

Applied Economics APEC 5010
Firm Marketing and Price Analysis
Fall Semester 2011
Room: Business 116
T R 9:00 a.m. - 10:15 a.m.

Instructor: Dillon Feuz
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Office Hours: 1:30 p.m. – 4:00 p.m. T R or by appointment

- Course Objectives:
1. The student will gain an understanding of U. S. commodity and food marketing, pricing, and regulatory institutions.
 2. The student will have a general understanding of contract markets, fundamental analysis, technical analysis, price discovery, and price determination.
 3. The student will have a general understanding of some of the principal economic influences in commodity markets.
 4. The student will have a basic understanding of some of the most critical food marketing issues of the day.

Students with Disabilities. Any student with a disability that requires accommodations must contact the instructor. The disability must be documented by the Disability Resource Center. Course material may be requested in alternative formats.

Course Text: Norwood, F. Bailey and Jayson L. Lusk. **Agricultural Marketing and Price Analysis**. Upper Saddle River, NJ: Prentice-Hall Inc. 2008.

Grading: Grading for the course will be based on the following:

Examination I 16.67%	75 pts
Examination II 16.67%	75 pts
Final Examination 33.33%	150 pts
Problems/term paper 33.33%	<u>150 pts</u>
	450 pts

	391-404 B+	346-359 C+	301-326 D+
405-450 A	373-403 B	328-345 C	270-300 D
	360-372 B-	315-327 C-	0-269 F

- Problems:** There are six separate problem assignments. The first four are worth 10 points each and the last two problems are worth 20 points each. You may work together on these if you wish, but each of you must turn in your own work.
- Term Paper:** Students will be required to submit a term paper. Option A is a report detailing their speculative trades and why they made them as related to this account. The grade for the report will not be based on success in the markets, but rather the clarity of the report and the soundness of the strategies pursued. Option B is to pick a commodity and follow it for a month and then conduct a basic price analysis for this commodity. The term paper is due at the first of class on **December 1, 2011**.
- Examinations:** There will be three examinations during the semester. The final examination will not be comprehensive. It is worth more points because there is more material covered between the second exam and the final exam than there is for the first two exams.
- Futures Trading:** Students will be given two accounts and allowed to trade \$100,000 hypothetical dollars in the futures market. One account will be used to make specific trades as part of the problems assigned. Students can also act as a producer and hedge a commodity using this account. With the other account, students are to act as speculators and buy and sell a number of different futures and options on futures contracts. As a speculator students are trying to earn the most dollars in the market.

Preliminary Course Outline and Reading Assignments (subject to change)

Date	Lecture	Text	Fact Sheets
Aug 30	Introduction to Risk		Price Determination versus Price Discovery
Sept 1	Futures Hedging	9	Introduction to Futures Markets Definition of Marketing Terms
Sept 6	Basis		Knowing and Managing Grain basis Understanding and Using Feeder and Slaughter Cattle Basis
Sept 8	Futures Hedging Problems	9	Selling Hedge with Futures Hedging of Livestock Buying Hedge with Futures
Sept 13	Options	9	Introduction to Options CME Options on Futures: The Basics
Sept 15	Option Problems	9	Hedging with a Put Option
Sept 20	Exam I		
Sept 22	Technical Analysis		Technical Analysis of Commodity Markets: Bar Charts
Sept 27	Technical Analysis		
Sept 29	Technical Analysis		Technical Analysis: Alternatives to Chart Analysis
Oct 4	Fundamental Analysis		Obtaining and Utilizing USDA Market and Production Reports Interpretation of the USDA Cattle on Feed Report
Oct 6	Post-Harvest Marketing		Post-Harvest Marketing Alternatives
Oct 11	Advanced Futures & Options		Options Tools to reduce Price Risk Grain Price Options Fence
Oct 13	Exam II		
Oct 18	About Economics	1	
Oct 20	NO Class Friday Classes		
Oct 25	Basic Price Analysis	2	
Oct 27	Advanced Price Analysis	3	
Nov 1	Advanced Price Analysis	3	
Nov 3	Agricultural Prices	5	
Nov 7	Agricultural Prices	5	
Nov 10	Empirical Ag Price Analysis	7	
Nov 15	Empirical Ag Price Analysis	7	
Nov 17	Empirical Ag Price Analysis	7	
Nov 22	Empirical Ag Price Analysis	7	
Nov 24	Thanksgiving (No class)		
Nov 29	The Food Marketing Channel	6	
Dec 1	The Food Marketing Channel	6	
Dec 6	Creative Pricing Schemes	11	
Dec 8	Creative Pricing Schemes	11	
Dec 15 (Th)	Final examination 9:30 a.m. to 11:20 a.m.		