

University of Arkansas
Department of Agricultural Economics and Agribusiness
Fall Semester 2019
AGEC 4383: Basis Trading: Case Study

Location: Agri 115

Andrew McKenzie
Office: 224B Agriculture Building
Office Hours: 9am – 4pm Mon, Wed, Fri
Phone: 575 2544
Email: mckenzie@uark.edu

The course will be co-taught with an expert grain merchant:

Scott Hardy
Email: hardy@ascapply.org
Cell: 417-342-7117

Course Objectives:

This course focuses on building the skills of an active merchant. How do you go about making the daily basis trading decisions? When are you long-the-basis, when are you short-the-basis...how do you trade multiple positions at the same time? What about managing spreads...there's more to it than just setting the spread

The instructional part of the class is delivered in 9 topic installments and is accessed on-line through pre-recorded videos. Students are required to turn in assignments on topic due dates. We will also have in class meetings which will take place throughout the semester (see dates for class meetings). The purpose of the in-class meetings is to discuss the completed assignments.

Students will submit their assignments as email attachments to mckenzie@uark.edu or as hardcopies in Dr. McKenzie's office box slot by noon on due dates.

During all class times not listed on syllabus for class meetings students can meet with me in my office to discuss assignments.

Course Materials:

Required Text: *The Art of Grain Merchandising*. Silver Edition. Authors: Lorton S. and White D. Published by: Stipes Publishing Company ISBN 978-1-58874-955-0
Available for purchase at www.whitecommercial.com. Cost \$100

Optional resources: <https://theelevatorsclub.podbean.com/>

Pre-Requisites: AGEC 3373 Introductory Futures and Options and AGEC 4373 Basis Trading: Applied Risk Management

Course Outline:**Due Dates**

Topic 1: Big Picture Look at Basis, Spreads and How You Fit into the Mix	Wed Sep 4
Topic 2: Forming an Opinion of the Basis	Mon Sep 9
Topic 3: A Focus on Selling	Mon Sep 16
Topic 4: Getting Comfortable with the Role of Offer Maker	Mon Sep 23
Topic 5: Expanding Opportunities after a Sale is made	Mon Sep 30
Topic 6: Planning for Spreads	Mon Oct 14
Topic 7: Managing Spreads	Mon Oct 28
Topic 8: Short-the-Basis Merchandising	Mon Nov 11
Topic 9: Short-the-Basis Spread Management	Wed Nov 15

Class Meetings

Wed Sep 4	Tracy Henkel Grain Merchandising Specialist, White Commercial, Wisconsin
Wed Sep 11	
Wed Sep 18	Brett and Austin Glendenning, Glendenning Grain, Stillman Valley, Illinois
Wed Sep 25	Onsite visit to Tyson Foods Commodity Purchasing Division, Springdale, Arkansas
Wed Oct 2	
Wed Oct 16	
Fri Oct 18	
Wed Oct 30	
Fri Nov 1	Shelby Janz, Operations and Origination, Cain Agra, Lake Village, Arkansas
Wed Nov 13	
Wed Nov 20	

Course Evaluation:

100% of Students' course grade will be based upon topic assignments and in-class discussion of topic assignments. Each topic covered in the course outline will have a graded assignment. Each assignment will receive a letter grade and the overall course grade will be based upon an average of the topic assignment grades.

Note that students will be required to attend in-class discussions of assignments and points may be deducted from assignment grades for non-attendance or lack active 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:

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> (page 1)

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.

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 its 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 26, 2019. Any changes will be announced in class or by email during the semester.