

ADVANCED AGRICULTURAL MARKETING
AGEC 455 - SPRING 2024
School of Agriculture – Western Illinois University

INSTRUCTOR

Dr. Jason Franken

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Office Hours: M, T, W, Th 8:00–9:00 by email or
other electronic method as needed.

CLASS TIMES AND LOCATIONS

AGEC 455 meets on M, W, F in 308 Knoblauch Hall from 12:00 – 12:50 pm

EMAILS

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

COURSE DESCRIPTION AND PREREQUISITES

Understanding cash (spot) and futures and options markets can enhance one's effectiveness in commodity marketing and procurement. This course will cover advanced futures and options trading (hedging and speculating) from both fundamental and technical analysis approaches. Prerequisite: *AGEC 447*.

TEXTS

- No text required. Supplemental readings as assigned (<http://extension.missouri.edu/p/G607>).

COURSE OBJECTIVES

AGEC 455 is an advanced course in the study of agricultural marketing with the following objectives:

1. Review terminology and institutional structure of futures and options markets.
2. To become familiar with the use of options on futures for hedging and speculation.
3. Develop awareness of current institutional and political issues relevant to agri-business.
4. Learn to conduct research in both the input and output activities of agri-business.

EXPECTATIONS OF STUDENTS

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

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>.

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 298-2512.

IMPORTANT DATES

Jan 15	-	Martin Luther King Holiday - No Classes/University Closed
Jan 29	-	Last day to drop without being assessed tuition or receiving a "W" grade
Feb 12	-	Lincoln's Birthday - No Classes/University Closed
Mar 31	-	Last day to drop with a "W"
May 6	-	Comprehensive Final Exam: 1:00 pm

GRADING POLICY

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

Exam I	25%	A = 93% or above	C- = 70-72.99%
Exam II	25%	A- = 90-92.99%	D+ = 67-69.99%
Quizzes/Homework	20%	B+ = 87-89.99%	D = 63-66.99%
Final Exam	30%	B = 83-86.99%	D- = 60-62.99%
Total	100%	B- = 80-82.99%	F = <60%
		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 Illinois State Teaching License requirements, students are required to receive a grade of a "C-" or better in this course in order to meet state requirements. With the university's +/- grading system, receiving a grade below a "C-" will require you to retake this course or find a substitute course to meet School of Agriculture graduation requirements.

QUIZZES/ HOMEWORKS/PROJECT

Quizzes are on Western Online, remain open for the semester (close at start of final exam week), and may be retaken an unlimited number of times for the highest score.

Various individual assignments will assess comprehension of key concepts.

Graduate students will have an additional project that will be worth half of the 20% weight placed on the Quizzes/Homework category noted in the Grading Policy above (10% placed on the graduate research project plus 10% placed on other homework and quizzes). Graduate level research entails complex market modeling and advanced analysis (like a regression models, factor analysis, structural equation models, etc.). More detail will be provided in class.

EXAMS

There will be two tests and a 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	1/15/2024	Martin Luther King Holiday, Jan 15 - No Classes/University Closed Course Introduction Review of futures and options markets and history Reading 1: Commodity Futures Terminology Reading 2: Interpreting Commodity Futures and Options Quotes Reading 3: Agricultural Commodity Futures Contract Specifications
Week 2	1/22/2024	Review of Cash-Futures Basis Reading 4: An Introduction to Basis Reading 5: Using Commodity Futures as a Price Forecasting Tool
Week 3	1/29/2024	Review of futures contracts for hedging and speculation Reading 6: Introduction to Hedging Agricultural Commodities with Futures Reading 7: Long Hedge Example with Futures Reading 8: Short Hedge Example with Futures
Week 4	2/5/2024	Review of hedging and speculation with options Short & Long Hedging Using Options Reading 9: Long Hedge Example with Options Reading 10: Short Hedge Example with Options
Week 5	2/12/2024	Lincoln's Birthday, Feb 12 - No Classes/University Closed Review of fundamental and technical analysis
Week 6	2/19/2024	Review & Exam 1
Week 7	2/26/2024	Advanced Futures Trading: Spreads, Swaps, etc. Spreads with Futures and Options (with a speculative mindset)
Week 8	3/4/2024	Synthetic Puts and Calls Other (Speculative) Options Trades
	3/11/2024	Spring Break, Mar 11-15 - No Class
Week 9	3/18/2024	OTC Corn Basis Swaps L19 - Advanced Trading Practice
Week 10	3/25/2024	Merchandising – basis and spread trading for risk management
Week 11	4/1/2024	Turning basis into money Spread-Type Examples
Week 12	4/8/2024	Decisions after the sale The spread's connection to basis
Week 13	4/15/2024	Managing spreads in a long-the-basis environment
Week 14	4/22/2024	Managing spreads in a short-the-basis environment Review & Exam 2
Week 15	4/29/2024	Additional Materials/Review for Final
Week 16	5/6/2024	Comprehensive Final Exam 1:00 pm Monday, May 6

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.