University of Economics, Prague
Faculty of Finance and Accounting
Study programme "Finance and Accounting"

Master Thesis Evaluation

Reviewer form

Student name:	*Mariia Bondarenko*
Title of the thesis:	*The impact of FX exposure on the firm's stock market price*
Year of the defence:	*2020*
Supervisor name and affiliation:	*doc. Ing. Karel Brůna, Ph.D., Monetary Theory and Policy Dep.*
Reviewer name and affiliation:	*Ing. Žaneta Tesařová, Monetary Theory and Policy Dep.*

THESIS CONTENT SUMMARY:

The master thesis analyses the impact of FX exposure on the firm's stock market price. The author analyses the impact on the sample of 208 European companies during the period from 2012 to 2018, further she analyses the asymmetries between companies (whether the effect differs based on the size of a company and industry it operates in). The author uses regression method with stock return as a dependent variable and changes in the exchange rate, market risk premium, inflation, cost of borrowing, profitability, capital structure and growth prospects of a company as an explanatory variables. The results confirm the statistically significant link between the changes in the exchange rate and the stock return especially for the medium-size companies and firms operating in the service sector.

OBJECTIONS AND REMARKS:

I would highly recommend not to use a contraction form (like "it's") when writing a formal academic document. The thesis should be proofread by a person with an excellent language command. Further, I would recommend to present the tables differently than directly exported from Eviews SW, as it may cause a large match when checking using the plagiarism checker.

The thesis structure is logic, the author comprehensively and clearly explains the problem and formulate the hypotheses. I appreciate that the author choose this type of analysis where she uses the econometric methods like regression on cross-sectional data. The results of the analysis are clearly explained and well commented. The author has demonstrated the ability to apply the knowledge gained during the study, so I recommend the thesis for defence.

QUESTIONS FOR THE DEFENCE:

1. Summarize main findings of your analysis with regards to the FX risk management of different groups of firms you tested.
2. What is the difference between these two ways of hedging: Funding in foreign currency and Money Market hedge?
3. Based on your model results, explain what the appreciation of the euro currency means to the stock price of a firm operating in the service sector that is in a long position in a foreign currency. Recommend the most advantageous way to manage the FX risk to the firm from the service industry. Explain.
4. List other internal and external factors that are not included in the model and that can influence the stock price. What is their expected impact on the stock price?

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	☒	☐	☐	☐
Work with literature	☒	☐	☐	☐
Methods and data used	☒	☐	☐	☐
Results and their discussion	☒	☐	☐	☐
Formal aspects	☐	☒	☐	☐

Suggested overall grading: *1 - Excellent* (depending on the course of the defence)

Prague, June 2nd 2020

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Signature