief summary even after the various discussions in Chapter 6.

Summary and suggested questions for the discussion during the defense

This high-quality thesis largely exceeds the standard of bachelor theses and focuses on the advanced topic. The author gives to the reader well-structured and coherent text, presents a useful literature review, employs appropriate and advanced methods of analysis and also brings results that are not provided in the current literature. An advantage is also the fact that the author discusses the possible shortcomings of the analysis, which helps to identify the potential for further employment.

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I would like to suggest following question for the defense:

What was the reason to split the sample into two subsamples for in- and out-of-sample analysis on February 25, 2013?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	98
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Šarlota Smutná

DATE OF EVALUATION: 31.5.2020



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