

# Report on Master Thesis

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

<b>Student:</b>	<b>Bc. Arman Mkhitarian</b>
<b>Advisor:</b>	<b>Prof. Ing. Evžen Kočenda, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Connectedness and spillover effects between forex and stock markets: Evidence from Scandinavia</b>

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

**Contribution:** The main contribution of the thesis is an application of an up-to-date method of spillover analysis based on Diebold and Yilmaz (2012), extended by Barunik and Krehlik (2018) to decompose the spillover indicators to various frequency bands, on a sufficiently long series (2002-2018) for a sample of four Scandinavian countries across two asset classes (FX and stock markets). The study provides interesting and novel insights as to the transmission of return and volatility spillovers among the analyzed markets and countries and also across various time horizons.

**Methods:** The work with data is very good – given sufficient data at his disposal, the author is showing various developments, descriptive statistics as well as some preliminary tests and linkages. All is well documented, described, and presented. The up-to-date method of the spillover analysis is well explained and clearly applied. The results are described in detail, although the author should go even more beyond discussing the detected co-movement patterns and try to provide some economic explanation why certain markets in certain countries are more interlinked than others and how do his results compare to other papers on this topic (along the lines on page 37).

**Literature:** A good overview of relevant literature is provided, covering a number of different methods of spillover analysis as well as empirical studies on various countries and groups of countries.

**Manuscript form:** The thesis is well structured and formatted, but the text would benefit from a review by an experienced English speaker to improve the language style and correct the remaining typos.

**Summary and suggested questions for the discussion during the defense:** This is a very nice empirical Master Thesis, with an excellent demonstration of skilled data analysis. **I propose the grade A.** For the final defense, the author should offer a couple of possible economic explanations of his findings, especially why are contributions to volatility spillovers different for analyzed countries and markets? Does it have something to do with the composition of the stock markets in those countries, exchange rate regimes, the type of economy (relevant industries), or any other factors, such as the different degrees of financial integration of the countries analyzed with the rest of the world?

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	16
<b>TOTAL POINTS</b> (max. 100 points)	<b>92</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

**NAME OF THE REFEREE:** Doc. PhDr. Adam Gersl, Ph.D.

**DATE OF EVALUATION:** Aug 28, 2019



**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**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

**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

**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

**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	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F