

Report on Bachelor Thesis

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

Student:	Kateřina Krouská
Advisor:	PhDr. Jiř Kukačka, Ph.D.
Title of the thesis:	Analysis of herd behavior across cryptocurrencies

OVERALL ASSESSMENT

Short summary

Herding is a common topic in the crypto-trading circles, especially on Twitter and here we have a solid empirical piece of research for the last 5 years. The author investigates how prone to herding crypto investors are in general, with regards to BTC and with regards to 5 major cryptocurrencies (including BTC).

Contribution

With its extensive dataset of 100 crypto currencies from 2017 to 2022, the study brings a unique view on recent herding on the cryptomarket. The dataset is especially valuable since it captures both periods of sharp increases and significant drops. Such findings are valuable for both trading and potential regulators especially since they shed more light on the traders behaviour and currencies co-movements within the market - things that are extensively discussed but so far lacking empirical evidence.

From the overall crypto market perspective, herding evidence on the full dataset is found only in bull runs. This is further backed by studying the bull year of 2017 separately, also confirming herding evidence. Significant herding behavior is also found in relation with higher volatility of 5 major cryptocurrencies (BTC, ETH, XRP, LTC, DOGE). On the other hand nothing relevant is found in relation to BTC.

Methods

The author shows a good grasp of the currently applied methods on simmlar cases (e.g. stock returns). To be more specific: cross-sectional absolute deviation of returns is used to investigate herding behaviour, the ADF test to investigate stationarity of returns. The effort for adjusting the dataset for survivorship bias is deffinitely appreciated. A slight objection might go the the lack of more explanation on the model estimation method.

Literature

A decent review of relevant literature is provided. Starting with a brief recap on behavior finance, through challenges of the efficient market hypothesis to a deep dive into herding types, history and current fields of research within the topic. There is nothing to object.

Manuscript form

From the for overal form perspective, the latex (or latex-alike) template strengthens the good impression on the thesis. Some may find the theoretical part a bit extensive, but it reads well, is coherent, well structured and easy to understand. The thesis is overall well structured and the centricity around the 3 principal hypotheses is also highly valued.

Overall evaluation and suggested questions for the discussion during the defense

I consider the submitted work an excellent bachelor thesis at IES, Faculty of Social Sciences, Charles University. I therefore recommend it for the defense and suggest grade A. The Urkund analysis for plagiarism does not indicate any significant text similarity with other available sources.

For the discussion I suggest the following points to be addressed:

- Which type of herding behaviour (Reputational, Compensational or Informational-based) according to you is dominant on the crypto market and why?
- Could you come up with a specific way how to monetise on your findings?

Report on Bachelor Thesis

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

Student:	Kateřina Krouská
Advisor:	PhDr. Jiřĩ Kukačka, Ph.D.
Title of the thesis:	Analysis of herd behavior across cryptocurrencies

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	98
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Nicolas Fanta*

DATE OF EVALUATION: **29.5.2023**

*Digitally signed (28.5.2023):
Nicolas Fanta*

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