Report on Bachelor / Master Thesis

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

Student:	Karolína Gajdušková
Advisor:	Petr Pleticha, MSc.
Title of the thesis:	Identifying driving factors of coffee prices

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

Contribution
The thesis aims to find factors that determine a global coffee price over the period 1965-2018. The author distinguishes between two coffee varieties – robusta and arabica and analyzes prices of these coffee types separately, which is the main contribution to a current stream of the literature analyzing coffee prices. In my opinion, the thesis provides a relevant exercise of a time-series analysis, nevertheless, further implication of the study is very limited. The author tries to explain annual movements in global coffee prices by general factors such as GDP growth, coffee exports, crude oil price, and U.S.- specific factors such as U.S. interest rate and real effective exchange rate of the U.S. dollar. I think the thesis could have increased its contribution by adding some country-specific variables related to main coffee-exporters.

Methods
An empirical analysis is preceeded by a theoretical section where the author discusses main factors affecting coffee prices. I think this section should be linked to microeconomic theory more precisely. Coffee price is either affected by demand-driven or supply-driven factors. Climate, which is discussed separately, is a factor that affects supply (the same holds for crude oil). On the contrary, prices of substitutes affect demand. Real GDP or GDP growth is argued to be a measure of demand, but then I don't understand why its effect on coffee price is expected to be negative.

In the empirical part, the author follows approach by Baffes et al. (2016, J Agric Econ) and applies ARDL regression. As I am not familiar with time-series analysis, I cannot judge appropriateness of this method. But it seems to be well applied, the author carries out various relevant tests. The results section is very technical and I would appreciate a greater interpretation of the results.

Literature
The author provides with a sufficient review of literature related to determinants of coffee prices and other agricultural commodities. The author demonstrates a good command of recent literature and quotes relevant literature in a proper way.

Manuscript form
The thesis is well-written and has a clear structure. Some shortcomings occur here and there throughout the text:
- Redundant words (e.g. … investigating factors the driving factors…)
- Numbering of equations does not follow standards in academic literature.
- Some sources in the bibliography are incomplete (Almeida et al. 2012), their format is not uniform (journal titles in italics).

Summary and suggested questions for the discussion during the defense
The results of the Urkund analysis do / do not indicate significant text similarity with other available sources. In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University. I recommend it for the defense and suggest a grade C.

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Suggested questions for the defense:

Would you please interpret carefully a negative effect of GDP on the coffee price?

Why do you expect the U.S. interest rate to affect the coffee price? Is it a supply or a demand-driven factor?

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

CATEGORY	POINTS
Contribution (max. 30 points)	17
Methods (max. 30 points)	20
Literature (max. 20 points)	20
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	**72**
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: PhDr. Lenka Šťastná, Ph.D.

DATE OF EVALUATION: 30.8.2020

Digitally signed (30.8.2020)
Lenka Šťastná

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Referee Signature