Report on Bachelor Thesis

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Title of the thesis:	The monetary policy and financial stress: the empirical analysis

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

The aim of this thesis is to quantify the influence of macroeconomic shocks on Financial Stress Index (FSI) using an SVAR model. In the first part, the author defines financial stress and describes the nexus phenomena. Despite the author claims to be aware of limits of various financial stress indices, part 1.2, p.13, §1, he only introduces labels of groups of variables used for his selected Financial Stress Index, p.15, §1, l.5-6.

Part methodology is well balanced in providing reasons why or why not to rely on selected SVAR model. Here I must say it goes beyond my knowledge and I don't feel it would be adequate to add any comments. It seems to be too good. However, the next part of Data descriptive statistics, 3.1, p.26-29 is in contrast by its depth but at least shows the ability of author to describe a chart.

In part.3.4, p.33, author finds significant relations among variables which I found to be intuitive. It is very likely that the FSI includes these macroeconomic variables already. **Could author give some examples of macroeconomic variables included in the Financial Stress Index?**

Part 3.5, p.35-42 provide Impulse Response functions. Chapter 4, p.43 concludes briefly.

Overall, this is an excellent bachelor thesis, written briefly with a strong focus on the result. The only point of critics might go to the Black Box nature of presented FSI. As the author warns in the beginning from the financial over-engineering and portfolio approach as one of the causes of the latest financial crisis, he does the same when not presenting the variables composing the FSI and checking the impulse responses probably of the same variables as FSI contains. Anyway, the incontestable value added is the quantification.

Aside of that, I only found minor typographic mistakes:
- There is a minor arithmetic/typographic mistake on p.18, section 2.1, §1, l.1 – there should be „Two" instead of „Three".
- In section 3.1, descriptive statistics table, minimum for GDP growth should have a minus sign (to be -3.4).
- Table 2 and table 3, p.31-32, in part 3.3 might look much more rigor if made as a LaTeX matrix, for example.
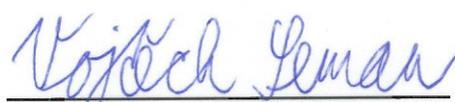- I don't understand what is the meaning of the last sentence on p.32, it looks there's some extra text left.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	30
Contribution	*(max. 30 points)*	27
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**95**
GRADE	*(1 – 2 – 3 – 4)*	**1**

NAME OF THE REFEREE: *Vojtěch Seman*
DATE OF EVALUATION: 10/06/2013

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Referee Signature

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