

Report on Bachelor / Master Thesis

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

Student:	Durmus Ozturk
Advisor:	Mgr. Krenar Avdulaj
Title of the thesis:	Measuring Extremes: Empirical Application on European Markets

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

This Master Thesis is an empirical work on market risk estimation. The author employs Extreme Value Theory (EVT) and uses different univariate methods to compare the Value-at-Risk (VaR) and Expected Shortfall (ES) performance. The data spans from 1994 to 2014 and includes the stock market indices from five different countries, PX50 (Czech Republic), BIST100 (Turkey), ATHEX (Greece), PSI20 (Portugal) and IBEX35 (Spain).

The author uses modern finance tools to model extreme events, and what is more important a bunch of backtesting methods to select the best performing model in one situation or another e.g. quiet vs volatile period. Another strong point of this work is length of the analysed data (around 20 years) and the interesting combination of the stock indices. I have to note here that the analysis of BIS100 and ATHEX are not that common in the works of IES students.

Durmus has a sound understanding of the problematics in this area of research and demonstrates high level of quantitative skills in the application of current state of knowledge to tackle the raised problems.

In case of successful defense, I recommend grade 1 (excellent).

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	14
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	26
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	90
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Mgr. Krenar Avdulaj*

DATE OF EVALUATION: 01.02.2015

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