



Agricultural Economics 3251

## Agricultural Prices

Fall 2010; 3 credit hours

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E-mail or call instructor to set up an appointment.

### Schedule

Lectures and discussion on Tuesdays and Thursdays 11:00 a.m.-12:15 p.m. in Mumford Hall 133. Lab (work) sessions on Wednesdays 1:00-1:50 (group A) and 2:00-2:50 (group B) in Middlebush Hall 7.

This course uses Blackboard: <http://bblearn.missouri.edu>

### Prerequisites

Students enrolled in this course should have taken and passed the courses below (or received instructors' explicit permission to take the course). Students are expected to have sufficient knowledge in microeconomic theory and statistical analysis.

AGEC 1041 Applied Microeconomics

AGEC 1042 Applied Macroeconomics

AGEC 2123 Mathematics for Agricultural Economists or MATH 1320 Elements of Calculus

AGEC 2225 Statistical Analysis or STAT 2500 Introduction to Statistics and Probability

### Course Overview and Purpose

This course provides an introduction to and a detailed analysis of the quantitative determination of prices for agricultural commodities. Students learn to calculate variations in prices of agricultural products and identify underlying factors that have an impact on those variations. They also learn to analyze historical price data and forecast prices based on price information.

The course is based on economics and statistics concepts and applies this knowledge on real data in order to do hands-on analysis of current prices, analyze price fluctuations, and estimate future prices. Students will perform their own analyses throughout the semester in the form of homework assignments and a term paper analyzing and collecting real data using primarily Microsoft Excel 2007.

The course is divided into five sections and *exams will cover sections 1 and 2, 3, and 4, respectively.*:

- |   |  |
|---|--|
| 1. Demand and Supply Analysis           | Ferris, chapters 2-3                       |
| 2. Statistical Concepts                 | Hon, chapters 1-5; (Goodwin, chapters 4-5) |
| 3. Measuring Demand                     | Ferris, chapters 3-5                       |
| 4. Measuring Supply                     | Ferris, chapter 6                          |
| 5. Demand-Supply Models and Forecasting | Ferris, chapters 7, 9                      |

## Course Objectives

Learners partaking in this course will throughout course discussions demonstrate that they can:

1. Understand and use microeconomic concepts in analysis of real world problems;
2. Perform statistical analysis of quantitative price and quantity data;
3. Evaluate current and historical prices based on theoretical understanding of the market; and
4. Identify causes of and problems in determining and, especially, forecasting market prices

## Assignments and examinations

This is a 3000-level course with a focus on applied work using concepts learned in previous course work (see prerequisites), which means learners are *expected* to read course literature well in advance as well as review previous courses to the extent necessary to understand the application of those concepts.

Your grade will depend on your homework assignments, exams, and quality of your term paper. The in-class exams are in traditional format including e.g. essay and multiple choice questions whereas homework assignments and the term paper *should be written as a report to your manager*. There will be penalties for not formatting assignments and paper as reports. A report is a brief, to the point analysis with focus on your interpretation and – especially – conclusions. The textbook is for learning concepts so that you have minimum qualifications to write a report.

**Note that the report is supposed to satisfy your manager’s need for short facts on which to base a business decision. Make short and clear points, and illustrate with graphs to support your analysis and conclusions. It is your task to make your view both easy to understand and believable.**

**Imagine your analysis is the basis for making business decisions for a large investment firm – a bad or sloppy analysis may mean losses of millions of dollars. Ask yourself these questions: Am I confident in my analysis? Is this the best recommendation I can make? Have I made it believable to a third party? Have I supplied all supporting information and data necessary and is everything in my report *relevant*?**

Your grade depends on:

|                              |                    |
|------------------------------|--------------------|
| Homeworks (6)                | 250 points         |
| Exams (2)                    | 500 points         |
| Term paper                   | 250 points         |
| <b>Total points possible</b> | <b>1000 points</b> |

There are two in-class midterm exams and one final exam. *Your two best scores count*, so if you make the most of the first two you may skip the final exam. There will be **NO MAKE UP EXAMS**.

*Turn in your assignments on time!* Half of the available points will be taken off your grade if you turn in your assignment after deadline and less than 24 hours late. Grades will then be reduced an additional 10% for each day an assignment is submitted past the due date without prior approval. Late submission of the term paper is unacceptable, and therefore the grade *F* will be awarded your paper if submitted after deadline.

## Course Structure and Readings

This course utilizes a book, which is available in the MU Bookstore, and the first five chapters from a book available online.

### Required book:

Ferris, John. 2005. *Agricultural prices and commodity market analysis*. Michigan State University Press.

### Recommended books:

Goodwin, John W. 1994. *Agricultural price analysis and forecasting*. New York: John Wiley & Sons.

Hon, Keoni. *An Introduction to Statistics*. Available at no charge in PDF format here:

[http://www.artofproblemsolving.com/LaTeX/Examples/statistics\\_firstfive.pdf](http://www.artofproblemsolving.com/LaTeX/Examples/statistics_firstfive.pdf)

The tentative schedule is as follows:

| <u>Week of</u> | <u>Section / Readings</u>                         | <u>Instructor</u> |
|----------------|---|-------------------|
| 8/23           | 1   | Mario Mondelli    |
| 8/30           | 1   | Mario Mondelli    |
| 9/6            | 2   | Per Bylund        |
| 9/13           | 2   | Per Bylund        |
| 9/20           | 2   | Per Bylund        |
| 9/23           | <b>Exam 1</b>                                     |                   |
| 9/27           | 3   | Per Bylund        |
| 10/4           | 3   | Per Bylund        |
| 10/11          | 3   | Per Bylund        |
| 10/18          | 3   | Per Bylund        |
| 10/25          | 3   | Per Bylund        |
| 10/28          | <b>Exam 2</b>                                     |                   |
| 11/1           | 4   | Mario Mondelli    |
| 11/8           | 4   | Mario Mondelli    |
| 11/15          | 5   | Mario Mondelli    |
| 11/22          | <i>Thanksgiving break</i>                         |                   |
| 11/29          | 5   | Mario Mondelli    |
| 12/6           | 5   | Mario Mondelli    |
| 12/9           | <i>Reading Day – prepare for your final exam!</i> |                   |
| 12/13          | <b>Final Exam, 10:30-12:30</b>                    |                   |

## Attendance and participation

You are expected to attend and participate in, as well as prepare for, *all* lectures, work sessions, and class discussions. In accordance with University of Missouri policy, there are no excused or official

absences; contact the instructor prior to the scheduled class session in case of illness, emergency, or if special circumstances arise.

The instructors reserve the right to dismiss/drop students from this course in case of excessive absenteeism and/or failure to submit assignments.

### **University of Missouri and CAFNR Academic Policy Statements and ADA Statement**

If you anticipate barriers related to the format or requirements of this course (i.e. if you need accommodations because of a disability), if you have emergency medical information to share with the instructors, or if you need special arrangements in case the building must be evacuated, please inform the instructors immediately. Please see either of us privately after class, or at our office.

If disability related accommodations are necessary (e.g., a note taker, extended time on exams, captioning), please register with the Office of Disability Services, <http://disabilityservices.missouri.edu>, S5 Memorial Union, 882-4696, and *then* notify the instructors of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on “Disability Resources” on the MU homepage.

### **Statement for Intellectual Pluralism**

The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair or Divisional leader or Director or the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

### **Academic Integrity**

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor. For an online version of the official rules and regulations at the University of Missouri, refer to the *M-Book Online* at <http://studentlife.missouri.edu/mbook.php>

### **CAFNR Diversity Statement**

We aspire to build a community where diversity is embraced through educational and program excellence. Which will lead to: Respect for others, awareness of choices, variety of experiences, understanding of issues, and a community where we all feel safe to cross boundaries.