

Report on Bachelor / Master Thesis

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

Student:	Dragan Petrovski
Advisor:	Roman Horváth, Ph.D.
Title of the thesis:	Comparison of Stock Market Volatilities in Central Eastern Europe and South Eastern Europe

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

The thesis deals with univariate and multivariate GARCH modeling of stock markets in Central (the Czech Republic, Hungary and Poland) and South Eastern Europe (Bosnia and Herzegovina, Croatia, Macedonia and Serbia) in 2006-2011. It focuses on examining the volatility and comovements across these stock markets (more specifically, it examines the comovements between each of the Central and South Eastern European stock markets with the representative index for Western Europe).

The thesis is well-written and appropriately structured. Dragan has been able to carry out a large econometric project independently and collected daily data for the stock market indexes in abovementioned countries.

The idea to study the stock markets in South Eastern Europe is unique, there are only handful studies on these stock markets and any of these studies is as comprehensive as this thesis. This makes it an original contribution. The results are in line with intuition. The stock markets in Central Europe are much more integrated (correlated) with the stock markets in Western Europe. The conditional correlation obtained from the estimation of multivariate GARCH models is significantly positive. On the other hand, the correlation is essentially zero for the case of South Eastern European markets. The exemption is Croatia, its correlation rises over time and recently reaches the values not different than for Central Europe.

I strongly recommend the thesis for the defense and suggest grade A.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	20
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	93
GRADE (1 – 2 – 3 – 4)	A

NAME OF THE REFEREE:

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