

Report on Bachelor / Master Thesis

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

Student:	Yazicioglu Gorkem
Advisor:	Dědek Oldřich
Title of the thesis:	An Analysis on US Subprime Mortgage Crisis – Expansion and the Burst of Bubble

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

The diploma thesis enters the field which already attracted a vast amount of attraction by many researchers. The burst and bust of subprime mortgage market that happened in US and sparked the unprecedented world-wide financial crisis is really a unique event to analyze. From this perspective the task of the author was both easier as well as more difficult. Following the reading the thesis one can conclude that:

- The author demonstrated a good understanding of empirical evidence associated with the topic
- The coverage of the topic with economic literature is satisfactory and quite representative
- A proof was given about the skills to use advanced analytical tools to investigate selected hypotheses.

Nevertheless, some critical points can be also raised as well as some clarification should be made:

- The opening section which recapitulates key stylized facts about the mortgage crisis is rather excessively concentrated on standard variables and much less attention is paid to the description of a broader context like securitization risks, contagion effect, the role of reckless lending vis-à-vis bad macroeconomic policies, differences between agency and private mortgages. These issues are also mentioned in the thesis but on the disproportionately limited space.
- The author raises a couple of issues which are tested: absence of autocorrelation, heavy tails, volatility clustering, and some others. The mainstream facts are mentioned. The author delivers his findings but more detailed comments are missing as to what extent the results can be understood as a mere confirmation of mainstream facts or whether some unexpected findings also came to the surface.
- The author's English has a room for improvement but the current state of the art does not prevent fluent reading.

Despite these comments I am confident that the dissertation can be accepted for the defence with the grade A.

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	26
Contribution (max. 30 points)	27
Manuscript Form (max. 20 points)	18

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TOTAL POINTS	(max. 100 points)	89
GRADE	(1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: doc. Ing. Oldřich Dědek, CSc.

DATE OF EVALUATION: 10. 6. 2010

Referee Signature