

Agricultural and Consumer Economics 427
Commodity Price Analysis
Spring 2017

Professor

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Teaching Assistant

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Office Hours

My office hours will be 11-12 am Monday, Wednesday, and Friday (after class). I try to make myself as available as possible during other times. You are welcome to stop by. However, it is best to make an appointment by phone or email.

Course Times

10:00-10:48 am Monday, Wednesday, and Friday in room 132 Bevier.

Course Overview

Commodity prices are important economically because they strongly influence farm income, consumer expenditures, and in many countries, the level of export earnings. For nearly half of the world's population, their income is determined primarily by the price received for commodities. In addition, tremendous resources, both in the private and public sector, are devoted to analyzing and forecasting commodity prices.

The purpose of this course is to provide a comprehensive and in-depth survey of commodity price analysis. Analytical techniques and practical applications are emphasized. Finally, to emphasize the relevance of commodity price analysis and to spark student interest, the subject is considered largely from the perspective of forecasting.

Teaching Methods

A variety of teaching methods will be used in the course. These include: 1) lecture by the instructor, 2) individual and group in-class discussion, 3) individual and group in-

class exercises, 4) guest lectures, 5) homework, and 6) examinations. There also will be an emphasis on "real-world" perspectives, so we will have a number of guest speakers during the semester.

Teaching Objectives

As the instructor, I will strive to:

- present clear course objectives,
- be prepared,
- convey a sense of priority by identifying important material,
- present the material in an organized, understandable manner, and lecture at a comfortable rate in order to achieve a basic level of knowledge,
- give adequate time for students to complete assignments and remind students of due dates,
- explain homework assignments thoroughly,
- give fair exams and grade in a fair and consistent manner,
- be accessible to students outside of class,
- be understanding and helpful when students are uncertain of the material,
- be open to questions and encourage group discussions, and
- keep the class upbeat, enthusiastic, and fun.

Course Website

The website for this course can be accessed by visiting the *Compass* site at <http://compass2g.illinois.edu>. In addition to announcements and copies of homework assignments, pdf files of class lecture notes will be available at the website. I will try to have these available about a week in advance of a lecture. However, no guarantees!!

Please note that the students are required to bring a copy of the lecture notes with them to class.

Required Readings

Required readings will be available for download from the web. Optional readings also may be recommended throughout the semester.

Homework

There will be 4-5 homework assignments during the semester. Some assignments will be more analytically-oriented, emphasizing statistical concepts, while others will emphasize the use of sample data and application of forecasting methods. All will involve fairly intensive use of the *Excel* spreadsheet program. **Students are expected to do the assignments individually except if groups are explicitly assigned.** To assist students with each of the homework assignments, an optional help session will be held. Dates for these help sessions will be announced in class when an assignment is handed out.

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

iClicker Questions and Attendance

The iClicker system will be used to record answers to questions during lecture. You are expected to bring your iClicker with you every day to class, except on exam days. The iClicker questions will be multiple choice questions. **In addition, iClicker fraud will be monitored. There are no excused absences for daily iClicker questions. However, three absences per student will be dropped for iClicker questions when computing final grades for the course.**

Attendance is expected (and hopefully beneficial). **Note that in-class iClicker questions and exercises are worth 10% of your grade.** If you are unable to attend class, make sure you obtain lecture notes and any handouts from someone, since materials may be covered that are not in the readings.

Cell phones, tablets, or laptops may not be used during class except for viewing class notes or webpages being shown by the lecturer. I will not hesitate to ask someone to stop using these devices during lectures. It is not unreasonable for me to expect you to pay attention in class. So please turn off your phone when class begins.

Quizzes

Quizzes will be given during several non-exam weeks, generally on Friday. Some quizzes may be given on Monday or Wednesday, depending on the class schedule. The quizzes will take only 10-15 minutes and are designed to be similar to the type of questions asked on class examinations. **If a student has an excused absence, a quiz must be made up before the next class period if feasible. In addition, the lowest quiz score will be automatically dropped when computing final grades for the course.**

Examinations

There will be two exams during the semester and a final examination at the end of the course. The two exams during the semester will be about 55 minutes in length and will not be cumulative. The final will be comprehensive. All exams consist of true/false, multiple choice, and problem/short essay questions. Copies of old exams are not available, as students are required to return graded exams to me immediately after they are handed back and discussed in class. I do my best to return and discuss examinations in the class period following the exam period. Students may review their graded exams during the semester in my office.

The **tentative** schedule of examinations is as follows:

Exam 1..... Friday, February 17th
Exam 2..... Friday, April 7th
Final.....Friday, May 12th (1:30-4:30pm)

Advance notification is required if an exam will be missed. If advance notification is not given, the student will automatically receive a score of zero on the exam.

Please bring a calculator to exams (yes, the old fashioned kind). Cell phones, tablets, or laptops may not be used during examinations. Please note this policy. In addition, no one is allowed to leave the examination unless there is a medical emergency

There will also be a help session scheduled outside of regular class hours before Exam 1, Exam 2 and the Final.

Absences

[Section I-501 of the University of Illinois Student Code](#) states the following:

- a) Regular class attendance is expected of all students at the University.
- b) Excused absences include those resulting from:
 - 1) illness, death in the family or other emergency, or other reasons beyond the student's control, and
 - 2) a student's religious beliefs, observances, and practices; and
 - 3) a student serving as a volunteer emergency worker, as defined in the Volunteer Emergency Worker Protection Act.
- c) Instructors must reasonably accommodate students whose class absence resulted from formal participation in scheduled activities of officially recognized group such as athletic teams, performing groups and the Urbana-Champaign Senate.
- d) For excused absences, the student must provide an explanation to the instructor and supply supporting evidence as required by the instructor. The student must make arrangements with the instructor to make up missed work expeditiously.

These policies will be followed to the letter in this course. Please give as much advance notice as possible about absences.

Grading

The course grade will be based on the following weights:

Exams during Semester (2 @ 20%)	40%
Final Examination	30%
Quizzes	5%
Homework	15%
In-Class iClicker Questions and Exercises	10%

If you disagree with a grade on a quiz, exam, the final, or a homework assignment, written justification shall be submitted to the instructor.

Final Grading Scale:

A+	96.7 - 100	C+	76.7 - 79.9
A	93.3 - 96.6	C	73.3 - 76.6
A-	90.0 - 93.2	C-	70.0 - 73.2
B+	86.7 - 89.9	D+	66.7 - 69.9
B	83.3 - 86.6	D	63.3 - 66.6
B-	80.0 - 83.2	D-	60.0 - 63.2
		F	59.9 and below

There may be a curve depending on the overall performance of the class.

Academic Integrity

The University of Illinois at Urbana-Champaign Student Code should also be considered as a part of this syllabus. Students should pay particular attention to Article 1, Part 4: Academic Integrity. Read the Code at the following URL: <http://studentcode.illinois.edu/> .

Academic dishonesty may result in a failing grade. Every student is expected to review and abide by the Academic Integrity Policy: <http://studentcode.illinois.edu/>. Ignorance is not an excuse for any academic dishonesty. It is your responsibility to read this policy to avoid any misunderstanding. Do not hesitate to ask the instructor(s) if you are ever in doubt about what constitutes plagiarism, cheating, or any other breach of academic integrity.

Students with Disabilities

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the as soon as possible. To insure that disability-related concerns are properly addressed from the beginning, students with disabilities who require assistance to participate in this class should contact Disability Resources and Educational Services (DRES) and see the instructor as soon as possible. If

you need accommodations for any sort of disability, please speak to me after class, or make an appointment to see me, or see me during my office hours. DRES provides students with academic accommodations, access, and support services. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TDD), or e-mail a message to disability@uiuc.edu. <http://www.disability.illinois.edu/>.

Emergency Response Recommendations

Emergency response recommendations can be found at the following website: <http://police.illinois.edu/emergency-preparedness/>. I encourage you to review this website and the campus building floor plans website within the first 10 days of class. <http://police.illinois.edu/emergency-preparedness/building-emergency-action-plans/>.

Family Educational Rights and Privacy Act (FERPA)

Any student who has suppressed their directory information pursuant to Family Educational Rights and Privacy Act (FERPA) should self-identify to the instructor to ensure protection of the privacy of their attendance in this course. See <http://registrar.illinois.edu/ferpa> for more information on FERPA.

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Course Outline

Lecture 1: Introduction to Commodity Price Analysis and Forecasting

Lecture 2: The New Era of Grain Prices

Lecture 3: Chart Analysis and Random Walks

Lecture 4: The Balance Sheet Approach to Fundamental Analysis of Crops

Lecture 5: Economic Data and Graphing

Lecture 6: Statistics Review and Trend Models

Lecture 7: Forecasting Crop Prices Using Ending Stock Models

Lecture 8: Forecasting Crop Prices Based on Futures Prices

Lecture 9: Forecasting the Supply of Crops

Lecture 10: Market Reaction to Crop Reports

Lecture 11: Forecasting the Use of Crops

Lecture 12: Market Efficiency and Fundamental Analysis