University of Economics, Prague

Faculty of Finance and Accounting

Study programme "Finance and Accounting"

Master Thesis Evaluation

Reviewer form

Student name:	*Nazifa Katibli*
Title of the thesis:	*Analysis of currency exchange rate regime and its effect on economy in four post-soviet countries: Russia, Kazakhstan, Azerbaijan, Georgia*
Year of the defence:	*2019*
Supervisor name and affiliation:	*doc. Ing. Karel Brůna, Ph.D. (Department of Monetary Theory and Policy; Department Chair - Associate Professor)*
Reviewer name and affiliation:	*Ing. Ondřej Šíma (Department of Monetary Theory and Policy; Assistant Instructor)*

THESIS CONTENT SUMMARY:

The thesis is divided into six chapters. The first chapter is introductory. The second chapter deals with exchange rate regimes (according to the de facto IMF methodology) and monetary policy regimes (eg inflation targeting...).

The third chapter is devoted to literature review, where the author focuses on articles and books about the effect of exchange rate and its regimes on economic growth, inflation, etc. The fourth chapter contains an analysis of four countries (Russia, Kazakhstan, Azerbaijan, Georgia) and their exchange rate and monetary policy regimes and basic economic developments in the context of the analysis in the next (fifth) chapter. The last chapter contains the author's own calculations.

The main aim of the diploma thesis (p. 7) "*Does the exchange rates and exchange rate arrangement affect economy in following countries: Russia, Kazakhstan, Azerbaijan and Georgia?*" was fulfilled.

OBJECTIONS AND REMARKS:

Nazifa Katibli presents readers with a well-prepared diploma thesis. I appreciate the precisely elaborated third chapter (literature review), readable fourth chapter and especially the fifth chapter with numerous econometric estimates of the author. A minor drawback of this thesis

is a brief discussion of the results, which could be more detailed in some passages. Despite the above, I consider this thesis to be above average

QUESTIONS FOR THE DEFENCE:

1. On page 15-16 you briefly describe the monetary policy regime of inflation targeting, which is also used by Georgia, Russia and Kazakhstan (p. 16). In your opinion, what are the advantages and disadvantages of this monetary policy regime compared to using currency peg as nominal anchor which was often used earlier in the analyzed states?

2. As a part of your analysis for 2007-2017, you perform linear regression for each economy separately. With this short period, as you mention on page 75, the results could be less robust. What is your opinion on using panel regression? And what is a panel regression?

3. On page 63 you write "*1 percentage point increase* [= appreciation] *in real effective exchange rate associated with approximately 2.2 percentage points increase in exports*," Can you explain this anomaly in the context of Russia's export structure? (Hint: This is linked, among other things, to the elasticity of demand for primary commodities exported by Russia.)

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	X			
Work with literature	X			
Methods and data used	X			
Results and their discussion	X	X		
Formal aspects	X			
Suggested overall grading: *1 - Excellent*				

Prague, 27th May 2019

Ing. Ondřej Šíma

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Signature