

COMMODITIES MARKETS & FUTURES TRADING
AGEC 447 - FALL 2022
School of Agriculture – Western Illinois University

INSTRUCTOR

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Office Hours: M, T, W, Th 8:00–9:00

or by appointment

CLASS TIMES AND LOCATIONS

AGEC 447 will meet on M, W, F in Knoblauch 308 from 10:00 a.m. – 10:50 a.m.

EMAILS

Please be sure to include the course in which you are enrolled in any emails.

COURSE DESCRIPTION AND PREREQUISITES

No prerequisites required. A basic understanding of cash (spot) and futures markets can enhance one's effectiveness in commodity marketing and procurement. This course will cover futures trading institutions, relationships between futures and cash prices, and futures trading (hedging and speculating) from both fundamental and technical analysis approaches.

TEXTS

- No text required. Some readings at <http://extension.missouri.edu/p/G607>, <http://agebb.missouri.edu/mgt/risk/introfut.htm>.

COURSE OBJECTIVES

1. Review terminology and institutional structure of futures markets, stressing the role of contract integrity.
2. Develop an understanding of the role of futures markets in price discovery.
3. Create awareness of risk reduction and profit opportunities offered by futures markets.
4. Develop skills in assessing market conditions (fundamental and technical analysis).

EXPECTATIONS OF STUDENTS

Participation: Students are expected to regularly attend class and to actively participate in discussions.

- Online Absence Reporting System (OARS) - <http://wiu.edu/oars>.

Academic Integrity: The rules and regulations outlined in the University's policy on academic integrity are applied to this course. See <http://www.wiu.edu/policies/acintegrity.php>.

Disruptive Student Behavior: Behave yourself. <http://www.wiu.edu/vpas/policies/disrupst.php>.

Student Rights and Responsibilities: Detailed information regarding student rights and responsibilities can be found at <http://www.wiu.edu/provost/student/>. It is your responsibility to be familiar with the posted information.

Special Accommodations: If you need special accommodations, please feel free to stop by and discuss your needs or contact Disability Resource Center at 309-298-2512 or disability@wiu.edu.

University values, Title IX, and other federal and state laws prohibit sex discrimination, including sexual assault/misconduct, dating/domestic violence, and stalking. If you, or someone you know, has been the victim of any of these offenses, we encourage you to report this to the Title IX Coordinator at 309-298-1977 or anonymously online at: http://www.wiu.edu/equal_opportunity_and_access/report.php. If you disclose an incident to a faculty member, the faculty member must notify the Title IX Coordinator. The complete Discrimination, Harassment, and Sexual Misconduct Policy policy is available at: <http://www.wiu.edu/policies/dhsm.php>.

TOBACCO POLICY

Tobacco use of any kind will not be tolerated in class. This includes chewing tobacco.

USE OF CELLULAR PHONES

As a courtesy to other students and to the instructor, all cell phones should be turned off prior to class. Continued disregard of this policy may result in ejection from the course. If, due to medical or public safety concerns, a student needs an exception to this policy he/she should inform the instructor prior to class. Cell phones are not be used under any circumstances on exams. **Texting** is not allowed during class and repeated violations may lead to dismissal from the course with an assigned grade of F.

IMPORTANT DATES

Sep 2	-	Last day to drop without being assessed tuition or receiving a "W" grade
Sep 5	-	Labor Day: No Class
Oct 14	-	Fall Break: No Class
Oct 30	-	Last day to drop with a "W"
Dec 12	-	Final Exam: 10:00 am –11:50 am

GRADING POLICY

The course grade will be based on the following factors, with weightings as indicated:

Exam I	20 %	A = 93% or above	C- = 70-72.99%
Exam II	20 %	A- = 90-92.99%	D+ = 67-69.99%
Quizzes	10 %	B+ = 87-89.99%	D = 63-66.99%
Homework/Project	20 %	B = 83-86.99%	D- = 60-62.99%
<u>Comprehensive Final Exam</u>	<u>30%</u>	B- = 80-82.99%	F = <60%
Total	100%	C+ = 77-79.99%	
		C = 73-76.99%	

Grade breaking points may be lowered, but in no case will they be raised. These breaking points will be evaluated only after final numerical grades have been calculated.

Attention Education Majors: The changes within the state teaching license require all education majors to receive a grade of a "C-" or better in this course in order to meet Illinois teaching license requirements. With the university +/- grading system, receiving a "D+" or below will require you to retake this course or find a substitute course to meet School of Agriculture graduation requirements.

QUIZZES

The instructor reserves the right to use both announced and unannounced quizzes. Only excused absences will be allowed to make up quizzes. Unless it is an emergency, only absences approved in advance will be excused. It is at the discretion of the instructor as to whether an absence is excused or unexcused.

HOMEWORK/PROJECT

Each student will be required to choose a particular commodity (one that is commonly traded). The student will then record (daily) the pertinent information for that commodity in Microsoft Excel. The information will be used in class discussions. Each student will prepare graphs and tables tracking movements in their chosen commodity. This information will be used to develop situation and outlook reports for the chosen commodity. More detail will be provided in class.

EXAMS

There will be two tests and one **comprehensive** final exam. Exams will consist of multiple choice, short answer, and problem solving questions. Makeup exams will only be given in extreme situations.

If a student disagrees with a particular answer, it is the student's responsibility to provide a logical reason in writing as to the reason for their disagreement. This does not apply to scoring errors. All instructors are human and occasional errors in grading will occur. Please bring any such errors to the instructor's attention immediately.

COURSE OUTLINE

Week	Start of Week	Topic/Material
Week 1	8/22/2022	Classes Begin Monday Aug 22 Course Introduction An Introduction & Overview (The Basics of Commodity Futures) Reading 1: Commodity Futures Terminology Reading 2: Interpreting Commodity Futures and Options Quotes
Week 2	8/29/2022	An Introduction & Overview (The Basics of Commodity Futures) Reading 3: Agricultural Commodity Futures Contract Specifications
Week 3	9/5/2022	Labor Day on Sept 5 - No Class/University closed Cash-Futures Basis Reading 4: An Introduction to Basis Reading 5: Using Commodity Futures as a Price Forecasting Tool
Week 4	9/12/2022	Hedging Using Futures Reading 6: Introduction to Hedging Agricultural Commodities with Futures
Week 5	9/19/2022	Hedging Using Futures Reading 7: Long Hedge Example with Futures Reading 8: Short Hedge Example with Futures
Week 6	9/26/2022	Review & Exam 1
Week 7	10/3/2022	More Hedging – Storage Decisions Pricing Concepts in Futures: Fundamentals vs. Technicals
Week 8	10/10/2022	Fundamental Analysis: Supply & Demand Oct 14: Fall Break -- No Classes
Week 9	10/17/2022	Technical Analysis
Week 10	10/24/2022	Technical Analysis – Moving Averages, Volume, & Open Interest
Week 11	10/31/2022	Psychology of the Markets, Agricultural Contracts
Week 12	11/7/2022	Review & Exam 2
Week 13	11/14/2022	Options on Futures Contracts Short & Long Hedging Using Options Reading 9: Long Hedge Example with Options Reading 10: Short Hedge Example with Options
	11/21/2022	Thanksgiving Break Nov 21-23/24-25 - No Class/University closed
Week 14	11/28/2022	Financial Futures
Week 15	12/5/2022	Advanced Futures Trading: Spreads, Swaps, etc.
Week 16	12/12/2022	Comprehensive Final Exam is 10:00 am Monday Dec 12

ACCREDITATION

The School of Agriculture is housed in the College of Business and Technology which is accredited by AACSB-International.

NOTICES

Please be advised that this syllabus is tentative. All classes are different and we may or may not be able to address all of the content areas or stick with the anticipated number of exams. Any deviations from the syllabus will be announced as soon as possible.