Report on Bachelor Thesis

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

Student:	**Oskar Gottlieb**
Advisor:	**doc. PhDr. Ladislav Krištoufek, Ph.D.**
Title of the thesis:	**Strategies for Spread Trading using Futures Contracts**

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

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution

The thesis contributes to the topical literature as it covers a wide range of spreads as well as numerous trading strategies. Importantly, the thesis also presents an out-of-sample treatment, which is not automatic (it should be) in such studies. The futures spread trading is attractive from the time series analysis perspective as it is relatively simple to find some (cross-)correlation structure between assets. However, when the specifics of the futures markets are taken into consideration and carefully controlled for, it usually turns out that there are no stable profitable trading strategies. It is the case here as well and it reflects the fact that the author has taken a cautious approach.

Methods

The utilized methods are the standard ones, i.e. the ones standardly used in the topical papers – cointegration-based strategies, filter-based methods, moving averages and seasonal modeling. These are pretty much all above the standard bachelor's curriculum. The thesis presents a standard in-sample approach but it also provides an out-of-sample exercise, which is very important for this kind of studies. Even though the final results are not strong in the sense of finding very profitable trading strategies (which would go against market efficiency), the thesis provides a very careful treatment of the topic as most problems of futures trading are cared for (mainly rolling over).

Literature

The thesis contains a large literature review which covers the most important papers on the topic, both new and quite traditional ones. In general, the thesis is based on a very good selection of topical papers published in the high level economic journals.

Manuscript form

The thesis is well and logically structured. There are some small problems such as having section 5.1 but to section 5.2 or 5.3. Both the Introduction and Conclusions sections are relatively short but informative. I think the figures could have been more descriptive, mainly in their captions and for most of them, a non-expert reader might get easily lost without further description.

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

CATEGORY		**POINTS**
Contribution	*(max. 30 points)*	28
Methods	*(max. 30 points)*	28
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	17
TOTAL POINTS	*(max. 100 points)*	**93**
GRADE	**(1 – 2 – 3 – 4)**	**1**

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

DATE OF EVALUATION: 5.6.2017

Digitally signed by Ladislav Krištoufek
DN: cn=Ladislav Krištoufek, o=Faculty of Social Sciences, Charles University in Prague, ou=Institute of Economic Studies, email=ladislav.kristoufek@fsv.cuni.cz, c=CZ
Date: 2017.06.05 15:49:20 +02'00'

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