

Assessment of Master Thesis – Academic Consultant



Study programme: **International Economic Relations**

Field of study: **International Business - Central European Business Realities**

Academic year: **2015/2016**

Master Thesis Topic: **Purchasing Power Parity – Theory and Practice**

Author's name: **Michal Aleksander Bukat**

Ac. Consultant's Name: **Ing. Pavel Žamberský, Ph.D.**

Opponent: **doc. Ing. Josef Taušer, Ph.D.**

	Criterion	Mark (1–4)
1.	Overall objective achievement	2
2.	Logical structure	2
3.	Using of literature, citations	2
4.	Adequacy of methods used	2
5.	Depth of analysis	2
6.	Self-reliance of author	2
7.	Formal requirements: text, graphs, tables	2
8.	Language and stylistics	2

Comments and Questions:

Purchasing power parity is well-known theory of exchange rate determination based on many assumption which is able to explain long-run changes in exchange rates. Departures from this theory are still discussed in economic literature. This thesis could be considered a contribution to this discussion.

Michal showed in his thesis sound knowledge of this theory. The problem is that he was not able to come up with anything new. He relied too much on Big Mac index data and UBS – prices and earnings publication. I missed his own research based on data. At least, he could use time series published by many institutions and try to find some relationship between GDP per capita and price levels using basic statistical methods like regression.

There are typing errors in the thesis. Even the first sentence of introduction doesn't make any sense because of typing error.

Questions:

1. Explain the difference between absolute and relative versions of PPP. Why the relative version is usually used in practice instead of absolute one?
2. What is the difference between real exchange rate and ERDI?

Conclusion: The Master Thesis is recommended for the defence.

Suggested Grade: **2**

Date: 06/02/2016

Ing. Pavel Žamberský, Ph.D.
Academic Consultant