

Report on Bachelor / Master Thesis

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

Student:	David Brandejs
Advisor:	PhDr. Martin Dózsa
Title of the thesis:	Efektivita predikčních trhů: případ Intradu

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

The thesis is a medium-sized work on the analysis of one particular prediction market.

Chapter 1

- introduces the subject investigated
- I miss a specific statement of hypotheses investigated

Chapter 2

- provides a nice description of how prediction markets work and how these differ from e.g. stock exchanges. The information in this Chapter is sufficient for the reader to understand the concept and I have no comments here.

Chapter 3

- gives a detailed description of Intrade as a specific prediction market
- phrases like "akorát pár dokumentů" should definitely not be used in academic writing
- mentioning research on market efficiency at this point is premature as market efficiency is discussed later in the work

Chapter 4

- introduces the concept of market efficiency and provides a literature overview
- the structure of this chapter could be better as the flow of information is rather confusing
- There are several incomplete sentences in the text
- The definition of relative market efficiency is incomplete - either mention it only marginally or define it properly and only then state "the relative efficiency will be equal to one when ...".

Chapter 5

- gives a description of the dataset, no comments here

Chapter 6

- describes the methods used in the empirical part of the thesis.
- if the author wants to provide definitions and formulas for the test statistics of unit root tests, then it has to be done a/ properly (for example, what is s in the definition of the KPSS test?) and b/ completely (why include formulas for ADF and KPSS and no formula for Lo-MacKinlay test?).

Chapter 7

- covers the results of empirical analysis
- as the logit model turned out to be unable to prove its effectiveness (p-value 0.1689 when testing for joint significance of regressors), drawing conclusions from this model is untrustworthy

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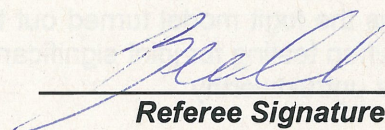
Overall, I appreciate the uncommonness of topic chosen (prediction markets). However, I think the author could have spent another two weeks reorganizing the text. First off, the flow of information is sometimes confusing, moreover the text contains numerous grammatical errors, incomplete sentences and expressions that should not be used in academic writing. Subchapter 4.5 dedicated to market volatility has no further reference. I was expecting but have not found some regressions on market volatility - without these, why mention volatility at all? From the difficulty standpoint, since the work is focused on empirical analysis, I would expect more advanced or more diverse set of analytical tools that three unit root tests and one logit model in total.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	15
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	10
TOTAL POINTS (max. 100 points)	65
GRADE (1 - 2 - 3 - 4)	2

NAME OF THE REFEREE: Mgr. Daniel Benčík

DATE OF EVALUATION: 10.08.2013


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