

Report on Master Thesis

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

Student:	Robert McGrouther
Advisor:	Vilém Semerák
Title of the thesis:	The Effect of Geopolitics on Commodity Prices

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

Mr Robert McGrouther selected a topic which ideally fits the logic of the IEPS program; he decided to apply thorough economic and econometric analytical instruments and analyze whether geopolitical events may have lasting and significant effects on prices of important commodities such as crude oil. It is a highly interesting topic which is often misunderstood by political scientists and the author found a way how to provide a really interesting and non-trivial contribution.

The thesis has a logical structure: section 2 provides introduction into factors determining prices in the three selected markets (crude oil, wheat, aluminum), section 3 describes results of application of the path analysis models, section 4 deals with the results of vector error correction models, section 5 focuses on local effects of geopolitical events, section 6 concludes. In short: the author outlines his hypothesis, gathers data, finds an interesting set of analytical methods and arrives at plausible results with clear implications for the original hypothesis.

The thesis does not have too many weaknesses, one of them could be perhaps the fact that the author does not present too many details on the underlying logic of the applied econometric methodology. Also both the rather large number of cited sources and the plethora of presented results cause that the text may appear to be rather different from many texts in the field of IPE or international relations (and perhaps a little less readable). The author was also forced to some econometric compromises (such as interpolation of some of the data), but they seemed to be inevitable because of the problems with data availability. In this respect I did not quite understand the argument that the use of interpolation which seems to suggest that usability of interpolation should be related to demand elasticity (p. 23).

However, both the resulting text as well as the author's attitude to work (and willingness to master more complex methods) are exceptional. I expect that Mr Grouther will be more than able to really contribute to research in social sciences in future.

The overall conclusion is therefore clear - the author has definitely proved to be able to work independently and arrive at interesting empirical evidence. His thesis meets all the criteria required for similar theses at the IES.

Suggested questions for the defense:

- Have you identified any interesting (and significant) differences between the three markets (crude oil, wheat, aluminum) which you have analyzed?
- Let's assume that there is a market with strategic commodity (e.g. rare earth metal) under control of a single important player. Could the market power of this player lead to different conclusions, i.e. a specific geopolitical event would have lasting effects on the prices?

In the case of successful defense, I recommend **“výborně” (excellent, 1)**.

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

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

NAME OF THE REFEREE:

Vilém Semerák

DATE OF EVALUATION:

September 2nd 2016

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