AG ECON 421: Advanced Commodity Marketing  
Department of Agricultural Economics  
Purdue University  
Spring 2020, 3:00-4:15pm TR

Professor: Dr. Mindy L. Mallory  
Course Location: G002 Krannert Building  
Office: 639 Krannert Hall  
Office Hours: F 10-12pm  
Course Website: Blackboard  
Email: mlmallor@purdue.edu

Course Description

In this course you will learn what drives prices in commodity markets. We will first learn fundamental supply and demand characteristics of key commodity markets like corn, soybeans, wheat, and livestock. These fundamental characteristics drive how we approach price analysis and determine the key features we need to understand current prices and forecast future prices. Considerable time will be spent introducing the student to important sources of information (from the United States Department of Agriculture, e.g.) that is critical to market participants. Also, students will follow market analysis produced by academic economists, commercial grain handlers, professional brokers, market advisors, and proprietary traders and others to gain an understanding of who does commodity price analysis professionally, and how they implement the topics in this course to their professional activities on a daily basis.

At the beginning of each class, we will discuss the latest developments in Corn, Soybean, Wheat, Cattle, and Hogs markets.

Tuesdays

On Tuesdays we will have a typical lecture/discussion style class session.

Thursdays

Thursdays we will hold lab-style sessions where we will recreate and/or extend (in Excel) analysis from the readings. The purpose of this is to sharpen your skills as a commodity analyst, and to put power skills in Microsoft Excel to work in a real-world setting. If you bring a laptop on Thursdays you will often finish the weekly assignment in class.

Course Objectives

Upon completing the course students will be able to:
1. state the seasonal production cycle of corn, soybeans, and wheat in the U.S. and in major commodity producing countries.
2. state the significance of fixed biological factors such as planting time, weather, and harvest conditions on commodity prices.
3. determine when important information is scheduled to arrive publicly to market participants from the USDA and other sources.
4. communicate the effect of the announced information to the market and future prices.
5. develop fundamental price models based on balance sheets.
6. develop models for forecasting ending stocks, supply, and use of commodities.
7. develop forecasting models based on futures prices using time-series techniques.

Required Text

Readings from texts and web sources will be assigned and distributed as needed. Primary readings can be found on the web at http://mindymallory.com/PriceAnalysis/.

Other Texts and Resources for Market Commentary

Center for Commercial Agriculture: Purdue’s extension outlet focused on producers in commercial agriculture. The center puts out webinars, commentary, and tools for the benefit of commodity producers facing complex decision problems in uncertain global markets.

Farmdoc Daily: Main extension communication by the department of ACE. The stuff by Darrel Good (now Todd Hubbs) and Scott Irwin about commodity prices is good as gold.

AgManager.Info: Extension presence of Kansas State University’s Ag Econ department. There is really good information here as well.

Homework

Most homework will be collected in the form of students turning in their completed Excel lab exercises that we work through together on Thursday class sessions. Typically, we will have one homework per week, due Sunday evenings at 11:59pm. We will usually get through the whole thing during our Thursday class session, but occasionally you will need to finish a few steps after class on your own.

Late homework assignments will be penalized with a 10% reduction (out of 100% for the assignment) per day.
Midterm Exams

There will be three midterm exams held February 14th, March 26th, and April 30th during normal class time in the usual lecture location. If you need to miss one of our exam dates do to an approved University activity, please notify me as soon as possible. If you miss an exam due to a sudden illness or emergency contact me as soon as you are aware you cannot make the exam. You are responsible to bring a calculator to exams. Use of a cell phone calculator will not be allowed. Students will take exams with old fashioned paper and pencil during the regularly scheduled class time and location.

Final Exam

There will be no traditional final exam.

Final Projects

Detailed information about the final projects can be found on Blackboard under Final Projects. This will entail an outlook report due on April 30th.

Grades

Homework ........................................19%
Midterm Exams.................................72% (24% for each Midterm Exam)
Final Project.....................................9%

Total..................................................100%

Contacting the Professor with Questions

I welcome questions related to exams, as long as they are made prior to 24 hours before the exam. After that I will not answer email questions or discussion board questions related to the exam. Study early. Study often.

Honor Code and Academic Integrity

Academic integrity is one of the highest values that Purdue University holds. Individuals are encouraged to alert university officials to potential breaches 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. Please visit this link for details.

https://www.purdue.edu/odos/osrr/academic-integrity/index.html
Disability Accommodations

Purdue University strives to make learning experiences as accessible as possible. If you anticipate or experience physical or academic barriers based on disability, you are welcome to let me know so that we can discuss options. You are also encouraged to contact the Disability Resource Center at: drc@purdue.edu or by phone: 765-494-1247. Please visit https://www.purdue.edu/drc/about/our-process.php for more information.

Nondiscrimination

Purdue University is committed to maintaining a community which recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her own potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life. Purdue’s nondiscrimination policy can be found at http://www.purdue.edu/purdue/ea_eou_statement.html.

Mental Health

If you find yourself beginning to feel some stress, anxiety, and/or feeling slightly overwhelmed, try WellTrack, https://purdue.welltrack.com/ Sign in and find information and tools at your fingertips, available to you at any time.

If you need support and information about options and resources, please see the Office of the Dean of Students, http://www.purdue.edu/odos, for drop-in hours (M-F, 8 am- 5 pm). • If you’re struggling and need mental health services: 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 mental health support, services are available. For help and to speak with a clinician, contact Counseling and Psychological Services (CAPS) at (765)494-6995 or by going to CAPS’ office on the second floor of the Purdue University Student Health Center (PUSH). For urgent situations after hours, on weekends and holidays, call (765)494-6995 to speak with a clinician. Please see http://www.purdue.edu/caps/ for further information.
Lauren’s Promise

I will listen and believe you if someone is threatening you.

Lauren McCluskey, a 21-year-old honors student athlete, was murdered on Oct. 22, 2018, by a man she briefly dated on the University of Utah campus. We must all take actions to ensure that this never happens again.

If you are in immediate danger, call 911.

If you are experiencing sexual assault, domestic violence, and stalking, please report it to me and I will connect you to resources or call the National Alternatives to Violence at 877-334-2887 (24-hour crisis hotline).

- **National Resources for Domestic Violence, Sexual Assault, and Stalking:**
  - RAINN (Rape, Abuse & Incest National Network): 1-800-656-HOPE (4673) and [https://www.rainn.org/](https://www.rainn.org/)
  - Victim Connect Resource Center: 1-855-484-2846 and [https://victimconnect.org/](https://victimconnect.org/)
  - Love is Respect – National Dating Abuse Hotline: 1 (866) 331-9474
    - Text: 22522 and [https://www.loveisrespect.org/](https://www.loveisrespect.org/)
  - Anti-Violence Project Hotline: 212-714-1141 and [https://avp.org/get-help/](https://avp.org/get-help/)

Emergency Preparedness

EMERGENCY NOTIFICATION PROCEDURES are based on a simple concept – if you hear a fire alarm inside, proceed outside. If you hear a siren outside, proceed inside.

- Indoor Fire Alarms mean to stop class or research and immediately evacuate the building.
  - Proceed to your Emergency Assembly Area away from building doors. Remain outside until police, fire, or other emergency response personnel provide additional guidance or tell you it is safe to leave.
- All Hazards Outdoor Emergency Warning Sirens mean to immediately seek shelter (Shelter in Place) in a safe location within the closest building.
  - “Shelter in place” means seeking immediate shelter inside a building or University residence. This course of action may need to be taken during a tornado, an active threat including a shooting or a release of hazardous materials in the outside air. Once safely inside, find out more details about the emergency*. Remain in place until police, fire, or other emergency response personnel provide additional guidance or tell you it is safe to leave.

*In both cases, you should seek additional clarifying information by all means possible…Purdue Emergency Status page, text message, Twitter, Desktop Alert, Albertus Beacon, digital signs, email alert, TV, radio, etc.…review the Purdue Emergency Warning Notification System multi-
communication layers at http://www.purdue.edu/ehps/emergency_preparedness/warning-system.html

EMERGENCY RESPONSE PROCEDURES:
- Review the Emergency Procedures Guidelines
  https://www.purdue.edu/emergency_preparedness/flipchart/index.html
- Review the Building Emergency Plan (available on the Emergency Preparedness website or from the building deputy) for:
  - evacuation routes, exit points, and emergency assembly area
  - when and how to evacuate the building.
  - shelter in place procedures and locations
  - additional building specific procedures and requirements.

EMERGENCY PREPAREDNESS AWARENESS VIDEOS
"Run. Hide. Fight.®" is a 6-minute active shooter awareness video that illustrates what to look for and how to prepare and react to this type of incident. See:
https://www.youtube.com/watch?v=5mzI_5aj4Vs (Link is also located on the EP website)

MORE INFORMATION Reference the Emergency Preparedness web site for additional information: https://www.purdue.edu/ehps/emergency_preparedness/
### Tentative Schedule:

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<th>Chapter Topic</th>
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<th>Lab Topic</th>
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<td>Jan 16</td>
<td>Lab for Chs 1, 2, and 3</td>
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<td>2</td>
<td>21-Jan</td>
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<td>Chapter 5 Prices over Space and Time</td>
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<td>Chapter 14</td>
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<td>31-Mar</td>
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<td>Chapter 17 Crude Oil and the Crack Spread</td>
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<td>Review</td>
<td>30-Apr</td>
<td>Midterm 3 Final Projects Due</td>
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