

Report on Bachelor / Master Thesis

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

Student:	Šimon Juhás
Advisor:	doc. Mgr. Tomáš Holub, Ph.D.
Title of the thesis:	Prospects of Monetary Integration in the ASEAN

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

Short summary

The thesis by Šimon Juhás provides an analysis of the suitability of the ASEAN region for a currency union. For the evaluation, a well-known model by Bayoumi and Eichengreen (1996) is used and OCA indices are calculated. The author concludes that a monetary union in the ASEAN countries might not currently be considered a desirable option.

Contribution

The author acknowledges that there exist studies dealing with the same topic. However, the studies seem to be of (much) older date, and the author argues that his contribution lies primarily in providing a new view using the most recent data. I believe this is sufficient contribution for the bachelor thesis.

Methods

The author uses a model by Bayoumi and Eichengreen, which is a suitable option for the analysis of this kind. Then, the author calculates OCA indices and also offers a different take on the suitability of currency union in the ASEAN: first, he offers „stylized facts“ on exchange rate, trade, and labour mobility patterns in those countries; second, he provides a comparison with Maastricht criteria.

Even though I believe this is the suitable procedure, I have at least two remarks on the methodology. First, it is not entirely clear to me how the sample in the estimation (equation 3) was chosen. On the other hand, I really appreciate that the author (maturely) acknowledges potential problems with certain coefficients and transparently states it in the thesis.

Second, if the author wants to use comparison with Maastricht criteria, he could argue more why he thinks it is relevant/suitable. Those questions are also listed at the end of the referee report as suggested questions for the discussion.

Literature

I find the work with the literature satisfactory. All the literature is properly cited. Chapter 2 nicely summarizes both the theoretical contribution on the optimal currency areas as well as empirical papers related directly to the ASEAN countries.

Manuscript form

The thesis fulfils formal requirements. It is written in very good English with minimum typos. Most of the time, it is written clearly and is easy and pleasant to read.

Overall evaluation and suggested questions for the discussion during the defense

Overall evaluation:

Šimon has provided a thorough analysis of an interesting topic in the thesis. Even though there are some points to be clarified, I think that overall, this bachelor thesis is of high quality. **The results of the Urkund analysis 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 A.**

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Suggested questions:

- Regarding the contribution of the thesis, I would appreciate if the author could elaborate more on how his results differ from the existing literature. Does he have any potential explanation why the results differ in comparison to studies that were more positive towards monetary union? For example, what has changed since the previous studies were published, etc.?
- Regarding the methodology, the author could elaborate more on how the sample of the countries was chosen. There are 6 ASEAN countries used, together with Japan, South Korea, and Hong-Kong, and then China, India, Australia, United States, United Kingdom and Canada. What is the main reason to include especially the last four countries in the list? Is it the strength of the trade between countries? Second, the author states that in a robustness check, he tried also including Denmark, Poland, Norway, and Sweden. Are those 4 countries anyhow relevant for the model?
- Last but not least, the author could argue more why he believes the Maastricht criteria (at the level they were set for the euro area) would be relevant for South East Asia too. Is it a meaningful exercise? Are, for example, the same debt and deficit limits relevant for completely different set of countries?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Mgr. Dominika Ehrenbergerová*

DATE OF EVALUATION: 29.5.2022

Digitally signed (29.5.2022)
Dominika Ehrenbergerová

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