Report on **Bachelor Thesis**

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

Student:	**Tomáš Juchelka**
Advisor:	**PhDr. Boril Šopov, M.Sc., LL.M.**
Title of the thesis:	Trading Volume and Volatility in the US Stock Markets

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

The thesis Trading Volume and Volatility in the US Stock Markets focuses on the trading volume - volatility of stock returns relationship and Mixture of Distribution Hypothesis. This relationship is tested for 5 US stocks by employing GARCH models augmented by a series of expected and unexpected volumes. Tomáš finds that there seem to exist this relationship and it is positive.

The theoretical part of the thesis is well structured and Tomáš describes all relevant literature and methodology behind his research. I would even say that some methodology is explained too much. In my point of view, common things such as information criteria do not need to be described directly in the text, to reference them is sufficient.

Concerning the data and empirical part of the thesis, both are well written. The data source is clearly defined and all data transformations are stated. Methods employed in the thesis belong to well-known and largely used quantitative finance approaches and are correctly designed to assess research topic. In the non-trivial application of methods used I see the biggest contribution of the thesis as simple stock volatility models are rather extensively investigated topic.

To comment on results, Tomáš clearly states and describes all results in a well-designed and readable way. Some regression results differ from what was originally expected, which is interesting and might be investigated in a further research.

Concerning the layout of the thesis, I have found several issues there and it is why I propose only 10 points out of 20 for a Manuscript Form. First, there are several typing errors in the text and second, some sentences are badly structured. In my point of view, these errors are redundant and can be easily avoided.

Apart from the layout of the thesis, I did not identify any major shortcomings. To conclude, my overall impression of this thesis is positive as it fulfills all standards required for IES bachelor students. Due to this, I assign grade 1 and propose this thesis for a defense.

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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)*	10
TOTAL POINTS	*(max. 100 points)*	**90**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: **Hana Džmuráňová**

DATE OF EVALUATION: **9.6.2014**

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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