Report on Bachelor / Master Thesis

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

Student:	Petr Kupka
Advisor:	PhDr. Ladislav Krištoufek
Title of the thesis:	Are More Liquid Stocks Also More Efficient?

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

The provided thesis is a rather short work on the relationship between liquidity measures of selected stocks and their efficiency.

Chapter 1
- The introduction has a clear line of throught and a the provided short literature overview well describes the problem at hand. Sometimes, the wording of sentences might be clearer, but apart from that I have no comments here .

Chapter 2
- This chapter is a bit hard to read. The text would benefit from a slight reorganization, e.g. in 2.2.2 the author should first define the variance test, how it works and why (in less detail than in Chapter 3). Only then should an overview of papers working with the variance test be presented. In 2.2.3 the variance test is mentioned again with some additional comnents – all comments on the idea and working of the test should be summarized at the start of this subchapter. Last, e.g. subchapter 2.2.3 lacks an introduction.

Chapter 3
- The description of statistical tests is well written.
- The meaning of „Variables" in Table 3.1 should be explained.

Chapter 5
- The format of regression outputs is a bit hard to read (e.g. Table 5.1)
- As the author had 10 years of daily data for the estimation of several one-factor models („Testable models"), I wonder why there is no rolling-window estimation of all models with comparison of estimates in different periods.

  In general, the thesis is an interesting piece of work. However, the text should be restructured as it is rather hard to read – the line of though is unclear. For a Bachelor's thesis , I would like to see more than just an application of OLS.

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

CATEGORY		POINTS
Literature	(max. 20 points)	20
Methods	(max. 30 points)	20
Contribution	(max. 30 points)	20
Manuscript Form	(max. 20 points)	10
TOTAL POINTS	(max. 100 points)	70
GRADE	(1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: **Daniel Benčík**

DATE OF EVALUATION: **27.05.2014**

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Referee Signature