



South Central College

AGEC 2400 Commodity Marketing Principles

Course Outcome Summary

Course Information

Description	This course covers the principles of agricultural commodity marketing, including cash, forward, futures, and options contracts. Economic impacts on supply, demand, and equilibrium pricing for commodities will be explored. Students will participate in simulated marketing transactions and track local and terminal market pricing. (Prerequisite: AGEC 1100)
Total Credits	3
Total Hours	48

Types of Instruction

Instruction Type	Credits/Hours
Lecture	3/48

Pre/Corequisites

AGEC 1100

Institutional Core Competencies

Critical and Creative Thinking - Students will be able to demonstrate purposeful thinking with the goal of using a creative process for developing and building upon ideas and/or the goal of using a critical process for the analyzing and evaluating of ideas.

Course Competencies

1. Identify contract specifications of major agricultural commodities.

Learning Objectives

Explore CME Group specifications of corn, soybeans, wheat, live cattle, lean hogs, fluid milk, and other important commodities.

Analyze the reasons (storability, tradeability, and liquidity) various specifications were selected from a historical and modern perspective.

2. Explain the processes that lead to price discovery in local and terminal commodity markets.

Learning Objectives

Graph shifts in supply and demand of commodities to identify changes in short term equilibrium price.

Use cobweb theory to predict long term equilibrium price.

Utilize the concepts of arbitrage and carry to explain differences in prices over time and place.

3. Compare and contrast marketing alternatives, including cash, forward, future, and option contracts.

Learning Objectives

Determine pros and cons of each marketing alternative under differing weather, supply, demand, and other contexts.

Calculate profit and loss of marketing alternatives; including profit potential of short hedges, long hedges, put options, and call options.

4. Define and apply commodity marketing terminology and concepts.

Learning Objectives

Practice simulated market transactions using correct market terminology.

Justify marketing decisions based on trends and analysis.

5. Identify differences between various terminal markets and various types of traders.

Learning Objectives

Compare and contrast major global terminal commodity markets.

Compare and contrast different types of traders.

Compare and contrast intracommodity, intercommodity, crush, and cross hedging.

6. Critically analyze liquidity, loan, tax, and legal obligations associated with marketing in a production agricultural setting.

Learning Objectives

List the characteristics of a production hedge versus a speculative trade.

Determine when a farmer should postpone commodity marketing until the next fiscal year.

Identify important legal considerations of commodity marketing.

7. Identify differences in fundamental and technical analysis.

Learning Objectives

Define fundamental and technical analysis.

Hypothesize future price trends by analyzing historical price trends.

8. Determine cost of production of various agricultural commodities.

Learning Objectives

Utilize benchmark data to determine crop production costs.

Analyze how production costs and trends can impact commodity marketing decisions.

9. Determine how the relationship between cash and futures prices impacts commodity marketing decision making.

Learning Objectives

Identify seasonal and yearly trends in basis.

Track local basis.

SCC Accessibility Statement

South Central College strives to make all learning experiences as accessible as possible. If you have a disability and need accommodations for access to this class, contact the Academic Support Center to request and discuss accommodations. North Mankato: Room B-132, (507) 389-7222; Faribault: Room A-116, (507) 332-7222.

Additional information and forms can be found at: www.southcentral.edu/disability

This material can be made available in alternative formats by contacting the Academic Support Center at 507-389-7222.

