Report on Bachelor / Master Thesis

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

Student:	**Bc. Šimon Juhás**
Advisor:	**Prof. Roman Horváth, Ph.D.**
Title of the thesis:	**TRANSMISSION OF FINANCIAL SHOCKS TO AND FROM THE EURO AREA: A GVAR APPROACH**

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 employs a global vector autoregression model to examine how financial shocks affect the euro area. Financial shocks are captured using the European Central Bank's Composite Indicator of Systemic Stress and the unconventional monetary policy is modelled using shadow rate. The results (presented primarily in the form of impulse responses) show a sizeable international transmission of financial shocks.

Contribution

There is a relatively limited number of global vector autoregression studies examining the financial shocks in the euro area. The thesis differs from the existing studies by not only using more recent data but also addressing the implementation of unconventional monetary policy in the euro area during the sample period. The so-called shadow rate instead of monetary policy is used to account for this type of policy. The modeling of unconventional monetary policy is essential. The European Central Bank policy was primarily oriented on using unconventional measures during the last decade and ignoring this type of policy in the modeling framework would lead to biased results.

The results are compared to existing literature in a special subsection and the contribution is highlighted explicitly several times in the thesis. I also appreciate that the author is aware of the pros and cons of the chosen methodology. The author shows an ability to estimate the large model independently and provides a number of thoughtful remarks regarding the details of the modeling framework.

Methods

The thesis employs a global vector autoregression model. This is a well-established methodology in the empirical macro-finance literature. The choice of modeling framework is adequate when examining the international transmission of the shocks in a group of countries.

Literature

The literature coverage is adequate, covers all main references, and discusses them carefully.

Manuscript form

Report on Bachelor / Master Thesis

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

Student:	**Bc. Šimon Juhás**
Advisor:	**Prof. Roman Horváth, Ph.D.**
Title of the thesis:	**TRANSMISSION OF FINANCIAL SHOCKS TO AND FROM THE EURO AREA: A GVAR APPROACH**

I find the thesis well-written and easy to follow. The thesis is logically structured. Maybe the figures could have been presented in a more stand-alone form so that the reader does not have to read the main text to fully understand what the author presents.

Overall evaluation and suggested questions for the discussion during the defense

Overall, this is a solid empirical thesis analyzing an important phenomenon of the international transmission of financial shocks. The chosen methodology (global vector autoregressions) is not covered in econometric courses and the author had to study this methodology by himself. The contribution of the thesis is spelled out explicitly and the thesis is reasonably written.

In my view, the thesis fulfills the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade B.

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**
Contribution	*(max. 30 points)*	24
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	17
Manuscript Form	*(max. 20 points)*	17
TOTAL POINTS	*(max. 100 points)*	**83**
GRADE	**(A – B – C – D – E – F)**	**B**

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

DATE OF EVALUATION: August 7, 2024 ***Digitally signed***

Roman Horvath

Referee Signature

Report on Bachelor / Master Thesis

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

Student:	**Bc. Šimon Juhás**
Advisor:	**Prof. Roman Horváth, Ph.D.**
Title of the thesis:	**TRANSMISSION OF FINANCIAL SHOCKS TO AND FROM THE EURO AREA: A GVAR APPROACH**

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**