Report on **Master Thesis**

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

Student:	**Daniel Toth**
Advisor:	**Jozef Barunik**
Title of the thesis:	**Modelling Conditional Quantiles of CEE Stock Market Returns**

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

The thesis focuses on modelling conditional quantiles of return distribution with application to CEE stock markets. Author adapts the recently developed approach of Zikes and Barunik (2014), who propose to quantile regress the returns on its past realized volatility, to CEE markets, and models accurately Value-at-Risk of these markets. With this respect, the application is novel, and thesis brings important results for local investors. The work shows how the high frequency data can be conveniently used to model the conditionally dynamics of Value-at-Risk in CEE markets without making restrictive assumptions. In addition, author attempts to use the modelled conditional quantiles to obtain better idea of diversification possibilities, and motivate economic value of the approach.

The thesis is well structured, author worked with me on very regular basis, and incorporated all my numerous comments to the final text. I only wish author would have more time to explore the interesting economic evaluation of the diversification possibilities based on the quantile estimates. Still, this part is done competently enough.

In conclusion, I believe the thesis is a sound piece of nicely executed work, which deserves to be defended with grade 1.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	30
Contribution	*(max. 30 points)*	30
Manuscript Form	*(max. 20 points)*	17
TOTAL POINTS	*(max. 100 points)*	**97**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: Jozef Barunik

DATE OF EVALUATION: **29.5.2015**

_____
Referee Signature