

Report on Bachelor / Master Thesis

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

Student:	Adam Poloček
Advisor:	Jaromír Baxa
Title of the thesis:	Spillovers of uncertainty shocks: Evidence from GVAR model.

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 purpose of the thesis was to evaluate the effects of uncertainty spillovers using the global VAR model. To measure uncertainty, the author employs the Economic Policy Uncertainty Index (EPU). It finds that spillovers are fast, usually within given month, and have effects that are in line with the real option channel of transmission of uncertainty shocks identified in the previous literature.

Contribution

Although the literature on uncertainty shocks is rapidly growing, the properties of uncertainty spillovers are known much less, and only few papers adopted the global VAR methodology to evaluate spillovers before. The analysis is done correctly, with a well-established methodology, and the sensitivity analysis is also provided, so overall, the thesis makes a distinct contribution to the literature.

Methods

The thesis uses the global VAR that is not covered during the IES courses. The description of the methodology is brief, but the ambition was not to make a methodological contribution, so this is in line with what I expected. The methodology is correctly applied and implemented. Three main models with different sets of variables are considered, maybe the text would have been more engaging if one method were selected as a benchmark, and the other ones as sensitivity checks.

Literature

Everything is in line with the conventions here.

Manuscript form

The manuscript form is excellent.

Overall evaluation and suggested questions for the discussion during the defense

Overall, Adam Poloček prepared nice thesis, at solid professional level. Throughout the reading, I had sometimes felt that the thesis could have been even better if it had been shortened. On the other hand, I appreciate Adam's attempts to put the empirical results into the theoretical context. Therefore, it is a pleasure to recommend the thesis for defense, my suggestion is grade A.

The Turnitin analysis does not reveal any significant similarities.

Questions suggested for the defense:

1. Which of the main models that differ in their underlying variables would you choose as the best and why?
2. The results are often statistically insignificant; is such a low impact of the US: uncertainty justified by other literature? Do you have an explanation why the support for the hypothesis of high importance of shocks into uncertainty that is quite common in the literature?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	27
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	94
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

Jaromír Baxa

DATE OF EVALUATION:

September 13, 2023

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