

Report on Master Thesis

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

Student:	Daniel Bartusek
Advisor:	Evzen Kocenda
Title of the thesis:	The impact of oil-related events on volatility spillovers across oil-based commodities

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

This thesis investigates the influence of oil-related events on the volatility spillovers across oil-based commodities. The study processed over 900 events related to oil from 1978 to 2022 and grouped them based on a set of repeating characteristics. The findings reveal that geopolitical events are twice as likely to cause an increase in volatility spillovers than economic events. The study did not find evidence for natural events influencing oil volatility spillover levels. Most of the events after which the spillover levels increased share three common characteristics: they are negative, unexpected, and introduce fear of oil supply shortage.

Contribution

The thesis makes a significant contribution to the field by providing a comprehensive analysis of the impact of oil-related events on the volatility of oil-based commodities. It offers valuable insights into the role of geopolitical events in influencing volatility spillovers, which can be useful for investors and policymakers. The study could have further explored the impact of natural events on oil volatility.

Methods

The methodology employed in the study is robust and well-executed. The use of the spillover index methodology and spectral decomposition of the spillover index is commendable. However, the choice of the ranged-based realized volatility estimator as the primary method for computing the volatility of selected commodity prices could have been better justified.

Literature

The thesis demonstrates a good understanding of the existing literature and uses it effectively to frame the research question and interpret the findings.

Manuscript form

The thesis is well-structured and clearly written, with a logical flow of arguments. The use of tables and figures enhances the presentation of the findings. However, there are minor issues with the formatting of the references, some references within are missing (represented by “??” in the final text), and the length of the same level sections is quite heterogenous (e.g. Section 4.5 of comprises a single paragraph).

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Overall evaluation and suggested questions for the discussion during the defense

The thesis is a well-executed piece of research that provides valuable insights into the impact of oil-related events on the volatility of oil-based commodities. The findings have important implications for investors and policymakers. Suggested questions for the defense:

- Could you elaborate on why you chose the ranged-based realized volatility estimator as your primary method and why specifically the Garman-Klass estimator for estimating volatility of the selected commodity prices? What are its possible limitations with respect to this specific dataset?
- How do you think the financialization of commodities has influenced the volatility spillovers across oil-based commodities?

Turnitin uncovered no systematic issues.

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

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	29
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	93
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Ladislav Kristoufek

DATE OF EVALUATION: 15 June 2023

Referee Signature