

University of Arkansas
Department of Agricultural Economics and Agribusiness
Fall Semester 2016
AGEC 3373: Futures and Options Markets

Location: AFLS D115 Auditorium
Class Time: Tuesday and Thursday 2:00 – 3.15

Andrew McKenzie
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Office Hours: Tuesday and Thursday 3:30-4:30
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Teaching Assistant

Thomas Fox
Email:

Course Objectives:

- (1) To provide a basic understanding of the theory and operation of futures and options markets.
- (2) To understand how futures prices are determined.
- (3) To gain knowledge of the relationship between futures prices and cash prices of various agricultural products.
- (4) To gain a comprehensive understanding of grain merchandising.
- (5) To learn how futures and options markets can be used for forward pricing and risk management.

Course Materials:

Optional Texts:

Lorton S. and White D: The Art of Grain Merchandising Silver Edition. Stipes Publishers inc.

Course Outline:

	Approximate No. of Class Periods
1. Basics of Commodity Futures	3
2. Hedging and Basis	3
3. The theory of futures markets	2
4. Grain Merchandising	6
5. Options on Futures Contracts	8
6. Other price risk management tools	3
7. Students will participate in a daily farmer online marketing simulation called “Ag Yield” from Wednesday October 12, 2017 - Thursday November, 17 th .	

Course Evaluation:

There will be three mid-term exams.

The Final Exam will be comprehensive.

Three mid-term exams 66%

Final exam 34% Thursday, December 17, 1 – 3pm, AFLS 107E

Students are required to take all exams and any make-up exams will only be given if the student can provide a valid excuse letter for missing an exam, e.g. a doctor’s note.

Students are also required to actively participate in “Ag Yield” simulator and points may be deducted from final grade for lack of participation.

Grading:

90 – 100 = A

80 – 89 = B

70 – 79 = C

60 – 69 = D

< 60 = F

Students with Learning Disabilities:

Students who have learning disabilities will be accommodated as indicated by the campus policy on disabilities. Students with learning disabilities are urged to confer with me as early in the semester as possible to arrange appropriate accommodation. It is the student's responsibility to initiate this contact.

Inclement Weather Policy:

If the university is open but the Fayetteville school system is closed, we will not have class. If both the university and the Fayetteville school district are open, class will be held as scheduled. However, each student must assess their own personal risk of coming to campus and moving around on campus. If there is inclement weather and the student believes it is unsafe for them to come to campus, then they should not come to campus. No assignment would be graded down in such a case and an exam would be re-scheduled. During inclement weather I will try to communicate with students via e-mail.

Plagiarism:

As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail.

To avoid plagiarism, students must clearly understand their professors' expectations for academic integrity. Students also must understand the rules and regulations in the university code. We encourage students to read the *Catalog's* entire section on Academic Integrity, pages 401-04. In this part of the handout, we highlight a few important areas of the code related to plagiarism.

As defined under Level One Violations, plagiarism includes the submission of a paper without proper attribution for sources used in the paper. So, if your paper on global warming incorporates ideas from Al Gore's book, but you don't provide citations in the text for Mr. Gore's ideas, and you fail to document the use of his book in your bibliography, then your lack of attribution is a Level One Violation. Students should also take care to read the final sentence in the "plagiarizing" passage of the Academic Integrity Policy: students are warned that it is *their* responsibility to "understand the methods of proper attribution" and to provide attribution in all papers submitted. Ignorance of proper methods of attribution is not an acceptable defense against a plagiarism allegation."

From: <http://elc.uark.edu/qwc/wp-content/uploads/2009/09/08-Avoiding-Plagiarism.pdf>
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EMERGENCY PROCEDURES

Many types of emergencies can occur on campus; instructions for specific emergencies such as severe weather, active shooter, or fire can be found at [**emergency.uark.edu**](http://emergency.uark.edu).

Severe Weather (Tornado Warning):

- Follow the directions of the instructor or emergency personnel
- Seek shelter in the basement or interior room or hallway on the lowest floor, putting as many walls as possible between you and the outside
- If you are in a multi-story building, and you cannot get to the lowest floor, pick a hallway in the center of the building
- Stay in the center of the room, away from exterior walls, windows, and doors

Violence / Active Shooter (CADD):

- **CALL-** 9-1-1
- **AVOID-** If possible, self-evacuate to a safe area outside the building. Follow directions of police officers.
- **DENY-** Barricade the door with desk, chairs, bookcases or any items. Move to a place inside the room where you are not visible. Turn off the lights and remain quiet. Remain there until told by police it's safe.
- **DEFEND-** Use chairs, desks, cell phones or whatever is immediately available to distract and/or defend yourself and others from attack.

Note: This document is the proposed syllabus as of August 22, 2016. Any changes will be announced in class during the semester.