Report on Bachelor / Master Thesis

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

Student:	Matyáš Švehla
Advisor:	PhDr. František Čech Ph.D.
Title of the thesis:	Volatility spillovers between Cocoa Futures markets and selected currency pairs

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

Short summary
The presented thesis studies the relationship between cocoa futures, the currency of major cocoa exporting country, and the global currencies. The author finds a massive increase in the volatility of cocoa contracts, which is mainly related to exogenous events (weather). He also identifies spillovers between cocoa futures and currencies during periods of volatility.

Contribution
The literature on volatility spillovers has grown in recent years. However, most studies focus on equity, foreign exchange, or commodity markets (except agricultural commodities). The present paper fills this gap by focusing on the understudied cocoa futures contracts. Specifically, the paper focuses on the relationship between cocoa futures and the exchange rate of the largest cocoa producing country. The author identifies several periods of high volatility in cocoa contracts - some of them driven by exogenous factors such as weather, while the other was related to the global economic slowdown in the aftermath of the global financial crisis. In my view, the results of the paper can easily be extended to other "exotic" commodities, such as coffee, and can be helpful to policymakers in these countries, since the export of these commodities is crucial for their economies.
I must emphasize that Matyáš worked on the paper as an independent researcher and needed only minimal assistance in revising the text.

Methods
Although methods used in the thesis are standard in the time series literature, they are not standard for a bachelor thesis. To finalize the thesis, the author successfully studied methods such as multivariate GARCH models or volatility spillovers on his own. Overall, all the methods and concepts are well described and applied correctly.

Note: while one might argue that volatility spillovers would be better modeled by Diebold-Yilmaz methodology, the author himself is aware of it and suggests it as a possible extension of his work. In my view, DY methodology would be beyond the scope of the thesis.

Literature
The submitted thesis contains quite an extensive literature review. All the papers mentioned in the thesis are highly relevant to the topic and were published in respected economic journals. The author shows an excellent knowledge of the literature, works with it properly, and explains all the concepts used throughout the thesis nicely.

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

Overall evaluation and suggested questions for the discussion during the defense
Overall, I think it is very nice bachelor thesis – it is well structured, reads well and all methods and results are presented carefully. I have no additional question to be answered during defense.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade "A". The results of the Turnitin analysis do / do not indicate significant text similarity with other available sources.

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

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CATEGORY		POINTS
Contribution	*(max. 30 points)*	28
Methods	*(max. 30 points)*	28
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**96**
GRADE	**(A – B – C – D – E – F)**	**A**

NAME OF THE REFEREE: František Čech

DATE OF EVALUATION: 27.8.2024

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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