Report on **Bachelor / Master Thesis**

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

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

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

Tomáš in his thesis deals with a challenging topic of how trading volumes affect stock volatility. The thesis applies methods of volatility modeling–GARCH–which exceeds bachelor level thesis. These methods are applied on historical returns of 5 US companies listed on NYSE and NASDAQ.

Tomáš analyzes trading volumes split into expected and unexpected trading volume. This split sheds light on various relationships. Following introduction in the topic, the thesis opens with a literature survey and states motivation of the following research. Given quite a narrow aim of this thesis, the survey reviews additionally wider scope of literature, which gives a reader good introduction.

Chapter 2 describes an economic motivation for the topic and explains what types of model are further worked with. Furthermore, this chapter lays ground for statistical analysis and presents math-heavy foundations various GARCH model specifications. Tomáš uses relevant sources and correctly cites. The author is well aware of conceptual drawbacks–especially the endogenity problem while using contemporaneous volume data–and discusses possible conclusions.

Chapter 3 presents an empirical estimator of the parameters that correspond to the research of interest – how much trading volumes affects volatility model estimates. The author finds that the results are mostly in line with literature on the topic. I would like to draw attention to section 3.2, which presents the estimation results. This section is very well written and shows deep understanding.

In conclusion, this thesis is well written, of high typographical quality and easy to read. Though, the author might have spent more time on typo correction. The level of both contribution and difficulty exceeds a good master thesis, needless to remind this is a bachelor thesis, and a shortened version should be prepared as an IES working paper. **Having considered all above mentioned, I award grade 1.**

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

CATEGORY		**POINTS**
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	29
Contribution	*(max. 30 points)*	30
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**96**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: PhDr. Boril.Šopov, MSc., LL.M.

DATE OF EVALUATION: 9th June 2014

Boril Šopov

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