ADVANCED AGRICULTURAL MARKETING
AGEC 455 - SPRING 2013
School of Agriculture – Western Illinois University

INSTRUCTOR
Dr. Jason Franken
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Office Fax: 309/2980-2280
E-mail: JR-Franken@wiu.edu

Office Hours: M, T, W, TH 9:00–10:00
or by appointment

CLASS TIMES AND LOCATIONS
AGEC 455 will meet on M, W, F in Knoblauch 308 from 10:00 a.m. – 10:50 p.m.

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.

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 dismal from the course with an assigned grade of F.

TOBACCO POLICY
Tobacco use of any kind will not be tolerated in class. This includes chewing tobacco.
IMPORTANT DATES
Jan 21 - Martin Luther King Holiday - No Classes/University Closed
Jan 28 - 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: 10:00 am – 11:50 am

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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Weighting</th>
<th>A = 93% or above</th>
<th>B+ = 87-89.99%</th>
<th>C+ = 77-79.99%</th>
<th>C+ = 73-76.99%</th>
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</thead>
<tbody>
<tr>
<td>Exam I</td>
<td>25%</td>
<td>90-92.99%</td>
<td>70-72.99%</td>
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<tr>
<td>Exam II</td>
<td>25%</td>
<td>87-89.99%</td>
<td>67-69.99%</td>
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<tr>
<td>Quizzes/Homework</td>
<td>20%</td>
<td>83-86.99%</td>
<td>63-66.99%</td>
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<tr>
<td>Project</td>
<td>30%</td>
<td>80-82.99%</td>
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<tr>
<td>Total</td>
<td>100%</td>
<td>70-72.99%</td>
<td>67-69.99%</td>
<td>70-72.99%</td>
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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 certification requirements, which go into effect immediately for all of those students who graduate in the spring 2012 and after, you are required to receive a grade of a "C" or better in this course in order to meet these new requirements. With the new university +/- grading system, receiving a "C-" 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.

HOMEWORKS & PROJECT
Each student will be required to identify a topic of interest that they will research throughout the semester, culminating in a research paper and presentation. Intermediate papers and presentations throughout the semester will allow progress evaluation and feedback. More detail will be provided in class. Other assignments will be individual tasks assessing comprehension of key concepts. Assignments are due at the beginning of class. Assignments will not be accepted after the problem set has been discussed in class.

EXAMS
There will be two tests, and the final project instead of a 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

<table>
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<tr>
<th>Week</th>
<th>Start of Week</th>
<th>Topic/Material</th>
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| Week 1 | 1/14/2012 | **Classes Begin Monday Jan 14**  
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 | 1/21/2012 | **Martin Luther King Holiday, Jan 21 - No Classes/University Closed**  
Review of Cash-Futures Basis  
Reading 4: An Introduction to Basis  
Reading 5: Using Commodity Futures as a Price Forecasting Tool |
| Week 3 | 1/28/2012 | 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 | 2/4/2012 | 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  
Review of fundamental and technical analysis |
| Week 5 | 2/11/2012 | **Lincoln's Birthday, Feb 13 - No Classes/University Closed**  
Review & Exam 1 |
| Week 6 | 2/18/2012 | Advanced Futures Trading: Spreads, Swaps, etc.  
Merchandising – basis and spread trading |
| Week 7 | 2/25/2012 | Turning basis into money  
Decisions after the sale |
| Week 8 | 3/4/2012 | The spread’s connection to basis  
3/11/2012 | **Spring Break, Mar 11-15 - No Class/University closed** |
| Week 9 | 3/18/2012 | Managing spreads in a short-the-basis environment |
| Week 10 | 3/25/2012 | Managing spreads in a long-the-basis environment |
| Week 11 | 4/1/2012 | **Review & Exam 2** |
| Week 12 | 4/8/2012 | Agricultural Contracts |
| Week 13 | 4/15/2012 | Options as a pricing strategy – Synthetic puts and calls |
| Week 14 | 4/22/2012 | The Black Options Model |
| Week 15 | 4/29/2012 | Speculative Options Positions  
**Review for Final** |
| Week 16 | 5/6/2012 | **Comprehensive Final Exam 10:00 am 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.