

Report on Bachelor / Master Thesis

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

Student:	Bc. Ivo Jánký
Advisor:	PhDr. Milan Rippel
Title of the thesis:	Value-at-risk forecasting with the ARMA-GARCH family of models during the recent financial crisis

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

In his diploma thesis Ivo Jánký evaluates how the models for one-day-ahead VaR forecasting are performing in the time of financial crises. He employs a wide range of VaR forecasting models and he focuses on the most important world stock exchanges. The main aim of the thesis is to answer the question, whether a model estimated on data with lower volatility can be used in periods with higher volatility. For this purpose, Ivo separated the data into two samples – the period of 2004-2007 served as in-sample subset with low volatility and period of 2008-2009 served as out-of-sample subset with higher volatility.

From the contribution point of view I think the thesis is adding value to the current state of research in this area. However, I would recommend author to go further into interpretation and comparison of result and hypothesis testing in order to be able to prepare a "recipe book" for researchers and practitioners to be used for VaR forecasting for both periods of high and low volatility. The main hypothesis of the thesis is not unambiguously confirmed or rejected.

Overall, the presented diploma thesis satisfies all the IES qualitative requirements to a higher extend. Moreover, the thesis provides new insights on the topic, which certainly belongs to one of the most discussed topics in the financial sector. The other contribution of the thesis is that Ivo is using a non-typical, less known approaches for modeling that are able to model the underlying data with higher accuracy.

The diploma thesis can be considered as above-average from all points of view. I suggest to use the thesis as a basis for scientific paper. I recommend the diploma thesis for the defense and I propose to grade it as „**excellent (1)**“. I also suggest to grant author a dean's **recognition for extraordinary diploma thesis**.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	30
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	94
GRADE (1 – 2 – 3 – 4)	1+

NAME OF THE REFEREE:

MILAN RIPPPEL

DATE OF EVALUATION:

26.1.2011


Referee Signature