Report on Bachelor / Master Thesis

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

Student:	Alexander Terziev
Advisor:	PhDr. František Čech, Ph.D.
Title of the thesis:	Stock market comovements in Central and Eastern Europe during the COVID-19 pandemic and the Russian war in Ukraine

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

Short summary
The presented thesis discusses the application of multivariate GARCH models to study the interrelations between Central and Eastern European stock markets, the European Union, and the Russian Federation. It specifically examines the impacts of the COVID-19 pandemic and the Russian War in Ukraine on conditional correlations. The analysis also evaluates the progress of European market integration over time and assesses the significance of these markets for investment diversification. The main finding of the thesis is that asymmetries in conditional covariances are present in the studied markets.

Contribution
The thesis contributes to the literature by studying stock market comovements during very volatile and uncertain times. Since the war conflict in Ukraine led to significant sanctions against the Russian Federation, including its financial sector, knowing the interconnectedness of the financial markets of the neighboring countries is very important from a diversification point of view. Given the issue's topicality and the conflict's ongoing nature, the literature is still scarce.

Methods
The methods used in the thesis are standard in the time series literature, although they are not standard for a bachelor thesis. To finalize the thesis, the author successfully studied methods such as multivariate GARCH models on his own. The description of the methods in the thesis is accurate, and the author includes just a sufficient amount of details.

Literature
The submitted thesis contains a basic overview of the current literature devoted to stock market comovement, volatility modeling, and EU market integration. All the papers mentioned in the thesis are relevant to the topic, and the majority of them have been published in respected economic journals. The author shows a good knowledge of the literature, works with it well, and tries to explain all the concepts used throughout the thesis in a clear way.

Manuscript form
The submitted thesis is nicely written using proper language, and reads well. The author considered all of my comments on the previous version of the text.

Overall evaluation and suggested questions for the discussion during the defense
Overall, I think it is a nice bachelor thesis – it is well structured, reads well, and presents all methods and results carefully.

During the defense, the author should discuss the practical implications of the seemingly unchanged or slowly declining correlations between MOEX and other indices after the year 2022 shown in Figure 4.2, as one might expect a huge change after the imposition of sanctions.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University. The results of the Turnitin analysis do not indicate significant text similarity with other available sources. I have no additional questions to be answered during the defense. In case of a successful defense, I recommend a grade "A".

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

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CATEGORY	POINTS
Contribution *(max. 30 points)*	27
Methods *(max. 30 points)*	27
Literature *(max. 20 points)*	19
Manuscript Form *(max. 20 points)*	20
TOTAL POINTS *(max. 100 points)*	**93**
GRADE **(A – B – C – D – E – F)**	**A**

NAME OF THE REFEREE: František Čech

DATE OF EVALUATION: 14.5.2024

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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