# Report on **Master Thesis**

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

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| **Student:** | **Bc. Tomáš Vakrman** |
| **Advisor:** | **PhDr. Ladislav Krištoufek, Ph.D.** |
| **Title of the thesis:** | **Google searches and financial markets: IPOs and uncertainty** |

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

In short, this is an excellent thesis as it contains all necessary ingredients – an interesting (and non-standard, quite hard to obtain) dataset, advanced methodology and techniques, a well-structured text, and nicely and straightforwardly interpreted results. The thesis focuses on a growing and recently popular topic of utilizing online search queries to understand (or at least partially understand) various economic and financial phenomena and puzzles. There are two huge advantages of using such data. Firstly, they are publicly available for e.g. Google and Wikipedia searches, albeit after some effort. And secondly, these serve as the cheapest surveys of macroscopic behavior of agents on the market. More importantly, these "surveys" are taken without the agents knowing they are being surveyed, which might be a significant aspect in the reliability of the survey itself. Tomas has selected two topics to inspect. Firstly, the queries–volume/volatility/returns relationship, which is quite popular in the literature, is examined. Importantly, Tomas not only investigates the relationship for separate stocks as it is usually done but also presents a panel analysis. Additionally, the interconnection is studied in more detail with sentiment measures, and that is very innovative for the Google-based studies, as these measures are obtainable only for the Twitter data (but for huge costs). Secondly, the IPOs are analyzed. Again using advanced techniques and with the econometrics part well handled, Tomas presents novel results and contributes to the recent literature.

Tomas has consulted the thesis on a regular basis and he has worked hard on the text and results. The quality and novelty of results suggests that these should be published as research articles. There is a plan to publish the results in two separate papers. **In the case of a successful defense, I gladly suggest grade A and the Dean's Prize for an Extraordinary Diploma Thesis.**

***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)* | 20 |
| **TOTAL POINTS** | *(max. 100 points)* | **100** |
| **GRADE** | **(1 – 2 – 3 – 4)** | **1\*** |

*NAME OF THE REFEREE: PhDr. Ladislav Krištoufek, Ph.D.*

*DATE OF EVALUATION: 17.6.2014*

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*Referee Signature*