

AGEC 421
Advanced Agricultural Marketing
Spring 2014

Instructor: Eric J. Belasco
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Office Hours: MWF 10:00am – 11:00am, and by appointment

Class Website: www.montana.edu/ebelasco/agec421

Class Hours: MWF 2:10 – 3:00pm

Room: LINH 234

Purpose of the Course:

The course provides an economic analysis of current issues in agricultural marketing including market structure, risk, futures and options markets, price forecasting, and international trade.

Upon successful completion of this course, students will be able to:

- (1) Understand some of the strategic uses of futures and options markets as a tool for hedgers, speculators, and arbitrageurs.
- (2) Understand how to incorporate risk and uncertainty concepts into price forecasting and economic theory.
- (3) Apply concepts learned in class to grain and livestock markets, farm/business operations, crop insurance, and derivative products.

Required Readings:

Will be announced in class and distributed via course webpage.

Optional Readings:

Hull, J.C. *Fundamentals of Futures and Options Markets*. 7th Ed. Prentice Hall Co. 2011 (H).

Disability Accommodations:

"Any student with a disability who needs an accommodation or other assistance in this course should make an appointment to speak with your instructor as soon as possible."

Grading:

1. Exams – There will be three midterm exams and one cumulative final. **Your lowest midterm exam grade will be dropped from your final grade.**

2. Homeworks – Homework problems will be issued throughout the class. I encourage group-work but ask that everyone turn in their own write-up. I anticipate 7 homework sets. **Your lowest homework grade will be dropped from your final grade.** Homework is intended to provide an opportunity for understanding material prior to the exams.

3. Team Presentations – More info to come...

Grading Summary:

Midterm Exams (20% each)	40%
Final Exam	25%
Homework	20%
Team Presentations	15%

	100%

Semester Calendar: (Note that this is still tentative and subject to change)

Jan 8 – Jan 17:	Introduction to Futures and Forward Markets
Jan 20:	No Class – Martin Luther King Jr. Holiday
Jan 22 – Jan 27:	Introduction to Options Markets
Jan 29 – Feb 7:	Hedging Strategies Using Futures and Options
Feb 10:	Review
Feb 12:	Exam 1
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Feb 14 – Feb 21:	Risk and Uncertainty in Grain and Livestock Markets
Feb 17:	No Class – President’s Day Holiday
Feb 24 – Mar 3:	Valuing Options / Volatility
Mar 5:	Review
Mar 7:	Exam 2
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Mar 10 – Mar 14:	No Class - Spring Break
Mar 17 – Mar 21:	Risk and Uncertainty in Economic Theory
Mar 24 – Mar 26:	Probability and Statistics
Mar 28:	No Class – Class Canceled
Mar 31 – Apr 7:	Price Forecasting
Apr 9:	Review
Apr 11:	Exam 3
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Apr 18:	No Class – University Day
Apr 14 – Apr 23:	Crop Insurance and Derivatives
Apr 25:	Review
Apr 29 (Tuesday):	Final Exam (8:00 – 9:50am)
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