Report on Bachelor / Master Thesis

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

Student:	**Peter Kúdeľa**
Advisor:	**doc. Zuzana Havránková**
Title of the thesis:	**Daylight Saving Time and Stock Market Returns: Evidence from the Visegrad**

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

Short summary

This thesis contributes to the literature on stock market behavioral anomalies; it concludes that following the clock change, investors in less liquid markets do not show any significant changes in their behavior.

Peter Kudela consulted his progress with me regularly and reacted swiftly to my comments. In consequence I have few objections to the final outcome, which in my opinion is superb and would pass for a dissertation thesis chapter at good foreign universities. Let me also note that we have a preliminary agreement with Peter regarding the start of his PhD studies in 2022. We have already published a joint paper (partly based on his bachelor thesis, also on daylight saving time) in Energy Policy. A paper based on the present thesis will no doubt be publishable as well. I believe Peter is an extraordinary talent and hope he will consider pursuing a career in research. In this context, an award bestowed upon his thesis by the committee would be both very helpful and well deserved.

Contribution

Peter Kudela examines the potential market anomaly related to the daylight saving time. In the spring the time change is associated with sleep deprivation, which has been shown by many studies to have material effects (e.g. traffic accidents, heart attacks, etc.). A few studies have also demonstrated the effect of daylight saving time on stock markets. No such analysis has been done on the Visegrad countries, so Peter focuses on these markets (as a part of his larger research scheme in which he evaluates the effects of daylight saving time in this area; the first paper from this series is already published in Energy Policy). More importantly, he programs and applies a Bayesian technique for the estimation of ARIMAX-GARCH models. So the thesis provides a strong methodological contribution.

Methods

The thesis does a good job econometrically. As I have noted, I especially appreciate the application of Bayesian ARIMAX-GARCH models. Overall the results are credible, and Peter clearly shows that there is no effect of daylight saving time on stock markets in the Visegrad area.

Literature

The relevant literature is covered very well, I don't see any problems in that respect. Peter argues properly citing his sources, the bibliography is fully listed.

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Manuscript form

The thesis is beautifully typeset in LaTeX, well formatted, and written in excellent English. The thesis is also structured logically; the argumentations are well thought through.

Overall evaluation and suggested questions for the discussion during the defense

In my view, the thesis fulfills the requirements for a master's thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A (as a teacher of the seminar to diploma theses at the IES, I am well aware of the quality of submissions at the IES, and it seems unjust not to award Peter 100 points). Because of the extraordinary quality of the thesis, I ask the committee to consider awarding Peter Kudela's work.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

A question for thesis defense: how do you think the new Bayesian estimation technique that you programmed in R would change the results of earlier studies if applied to their datasets? Could it lead to a systematic change in their conclusions?

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

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

NAME OF THE REFEREE: doc. PhDr. Zuzana Havránková, Ph.D.

DATE OF EVALUATION: May 13, 2021

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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