

AEB 3315 Agricultural Commodity Marketing and Risk Management Section 2145 Spring 2007

Instructor: Dr. John VanSickle
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Office Hours: Monday, Wednesday, Friday -- 10:00 - 11:00 a.m. & by appointment

Class: Monday, Wednesday and Friday - 11:45 am - 12:35 pm.
2196 McCarty Hall

Optional Texts:

Schwager on Futures: Technical Analysis. 1996. Jack D. Schwager. John Wiley & Sons, Inc., New York. ISBN: 0-471-02051-6

Commodity Trading Manual. 1998. Chicago Board of Trade. Chicago.
ISBN: 1-888998-14-8

INTRODUCTION

Course Title: Agricultural Commodity Marketing and Risk Management. 3 credits.

Course Description. We will focus our attention on the use of futures markets in trading agricultural and other commodities. We will use a commodities futures trading game (FACTSim), and you will be required to participate in homework exercises and a trading simulation using the futures market.

Course Objective: This course is intended to provide students with an understanding of the mechanics and value of futures markets for speculators and hedgers. In addition, through presentation of methods of analysis, speculating and hedging, the concepts of how these markets can be employed as tools in the management of agricultural firms of all sizes will be made clearer.

Academic Honesty: As a result of completing the registration form at the University of Florida, every student has signed the following statement: "I understand that the University of Florida expects its students to be honest in all their academic work. I agree to adhere to this commitment to academic honesty and understand that my failure to comply with this commitment may result in disciplinary action up to and including expulsion from the University." This means that all work submitted by you is your work and you will not tolerate academic dishonesty in your classmates.

WebCT:

Course materials will be available on the WebCT homepage for this course. Those materials can be obtained by accessing the homepage for WebCT at

<http://lss.at.ufl.edu>

Log in to the WebCT Campus Edition with your GatorLink ID and Password. The course should be listed if you have officially signed up for the course. Log into the course where you will find Course Materials, Homeworks and Old Exams, along with other useful materials. This site will also contain your grades for this class under MyGrades.

Grading:

Midterm (2/3, 3/10, 4/12)	50 points
Quizzes	50 points
Trading Simulation (FactSim) (4/26)	150 points
Homeworks	100 points
Final Exam (5/3)	100 points
Class Participation	<u>50 points</u>
	500 points total

Class Attendance is very important. Random rolls will be taken. Note that class participation amounts to 10% of your grade. This will make a difference in a letter grade.

I will describe the trading game as we approach that part of the class schedule. You will be required to do some simulated trading.

Class Schedule and Assignments

Material (Dates)

References

- I. Overview of Futures and Options Markets (1/10 - 2/9) **No class 1/15, 2/5**
Mechanics of Futures Trading CBOT Manual Chpts. 3-6
Homework 1 – Open Interest and Margins – 10 points – 2/2
Quiz 1 – 10 points – 2/5
- Mechanics of Options Trading CBOT Manual Chpt. 11
Homework 2 – Options Trading – 10 points – 2/9
Quiz 2 – 10 points – 2/12

Class Schedule and Assignments (Cont.)

Material (Dates)

References

II. Speculation with Futures Contracts (2/12 - 3/9)

Price Analysis: Fundamental Approach CBOT Manual Ch. 9, 12-14

Homework 3 – FactSim Account Setup – 5 points – 2/12

Homework 4 – Fundamental Analysis – 15 points – 2/16

FactSim

Homework 5 – FactSim Practice Trades – 10 points – 2/16

Price Analysis: Technical Approaches

CBOT Manual Ch 9
Schwager Ch. 2-6, 13

Homework 6 – Bar Charts – 10 points – 2/23

Homework 7 – Point & Figure Charts – 10 points – 3/5

Quiz 3 – 10 points – 3/2

Oscillators

Schwager Ch. 15

Setting Objectives

Schwager Ch. 10

Midterm – 50 points - (On or about 3/7)

Spring Break (3/10 - 3/17)

III. Hedging with Futures and Options (3/20 - 4/13)

Hedging Fundamentals

CBOT Manual Ch. 7

Homework 8 – Hedging with Futures – 10 points – 3/30

Homework 9 – Hedging with Options – 10 points – 4/16

Quiz 4 – 10 points – 4/18

IV. Advanced Options Trading (4/18 – 4/25)

Option Strategies

CBOT Manual Ch 11

Homework 10 – Trading Option Volatility – 10 points – 4/19

Last day of FactSim trading – 4/20

Quiz 5 – 10 points – 4/25

FactSim Trading Report – 150 points – 4/25

Final Exam – 100 points - (Thursday, 5/3, 12:30 a.m.)