

Report on Bachelor Thesis

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

Student:	Filip Fraňo
Advisor:	PhDr. Petr Teplý, PhD.
Title of the thesis:	Market Microstructure of Stock Exchanges in the Visegrad Region

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

This bachelor thesis compares stock exchanges in Visegrad region. Firstly, it explains general principles of functioning of stock markets and stock exchanges. Then some basic information about each country's stock exchange are presented. Author also conducts a quantitative analysis of the exchanges using their main indices. In the last chapter the bid-ask spread of the indices is calculated and surprisingly the expectation that liquid stock would have a lower estimated bid-ask spread is not confirmed.

The structure of the thesis is rational and it is well elaborated from the formal point of view. However the scope of the thesis is quite limited to cover such a wide topic (stock exchanges in four selected countries). I appreciated the descriptive analysis conducted in Chapters 4.3 through 4.6.

Generally, I missed more explanation using the mathematical and statistical methods and formulas. E.g. the explanation of Mann-Whitney-Wilcoxon test was very brief. There was no formula of the test statistics, its explanation or complete list of assumptions. I also missed explanation of the variables in some equations (e.g. (4.1) and (5.1)).

I would recommend testing the assumption of independence between high- and midcapitalization time series within one exchange (there seems to be dependence according to Figures 4.8-4.10). During the period selected for the calculation (2007-2010) the stock prices had a tendency to move together and their returns were often rather dependent on the development on global financial markets than on the company's performance (especially in case of small exchanges with relatively illiquid stocks). The selection of the period might also explain why the analysis in the 5th chapter did not confirm our empirical experience.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	77
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: PhDr. Petra Buzková

DATE OF EVALUATION: 1.9.2011

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