

Report on Bachelor / Master Thesis

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

Student:	David Červený
Advisor:	Mgr. Petr Polák, MSc., Ph.D.
Title of the thesis:	PPI and CPI: What is the relationship?

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

In his thesis David Červený aims at analysing the relationship between the two key measurements of inflation in a economy – consumer price index (CPI) and production price index (PPI). These two indexes have different volatility and based on the production chain, one might assume, that PPI should indicate the future values of CPI. But that is only an assumption and the thesis investigates the relationship between these two indexes empirically from the perspective of causality. The thesis uses data from several countries including the Czech Republic and finds out, that PPI causes CPI.

Contribution

The topic itself – the relationship between PPI and CPI is not receiving much of the academic attention (based on the available literature) eventhough it is usually assumed, that PPI is leading CPI. However there is very little available evidence about the exact relationship in general and even less evidence for the Czech Republic. The thesis is thus focussing on a very important issue especially in the times of high inflation.

Methods

The methods chosen by the author are suitable for this type of analysis and according to my understanding, therea are applied correctly and with caution.

Literature

The used sources are suitable for the analysis and theoretical part is rather extensive not only about the relationship between CPI and PPI, but also about the indexes as such. I have no remarks towards the way the literature is used or regarding the usage of the sources.

Manuscript form

The layout of the thesis uniformly formatted and the language of the author is pleasant to read, easy to follow. But I am missing more subcapters in the text (very personal opinion) and visualization of the used data. Table with the results could be also formatted differently so that the user gets the information easily. To sum up, the deduction of the points goes towards the possible improvement.

Overall evaluation and suggested questions for the discussion during the defense

As a supervisor, I am a bit sad, that the manuscript form and the presentation of the results does not support the results in their added value. I wish David had more time to visualize the data and result and some parts of the thesis would be organized differently so it is more pleasant for a reader to follow the ideas of the thesis.

My grading is therefore reflecting two sides of the thesis - the content analysis is done correctly, but it could be improved and hence I decided to decrease the score in that area. The methods could be improved by a better introduction of the data. The contribution could be better highlighted and put into the current situation of high inflation dynamics. The manuscript form could benefit from better alignment of figures, tables and result, as well as numbering the formulas.

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I do not have a specific question for the defense, but I would suggest that David comments about the policy implications that can be derived from his results to support the added value of the thesis.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade B.

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	25
<i>Methods (max. 30 points)</i>	30
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	15
TOTAL POINTS (max. 100 points)	90
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Petr Polák

DATE OF EVALUATION: 15. 1. 2023

Digitally signed (15. 1. 2023)
Petr Polák

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

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