

Report on Bachelor / Master Thesis

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

Student:	Solmaz Khalilova
Advisor:	Doc. Tomáš Holub, Ph.D.
Title of the thesis:	THE IMPACT OF MONETARY POLICY ON THE ECONOMIC GROWTH OF THE CZECH REPUBLIC

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

The thesis examines the effect of monetary policy on the economic growth using the data from the Czech Republic. The standard vector autoregression model is applied to generate the corresponding impulse responses and variance decompositions. The thesis also contains a description of the evolution of Czech monetary policy in light of global developments in central banking.

Contribution

The thesis adopts basic vector autoregression model. One would expect a more elaborate vector autoregression model for the M.A. thesis in order to increase the chances that the shocks are adequately identified (maybe sign restrictions or time-varying vector autoregression model would do a proper job for the questions the author raises in her thesis).

The introduction does not explain the novelty of the thesis. It should explicitly say how the thesis differs from previous literature (which is extensive; there are many studies examining the effect of monetary policy using the vector autoregression model in the Czech Republic, not talking about other countries).

The results are not compared to existing literature.

The conclusions state that inflation targeting had a positive effect on economic growth. I did not find any analysis in the thesis, which would examine the effect of inflation targeting.

Methods

The simple vector autoregression model is (probably) used. The model is not described at all and we do not learn what type of shocks are generated (probably one standard deviation shocks). We do not know the ordering of variables, which is critical for the shock identification in simple vector autoregression models.

The author claims it uses Phillips Perron test to changes in variance (page 48). It is unclear to me what this statement means.

Literature

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The flow of the text is sometimes not smooth and the author hastily jumps from one topic to another. Many ideas are repeated several times. The literature coverage is average, many relevant studies are discussed.

Manuscript form

The content (see page 7) contains typos. The numbering of subsections contains some numerical errors (for example, the subsection 2.2.1 is located in section 1).

Table 1 either has a wrong title or the content (if title, then CNB should be removed from the title). The visual presentation of Table 3 should be significantly improved. Overall, the presentation of tables is rather poor (for example, why to present the numbers with six decimal points?).

Section 2 starts with the words: „in the third part of the study...“. The equations are not numbered.

The wording of many sentences can be improved to make the statements more accurate (for example: Erchenbaum and Evans (1995) empirically analyze and prove the fact that there is a very significant correlation between the monetary policy and exchange rates.).

Overall, the manuscript form as well as the structure of the thesis could have been improved.

Overall evaluation and suggested questions for the discussion during the defense

The thesis is written rather poorly and the econometric model (vector autoregression model) is not described. Therefore, it is impossible to evaluate whether the econometric model is estimated correctly. On the other hand, the thesis contains an extensive description of the functioning of monetary policy. In my view, the thesis fulfills the requirements for a m.a. thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade E.

Turnitin indicates an overlap with the previous version of the thesis. The results of the Turnitin analysis do not indicate significant text similarity with other available sources.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	15
<i>Methods</i> (max. 30 points)	15
<i>Literature</i> (max. 20 points)	12
<i>Manuscript Form</i> (max. 20 points)	10

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TOTAL POINTS (max. 100 points)	52
GRADE (A – B – C – D – E – F)	E

NAME OF THE REFEREE: *Prof. Roman Horváth, Ph.D.*

DATE OF EVALUATION: *September 9, 2023*

Digitally signed
Roman Horvath

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