Report on **Master Thesis**

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

Student:	BBA. Zhanara Zeinesheva
Advisor:	doc. PhDr. Adam Geršl, Ph.D.
Title of the thesis:	The Impact of Macroprudential Policy Announcements on Financial Markets

OVERALL ASSESSMENT

Short summary
This Master's Thesis focuses on an interesting topic and offers value added for our understanding of market reactions to policymakers' communication. It combines various data sources and offers new insights.

Contribution
This thesis analyzes how stock and bond markets react to announcements of policymakers (mostly central banks) in the area of financial stability and macroprudential policy. The author has collected a unique dataset on financial stability risks and policies announcements in Europe using the Factiva database and investigated the impact of such announcements on stock price movements, sovereign bond spreads, and volatility (measured by an implied volatility index on European stocks). There is not much literature on this particular topic (there is similar literature on monetary policy and fiscal policy announcements, but not on macroprudential policy and financial stability news), so this thesis fills the gap and provides a first preliminary evidence.

Methods
The thesis uses a traditional approach based on dummies for the days of announcements (those with a strong tightening or loosening announcements are coded 1, others – more neutral announcements - are coded 0) as well as by coding the direction of the announcements - to capture whether they are suggesting a tighter (+1), looser (-1), or neutral policy stance (0). The regression analysis is based on daily data and uses traditional control variables available on daily frequency (i.e. additional market data in line with literature), exploring both short-term (daily) and medium-term (up to 10 days) effects. The work with data is well documented and described.

Unfortunately, the regressions provided are not sufficently testing the effect of the announcements as the data used for the regressions are only those with some announcements. Thus, the results can be interpreted only as showing the impact of a tighter or looser policy announcement compared to a neutral policy announcement. This limits the value added of the research to a subset of research questions that were originally proposed.

Literature
The review of literature is well written and relevant existing papers and articles are mentioned.

Manuscript form
The thesis is written quite well – all is explained and illustrated. At a few places, the language is somewhat mechanical and descriptive, without a clear and concise message of the analysis.

Overall evaluation and suggested questions for the discussion during the defense
The student has worked hard on the thesis and consulted with me frequently. While methodologically the work could be improved, the current results still do provide a relevant value added and even the descriptive analysis of the type and frequency of announcements is valuable.

During the defense, student should provide an updated evidence with a correct inclusion of all days (even those without an announcement).

The Turnitin analysis does not indicate significant text similarity with other available sources. 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 a grade C.

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

CATEGORY	POINTS
Contribution　　　*(max. 30 points)*	24
Methods　　　　*(max. 30 points)*	15
Literature　　　*(max. 20 points)*	17
Manuscript Form　*(max. 20 points)*	15
TOTAL POINTS　*(max. 100 points)*	**71**
GRADE　　*(A – B – C – D – E – F)*	C

NAME OF THE REFEREE: Doc. Adam Geršl

DATE OF EVALUATION: June 10, 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