

Report on Bachelor / Master Thesis

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

Student:	Lukáš Jílek
Advisor:	PhDr. Ladislav Krištoufek
Title of the thesis:	Analysis of stock market anomalies: US cross-sectoral comparison

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

The presented thesis deals with the long discussed topics of stock market anomalies. To begin with, the author uses quite advanced techniques, for a bachelor thesis, such as GARCH family models. The overall style and readability of the thesis is very good. Despite lucid sentence structure, I would only mention few grammar mistakes in part tense, especially in the introduction. The market anomalies topic is narrowed to studying of the excess returns in variable periods: day of week, January and part of the month effect.

The structure is standard and follows common scientific article pattern. The author opens with overview of the topic and presents a nice survey of related literature. I praise both the width and breadth as the author clearly has studied the literature on the topic as it emerged. The second chapter presents the data and the segmentation for the analysis. The author chose to work with highly liquid market, which is a wise choice considering that the anomalies are just excess return occurring regularly.

The third chapter presents the methodology. The effects are studied through inclusion of dummy variables for the studies time span in the mean equation. This is quite standard and recommended practice. The author later tests significant differences in coefficients on dummies for various anomalies. To the reviewer's best knowledge, including similar time span relevant dummies in the GARCH equations is not a common practice. In fact, it may bring some estimation benefits, possibly claiming that those different time spans, eg. January, have different levels of bottom line volatility, yet the author does motivate this sufficiently. The obvious drawback is that the GARCH equation dummy coefficient estimates are not presented. There is a reference to the Appendix, yet either wrong table title or missing table can be found there. Moreover, the author compares these GARCH dummy estimates with mean equation estimates.

Chapter 4 summarizes the empirical results. The author experienced some estimation problems and had to use somewhat simpler specifications and perform two stage estimation. Given the complexity of the model, the reviewer believes that using percentage log-returns would alleviate the numerical estimation difficulties.

Otherwise, the estimations has been carried out with high precision, all relevant tests were conducted and well reported. The discussion of the results show deep understanding of the topic and the drawn conclusions are valid.

In conclusion, the thesis is of high quality and exceeds average level of a bachelor thesis both in the topic and the quality. In spite of minor imperfections, it is a well-written work. Throughout the text, the author sometimes shows little misunderstanding of some concepts, eg. "volatility clustering did not appear in these indices at turn of the century", p. 27., as if the "volatility clustering" meant purely periods of high volatility. **Nevertheless, I have no hesitation to award grade 1.**

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	89
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *PhDr. Boril Šopov, MSc., LL.M.*

DATE OF EVALUATION:

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě