Report on **Bachelor / Master Thesis**

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

Student:	**Petr Pařízek**
Advisor:	**Doc. Roman Horváth, PhD.**
Title of the thesis:	**Financial Stability Transparency and Interest Rates**

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

This thesis focuses on examining whether central bank transparency has an effect on the level of interest rates. It is an empirical project, which uses two types of transparency indexes – one for monetary policy and the other one for financial stability. It regresses the interest rates on transparency indexes controlling for some standard measures of economic conditions. It is estimated as panel. The regression mimick the well-known Taylor rules, to a certain extent.

Overall, I really like the thesis. It is well-written. It cites appropriate literature. Econometric model is inspired by the previous literature (CEPR DP by Geraats et al.) but approaches it differently given that the thesis employs a richer dataset that the CEPR DP. The model is executed correctly. But let me stress that there is, to the extent of my knowledge, only one article examining the link between transparency and interest rates (the above mentioned CEPR DP) so there is a clear value added in focusing on this topic. There are extensive robustness checks.

The thesis examines the determinants of both short-term and long-term interest rates and it finds that transparency sometimes indeed decreases the rates.

In my opinion, this is how empirical theses should look like and I fully recommend the grade A.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	27
Contribution	*(max. 30 points)*	28
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**94**
GRADE	**(1 – 2 – 3 – 4)**	**1**

***NAME OF THE REFEREE:** Doc. Roman Horvath, Ph.D.*

***DATE OF EVALUATION:** May 22, 2014*

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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