

AGEC 321, Commodity Futures Principles

Fall 2017, Tuesdays & Thursdays 12:00-1:15 p.m., Krannert G16

Instructor

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Class Web Site: Blackboard Learn
Office Hours: After class or by appointment. You're also welcome to stop by my office at any time. If you want to make sure that I'll be available when you stop by, I recommend either sending me an email in advance or checking with my assistant, Janet Pool.

Prerequisites

AGEC 203/204 or AGECE 220

Text

There is no required text for you to purchase for this class. I will make available several readings via Blackboard during the semester for you to read and announce their availability in class.

Students are encouraged to follow the commodity markets using sources such as the *Wall Street Journal*, USDA reports, university and commercial marketing newsletters available on the Internet. **You are encouraged to routinely check Blackboard Learn prior to attending class for news about homework assignments, quizzes, and examinations.**

Objectives

Upon completing the class, you will:

1. Understand why futures contracts and commodity futures exchanges exist;
2. Understand and be able to forecast basis;
3. Understand hedging and be able to design hedging strategies for various commodity producers and users;
4. Understand both put options and call options and their potential use in a commodity risk management program.

Grading

Grades will be based on your performance on homeworks, quizzes, and exams. A total of 600 points will be available, distributed as follows:

Point Distribution: Exams - 300; Homework - 150; Quizzes - 150;

Grade Distribution: A: 90-100%; B+: 87-89.9; B: 80-86.9%; C+: 77-79.9; C: 70-76.9%;
D+: 67-69.9; D: 60-66.9%; F: <60%.

Exams

Four examinations (including the comprehensive final exam) will be given. **All students are required to take the final exam.** Total points for your exams will be computed by adding together your final exam score plus two of your best exams selected from exams I, II and III. Dropping the lowest exam grade makes it possible to cover unavoidable absences on exam day and thus **no make-up examinations will be given.**

Exam Dates

- Exam I: Tuesday, September 19, 2017 (in class)
Exam II: Tuesday, October 19, 2017 (in class)
Exam III: Thursday, November 16, 2017 (in class)
Final Exam: Required of all students. Date & location to be announced in class when published by the University Registrar.

Homeworks

Several homeworks will be assigned during the course of the semester. These will generally be short problem sets designed to reinforce material covered in lecture. The homework assignments will also be designed to serve as practice for the material covered on the quizzes and examinations. **Some of your homework will be based on participation in a simulated futures trading game conducted via the Internet. There is a \$40 fee for the trading simulation. This is required for the class and all students enrolled in the course are required to pay the fee.** Finally, scores for late assignments will be reduced at the rate of 20% for each day they are late. Note that all of your homework scores will be counted towards your final grade so it is important that you complete and turn in all homework assignments.

Quizzes

Several in-class quizzes will be given. You will be allowed to drop your lowest quiz score when computing your semester quiz point total. Dropping the lowest quiz score makes it possible to cover unavoidable absences on the day of a quiz and thus **no make-up quizzes will be given.**

Academic Honesty

University policy on academic misconduct is clear - academic dishonesty in any form is strictly prohibited. As a Boilermaker pursuing academic excellence, I pledge to be honest and true in all that I do. Accountable together - we are Purdue.

Academic integrity is one of the highest values that Purdue University holds. Individuals are encouraged to alert university officials to potential breeches of this value by either emailing integrity@purdue.edu or by calling 765-494-8778. While information may be submitted anonymously, the more information that is submitted provides the greatest opportunity for the university to investigate the concern.

Purdue University is committed to advancing the mental health and well-being of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. For help, such individuals should contact Counseling and Psychological Services (CAPS) at (765)494-6995 and <http://www.purdue.edu/caps/> during and after hours, on weekends and holidays, or through its counselors physically located in the Purdue University Student Health Center (PUSH) during business hours.

Special Needs

If you have a disability that requires academic adjustments, please make an appointment to meet with me during the first week of classes to discuss your needs. Please note that university policy requires all students with disabilities to be registered with the Disability Resource Center before classroom accommodations can be provided.