



Examination, Problems Sets, and Grading Formula:

Two One-Hour Mid-Term Examinations	200
Final Examination	150
Writing Assignments	100
Problem Sets and Quizzes	300
Discussion, Research, and/or Participation	<u>100</u>
TOTAL	850

The instructor reserves the right to change the number of points allocated in the Discussion, Research and Participation section of the grading formula. It is unlikely but changes may also be made due to number of problem sets and number of quizzes. Any changes will be communicated.

Four 50-point problem sets will be assigned. This work will cover techniques discussed in the course and like material will comprise portions of exams. Problem sets are to be completed outside of class and must be turned in before class on the due date. Late problem sets will be penalized 10% for each day late unless prior arrangements are made. Problem sets are to be an independent effort on the part of each student. If there is clear evidence that the effort has not been independent then no credit will be earned.

Approximately five 20-point quizzes will be given and each will, in general, be announced. The quizzes are used to familiarize students with the types of questions asked on tests, to motivate students to stay current with lecture and reading material, and gather additional information on course related topics. There will be no make-up quizzes. Students must communicate with the instructor prior to missing a quiz. If they do that then they will be excused from that quiz requirement.

Participating in a cash and futures market trading simulation is a requirement. The activity will take place on two Saturdays during the semester – in October and/or November. Students will role-play in *The Fed Cattle Market Simulator*. This involves buying and selling cash cattle between feedlot and meatpacking operations. Participants will comprise the feedlot and packing firm teams. A futures market operates in parallel with the cash market. Participants have the opportunity to implement hedging and speculation strategies. Participants will gain approximately one year of market experience in the two days. (Plus, there's real money rewards involved.) Dates will be the result of a vote and a consensus of the students and instructor. This is important because there is a critical number of participants. Every previous class has unanimously communicated that this activity is an essential part of the course. The activity, and the accompanying summary write-ups, are worth 50 points.

Students not able to attend the market trading simulation will be required to develop and complete an independent research project. It is expected that most distance and online students will make use of this requirement. The project is worth 50 points and is due by the last Friday of class. It is recommended that one of two project types be pursued. The first project type involves collection of cash market data of interest to the student and development of cash-futures basis information. Statistical analysis of this data is required. (This will be done in Problem Set 1.) The second project type involves collection of market data of interest to the student and development of price forecasts. Econometric modeling of this data is required. (A light version of this is done in Problem Set 3.) Instructor approval of the independent research project is required and regular communication with the instructor regarding progress is required.

There will be four 25-point one-page writing assignments. Each assignment will summarize the strategy followed by one of the traders in *Market Wizards*. If you ever trade futures, or any investments actively, then this will be one of the most useful books you will read. Assignments will be graded as follows.

Acceptable assignments will receive 100% or 90% of the possible points depending on the quality of the work. Students will have two days to revise unacceptable work. Acceptable revised assignments will receive 80% of the possible points. Unacceptable revised assignments will receive 60% of the possible points. An example assignment will be provided prior to the first assignment.

Reading the *Wall Street Journal* is a requirement for the course. Students are expected to find and read futures industry, commodity market, and commercial agriculture articles and are expected to be prepared to discuss them. Participation points will be given for accurate and enthusiastic discussion. Students are also expected to take an interest in their investing future. This means finding and reading articles related to personal and retirement investing. Discussion threads within the course RamCT website will be an important means of discussing these topics. Participation points will be awarded to quality discussion.

Independent research and synthesis is also an important part of the course. Lecture material will be designed to elicit follow-up discussion outside of class through RamCT. This course will also follow current market events – both in commodity markets and markets for investments – and these events are ideal for bulletin board electronic discussion. Electronic discussion is also ideal for communicating additional information gathered through independent research. Examples of additional information gathered through independent research include: newsletters, reports, and other types of objection information. There is an opportunity to receive 50 points for contributions to discussion threads.

There will be two 100-point mid-term examinations given during the semester. Make-up exams will be the option of the instructor. If any student must miss an exam due to an emergency, or due to a scheduling conflict which is communicated to the instructor prior to the exam, then the student's final grade may be based on the other exams taken. The 150-point final examination will be comprehensive with important portions of the course weighted equally or with a slightly heavier influence on the last portion of the course. Material requirements for each exam will be clearly communicated.

Final grades for the class will be determined on the standard 90-80-70-60 scale. Any student receiving less than 60% on the graded course material will receive an "F." There are no exceptions. If a student shows strong improvement in exam scores over the semester, the instructor reserves the right to weigh the end-of-semester exams more heavily when calculating that student's final grade. It is unlikely that the instructor will use the +/- grading system.

#### Attendance Policy:

There is no attendance policy. However, there is a participation policy. This is a learning-by-doing course and there are a variety of means of communicating that you have learned material. But, if you are enrolled in the campus course and need to miss a class meeting for whatever reason then please email me in advance. This is to alleviate any problems satisfying assignment schedule.

#### Communication Protocol:

Office visits, phone calls, and email are all acceptable means of communication with the instructor outside of class. I expect students to use the skills developed in communications and professional selling requirements: introduction, purpose, and then rapport. Business emails must to the following: identify the sender and not just the email address, contain a signature with contact information, and include "AREC 412" in the subject line. The file name of email attachments must include the same, date, sender last name, and a description of the contents of the attachment. Attach no file with the MS extension ".\*\*\*x".

Communication in discussion threads on RamCT must be professional, contain content, and have limited opinion. Good answers, arguments, and other scientific discussion includes information sources that support conclusions. Links to websites or references to course materials are example information sources.

#### Academic Integrity Policy:

University academic integrity policies will be strictly enforced. Students should read and know these policies. The policies are published in the General Catalog.

#### Final Exam:

The final exam is scheduled for Tuesday, December 15, from 9:10-11:10 a.m. Any exceptions to this must be cleared with the instructor by Monday the last week of class.

#### Style/Mode of Teaching:

The teaching style used involves lectures and discussion. The approach in this class will be to introduce and present concepts, work examples related to concepts, and then broaden the concept and extend the examples. Through this process questions should be asked, answered, issues discussed, and connections made. Teachers call this synthesis and thinkers call this abstraction. The instructor will follow the lecture materials, handouts, and portions of the textbooks closely. However, some of the topics within the textbook will be significantly expanded and others will not be discussed in class. Just because it's not discussed in class, doesn't mean it's not important. But what's on examinations will require no guess work. Also, current market events and conditions will be discussed and used as examples to link to important concepts and ideas.

This is a learning-by-doing course. The problem sets and the market trading simulator are the pinnacle of this approach. The problem sets are based on the real world. The trading game will give students invaluable experience. But this is also a synthesis course. It is important learn tools and examples, and it is also important to see how these fit into broader concepts and general ideas. The real world changes but the underlying principles do not.

Problem Sets will be used to give students experience in the mechanical procedures associated with course material. Additional readings and handouts will be used at times to supplement the course material. The instructor will regularly discuss futures-related and investment-related articles in the *Wall Street Journal*. Students are expected to find and read these articles and are expected to be prepared to discuss them. There is always something interesting going on in the markets which fits the context of this course.

This is a senior-level capstone course. I expect you to be prepared and to be interested in the subject – or at least open to an interest in the subject – as there are great career opportunities. I expect professionalism. This material is what the instructor does for a living. I will be prepared and enthusiastic. I will also never waste your time with any type of busy-work or work not related to what professionals do. I will also respect that this is not your only course.

**Agricultural and Resource Economics 412**  
**Agricultural Commodities Marketing**

**Course Outline**

	<u>Text Reading Assignment</u>
I. The Basics	Chapter 1
A) Futures and options contracts: definitions, terminology, and institutions	
B) Price discovery and futures price behavior	
C) Hedging and producer behavior under risk	
II. Cash - Futures Relationships	Chapter 2
A) Basis: definition, calculation, normal patterns, and variation	
B) Basis for Grains: Storage Hedging and Yield Risk	
C) Basis for Livestock	
D) The hedging mechanism	
Exam 1	
III. Fundamental Analysis	Chapter 3
A) Grain: Supply and Use Grain Balance Sheets	
B) Livestock: Forecasting with Elasticities and Derived Demand	
IV. Technical Analysis	Chapter 4, 5, 6
A) Introduction	<i>New Market Wizards</i>
B) Bar charts	
C) Additional technical tools	
V. Profit Margin Hedging	Chapter 11
A) Efficient Markets	
B) Integrating fundamental and technical tools	
Exam 2	
VI. Options on Commodity Futures	Chapter 7
A) Introduction	
B) Applications of options strategies	
C) Critique and comparison with futures	
VII. Regulation and Performance of Futures Markets	
A) Regulation	
B) Role of futures markets	
VIII. Financial Futures	Chapters 8, 9, 10

**COLORADO STATE UNIVERSITY  
DEPARTMENT OF AGRICULTURAL AND RESOURCE ECONOMICS**

*Student  
Questionnaire*

**Agricultural and Resource Economics 412  
Agricultural Commodities Marketing**

*S.R. Koontz  
Fall 2009*

1. Name: \_\_\_\_\_

2. Class: Sophomore , Junior , Senior , Graduate , and Transfer . (✓ all that apply.)

3. Major: \_\_\_\_\_

4. Advisor: \_\_\_\_\_

5. Local Address: \_\_\_\_\_ Phone: \_\_\_\_\_

6. Permanent Address: \_\_\_\_\_

7. List agricultural and resource economics, economics, and statistics courses that you have completed:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. Why are you interested in commodity futures markets?

\_\_\_\_\_

\_\_\_\_\_

9. Commodities of Interest: \_\_\_\_\_

\_\_\_\_\_

10. Do you have any experience in trading futures or involvement in hedging or risk management programs? Do not count "mock trading."

Yes  or No

If "Yes," elaborate some. \_\_\_\_\_

I have read the syllabus and understand the course requirements. \_\_\_\_\_