

SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in International Business
Student:	Dmitry M. Nikitin
Title of thesis:	Interconnection between prices of shares and prices of its derivatives on Russian market

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.

It is well known that the prices of various derivatives (options, futures) provide important information on their basic assets. Usually we can derive the distribution law for underlying asset. Sometimes it is even possible to get more pragmatic consequences as a short-run forecast for basic asset price. It was the initial setting for this thesis. In the course of implementation the author has narrowed the topic in the title to the consideration of a particular case of the index (RTSI) and relative index futures traded on FORTS. The topic is still quite interesting.

Unfortunately Introduction, together goals and objectives, which was present at the preliminary presentation, has disappeared from the manuscript submitted to the office.

Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.

The author starts from brief description of RTS and FORTS markets, continues with general theory, and finishes with empirical part and conclusions. The parts are not balanced in their size and details. More detailed presentation would be quite as welcome.

Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.

The main tool to use is well-known Granger causality test. Unfortunately no detailed description and no precise references to the methodology have been provided (see pp. 16–17). Classical approach consists in writing down unrestricted and restricted regression equations with further testing of two hypotheses (Pindyck, Rubinfeld, pp. 242–244). The book is included into the reference list but is not quoted anywhere in the text. This is a layout mistake. But what is worth that I do not see two testing procedures mentioned above in the thesis. It seems that only one half of the deal is done.

Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.

It is completely adequate.

Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.

The topic of the thesis was suggested by the student himself. The technique used is straightforward. The author concentrated on technical issues only. There was no attempt to link the results with performance under changing economic conditions. It is most probable that lead-lag results are really true in spite of some inaccuracy with the Granger test.

Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.

The results are of interest to everybody who trades in index portfolio (index funds) and index futures. As it is shown they have five minute lag in index trading that provides some arbitrage opportunities. The issue whether market efficiency offsets this effect in reality has not been explored. The author has tried

to provide some strategic recommendations for traders but not that much detailed.

Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.

There are many omissions in layout including many omitted figures captures. There are some mistakes in English though English quality is not bad.

The Master thesis of Dmitry Nikitin meets the requirements for master thesis of MIB program thus the author of the thesis can be awarded the required degree.

Date: June 15, 2011

Scientific Advisor:
Professor of Finance



Alexander Bukhvalov