AEB 3315 Agricultural Commodity Marketing and Risk Management
Section 8169 Fall 2014

Instructor: Dr. John VanSickle
1185 McCarty Hall
Phone: 294-7634
Email: sickle@ufl.edu

Office Hours: Monday, Wednesday, Friday -- 10:30 - 11:30 a.m. & by appointment

Class:  Monday, Wednesday and Friday - 11:45 am - 12:35 pm.
        McCarty Hall 1142

Optional Texts:

Boston. ISBN: 9780-13745631-8

Optional Text On Reserve at Marston Science Library:


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
simulation (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 speculation and hedging. 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 risk in agricultural
firms of all sizes will be made clearer.

Academic Honesty: In 1995 the UF student body enacted an honor code and voluntarily
committed themselves to the highest standard of academic honesty and integrity. When
students enroll at the University of Florida, they commit themselves to the standard
drafted and enacted by students. In their words, the Honor Code Preamble: In adopting
this honor code, the students at the University of Florida recognize that academic honesty
and integrity are fundamental values of the university community. Students who enroll at
the university commit to holding themselves and their peers to the high standard of honor
required by the honor code. Any individual who becomes aware of a violation of the
honor code is bound honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

**The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.**

On all work submitted for credit by students at the University, the following pledge is either required or implied: “On my honor, I have neither given nor received unauthorized aid in doing this assignment.” The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Moreover, any individual who becomes aware of a violation of the Honor Code is bound by honor to take corrective action.

**Student Responsibility:** Students should report any condition that facilitates dishonesty to the Instructor, Department Chair, College Dean or Student Honor Court.

**Faculty Responsibility:** Faculty members have a duty to promote honest behavior and to avoid practices and environments that foster cheating in their classes. Teachers should encourage students to bring negative conditions or incidents of dishonesty to their attention. In their own work, teachers should practice the same high standards they expect from their students.

**Administration Responsibility:** As highly visible members of our academic community, administrators should be ever vigilant to promote academic honesty and conduct their lives in an ethically exemplary manner (Source: 2010-2011 UF Undergraduate Catalog).

This policy will be vigorously upheld at all times in this course. **Instances of academic dishonesty will be reported to Student Judicial Affairs.**

**Attendance Policy:**
[https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx](https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx) UF has summarized campus-wide policies regarding attendance that cover the drop/add period, religious holidays, illness, and UF extracurricular activities, including athletics. In short, you are expected to notify the instructor prior to any absences and provide documentation when relevant. Regular attendance and positive contributions to class discussions are suggested and expected.

**UF Counseling Services:** The life of a college student can sometimes be overwhelming. Resources are available on-campus to help students manage personal issues or gain insight into career and academic goals. Students experiencing crises or personal problems
that interfere with their general well-being are encouraged to utilize the university’s various counseling resources. The following resources are available to all UF students: include:

- General Student Affairs – Dean of Students Office, 202 Peabody Hall, 392-1261 (after hours, 392-1111).
- Mental Health Consultations - University Counseling and Wellness Center, 3190 Radio Road, 392-1575 (24 hour access)
- Physical Health Consultations – Student Health Care Center, 392-1171
- Victims of Sexual Assault – Office of Victim Services, 392-5648 (after hours call 392-111)
- Career Guidance - Career Resource Center, 1st Floor, Reitz Union, 392-1602, www.crc.ufl.edu

**Students with Disabilities:** The Dean of Students Office provides individual assistance to students with documented disabilities based upon the need and impact of the specific disability. There is no requirement for a student to self-identify his/her disability. However, students requesting classroom accommodations must register with the Dean of Students Office in 202 Peabody Hall, or phone 392-1261.

**Software Use:** All faculty, staff, and students of the University of Florida are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against University policies and rules, disciplinary action will be taken as appropriate.
E-Learning:
Course materials will be available on the E-Learning homepage for this course. Those materials can be obtained by accessing the homepage for E-Learning at https://lss.at.ufl.edu/

Log in to Sakai on the E-Learning website with your GatorLink ID and Password. The course should be listed if you have officially signed up for the course. The course home page will be the location for Course Materials, Homeworks and Old Exams, along with other useful materials.

Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm</td>
<td>100</td>
<td>20%</td>
</tr>
<tr>
<td>Trading Simulation (FACTSim)</td>
<td>150</td>
<td>30%</td>
</tr>
<tr>
<td>Homeworks</td>
<td>100</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam (12/10)</td>
<td>100</td>
<td>20%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>50</td>
<td>10%</td>
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<tr>
<td></td>
<td><strong>500</strong></td>
<td><strong>100%</strong></td>
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Class Attendance is important and expected. Random rolls will be taken. Note that class attendance and participation amounts to 10% of your grade. This will make a difference in a letter grade. Course grades will be assigned according to the following scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>91% or greater</td>
</tr>
<tr>
<td>A-</td>
<td>89-90.99%</td>
</tr>
<tr>
<td>B+</td>
<td>87-88.99%</td>
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<tr>
<td>B</td>
<td>81-86.99%</td>
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<tr>
<td>C+</td>
<td>77-78.99%</td>
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<tr>
<td>C</td>
<td>71-76.99%</td>
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<tr>
<td>C-</td>
<td>69-70.99%</td>
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<tr>
<td>D+</td>
<td>67-68.99%</td>
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<td>D</td>
<td>61-66.99%</td>
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<tr>
<td>D-</td>
<td>59-60.99%</td>
</tr>
<tr>
<td>E</td>
<td>Less than 58%</td>
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</table>

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 (8/25 – 10/1) No class 9/1 (Labor Day),

- Mechanics of Futures Trading Hull Chpts. 1-2
- Homework 1 – FACTSim Account Setup – 5 points – 9/5
- Homework 2 – Open Interest and Margins – 10 points – 9/12

- Mechanics of Options Trading Hull Chpt. 9
- Homework 3 – Options Trading – 10 points – 9/26

- Bloomberg Terminal 9/24
- Homework 4 – Bloomberg Report – 10 points – 10/1

- FactSim
- Homework 5 – FACTSim Practice Trades – 10 points – 10/3

II. Speculation with Futures Contracts (10/3 – 10/27) No class 10/17 (Homecoming)

- Price Analysis: Schwager Ch. 2-6, 13, 15
- Homework 6 – Fundamental Analysis – 10 points – 10/6

- Homework 7 – Technical Tools – 10 points – 10/17

- Setting Objectives Schwager Ch. 10

Midterm – 100 points - (On or about 10/29)

III. Hedging with Futures and Options (10/31 – 11/24) No class 11/7 or 11/14

- Hedging Fundamentals Hull Ch. 3
- Homework 8 – Hedging with Futures – 15 points – 11/19
- Homework 9 – Hedging with Options – 10 points – 11/24

IV. Advanced Options Trading (11/24 – 12/8) No Class 11/26, 28 (Thanksgiving)

- Option Strategies Hull Ch 12,19
- Homework 10 – Trading Option Volatility – 10 points – 12/3

Last day of FACTSim trading – 12/1
FACTSim Trading Report – 150 points – Due 12/10
Last Class Review - 12/10

Final Exam – 100 points - (Wednesday, 12/17 3:00-5:00pm)
Name ______________________________________________ UFID# ____________

Hometown/State/Country:________________________________________________

Undergraduate Major:_________________________ University:______________

Current Major/Degree Program: __________________________________________

Agriculture/Agribusiness/Business or Internship Experience: ___________________

________________________________________________________________________
________________________________________________________________________

Career Objectives (if any): ______________________________________________

________________________________________________________________________

Goals for this Course (if any):____________________________________________

________________________________________________________________________

Hobbies: _______________________________________________________________

Which best describes your background? farm___; rural non-farm___;
urban/suburban___

Turning in this completed form is worth 10 Bonus points if turned in by August 27,
2014