

UNIVERSITY OF MANITOBA
DEPARTMENT OF AGRIBUSINESS AND AGRICULTURAL ECONOMICS
ABIZ 0450 AGRICULTURAL ECONOMICS AND MARKETING II

COURSE SYLLABUS – FALL 2020 (Tentative version Sept 6, 2020)

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Class Schedule: New Online Version. Read the following carefully.

Monday 8:30 -9:20. Online version. No lecture. Watch and study M2M on your own.

Wednesday 8:30 -9:20 Online version. Online Wednesday lecture.

Friday 8:30 -9:20 Online version. No lecture. Two Fridays will be used for tests. Test 3 will be on a Tues.

Lab: Tu 2:30 -3:45 Online version. Market Analysis Tuesdays. **Discuss M2M using Barchart.com**

Lab Tutorial: ONLINE Tuesday 2:30 - 3:45.

Tuesday Lab will be devoted to Market Analysis.

All students are assigned to (1) Watch (2) Study and (3) Re-watch the Market Analysis portion of the Iowa PBC program Market to Market. It is filmed each Friday after close of futures markets and posted on the Iowa PBS website. Monday 8:30 class will be cancelled for this assignment (but you can do it anytime convenient to you after it is posted).

Student Preparation for Tuesday Lab:

Watch the Market to Market program (mandatory - all must do!)

Write down terminology and important points for discussion Tuesday 2:30pm Lab.

Summary:

Online lecture Wednesday 8:30am and

Online Lab lecture/discuss 2:30 pm

Monday students will prep for Tuesday by watching M2M.

Objective: The course builds on ABIZ 0440, which focused on agricultural economics & markets with emphasis on economics (supply & demand). ABIZ 0450 will focus on Supply Chains and intro to Contracts, Futures and Price Risk Management (PRM). On completion of ABIZ 0450, students will:

- Have a better understanding of agricultural economics of Supply and Demand in theory and practice
- Have a better understanding of commodity markets and the sales, pricing & price risk management of commodities, particularly from a producers view but also from agribusiness firms
- Have a better understanding of farmer sales, pricing and risk management of commodities with emphasis on futures markets and grain marketing contracts with farmers. Focus is on grain but most of the tools and knowledge are applicable to all commodities incl livestock & even direct marketing.
- Have a better understanding of key econ factors that drive farm & agribusiness decision making.
- Have an ability develop a farm marketing plan that directly relates to their MPP
- Better appreciate, understand and undertake basic commodity market analysis and forecasting to assist them in their careers either in agribusiness or in farming and to begin development of a marketing plan.

Format: **Lectures:** Normally the class would be three 8:30 lectures (M,W,F) + Tues Lab (may include tests, assignment, guests etc). For this online version, we will focus on "Lab and Lecture" outlined above.

Attendance online for the Lecture and Lab is highly advised and class participation & questions are encouraged and expected. Participation/attendance marks will be given for Labs; Experiential Learning may include industry guests.

Exams/tests There will be 3 tests with no Final. Three tests will be based on the lectures, Lab, the

texts, assignments, guests and supplemental material covered in class and lab.

Lab: Tuesday Lab: Experiential Learning and Guests have been an important part of this course. In part they will be replaced by Market to Market viewing each week and discussion. We may have some guests online. (tba).

Market to Market (M2M) weekly commodity analysis program, Iowa PBS available Friday each week on the Internet. The PBS Friday (close of markets) program is normally posted on Friday. M2M may require a hand-in page each week. To be decided after first week.)

Assignment: 35%. MPP related Farm Profile and Marketing Plan Assignment developed in collaboration with Diploma Instructors (eg. Reg Dyck has his own marketing plan assignment that complements this assignment).
DUE: Wednesday, Nov 18, 2020

35%. Farm Profile and Marketing Plan Draft - There are 4 parts to this assignment

1. MPP Farm Marketing Profile (Interview/research)
2. Marketing Tools
3. Price Analysis and
4. Initial Draft of MPP Marketing Plan for "your farm"

Mid-Term Tests:

Mid-Term#1 Fri Oct 23, 2020 ONLINE 15.0 percent

Mid-Term#2 Fri Nov 20, in ONLINE 20.0 percent

Mid-term #3 Tues Lab Dec 8, ONLINE 20.0 percent

REQUIRED READING AND STUDY: There are 2 KEY CHAPTERS plus 3 others, all will be posted.

1. Kohls and Uhl Chapter 20 to be posted UM Learn. Futures. Scan, Skim, Study. A lot of this course is contained in this posted Chapter 20.
2. Chapin and Hoepner: Chapter 4 Basic Economics Review with Marketing focus
3. Intro to Marketing - BTO 4 Approaches with K&U Intro chapter
4. Forecasting Ch 5 of Principles of Agribusiness Management 5th Edition
5. Introduction to Grain Marketing (Developing a Marketing Plan) Saskatchewan Agriculture

HIGHLY RECOMMENDED Texts and Internet:

***Grain Marketing is Simple, Its Just not Easy* by Ed Usset UMinnesotaRef only Not directly used. LOW COST&HIGHLY RECOMMENDED FOR anyone INTERESTED IN COMMODITY MARKETING.**

Commodity Marketing from a Producers' Perspective; Chafin and Hoepner; Assigned Chapters. Available in Library as it is no longer in print. Older copies may be floating around as it has been a required text in the past. It is an excellent text

TV/Web Program: Market to Market www.iptv.org/mtom/ Broadcast Sat on Prairie PBS and posted by Friday PM on internet and podcast. Google Market to Market on Iowa PBS. Friday close of markets taped weekly. Watch the commodity portion every week. (Also see **U.S. Farm Report** www.agweb.com/usfr/)

Main Reference for commodity prices: Barchart.com. Become proficient at using this site. Incredible information source that is free. Other sites incl commodity exchanges such as CME, ICE, Kansas, Minneapolis. Many grain companies & others also have good websites for grain prices and other important market related info.

Office Hours: PLEASE ASK questions in class & Lab as technology allows. Share your q's, experience, perspectives with the class.

Student Evaluation: Grades may be adjusted on a class curve (tentative).

Note re calculators: Students are encouraged to carry out simple mental calculations so calculators are not normally needed. In tests and exam only 'dumb' very basic arithmetic calculators (no smart phones, calculators with memory etc allowed in tests and exams).

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|---|------|
| 1. Test 1 Oct 23 th Friday 8:30 - 9:20 | 15 % |
| 2. Test 2 (Incls Hedge PRM) Friday Nov 20 8:30 -9:20 | 20 % |
| 3. Test 3 (comprehensive,MC, written, hedging) TUESDAY Dec8 2:30 pm | 20% |
| 4. Labs: 10 Labs: Attendance, participation, workshops, guests,M2M | 10% |
| 5. Assignment Due Wed Nov 18th: Farm Profile & Draft Marketing Plan | 35% |

(Late submissions will be allowed until Wed Nov 25 but will be penalized 5%)

Guest Lecturers and Readings:

As in ABIZ 0440, there may be additional readings. Some guests from industry may join the online class, usually in the Lab. *Attendance is really important because this topic is simple, it is just not easy., At all times we expect politeness, appreciation and attention. This is essential for guests.* Surprise Quiz may be given in Labs. For guests, there may be a quiz to hand in.

Academic Integrity:

UM policy strictly prohibits plagiarism and cheating and examination impersonations as outlined in the UM Undergraduate Calendar (see General Academic Regulations and Requirements, Section 7: Academic Integrity).

NOTE: School of Agriculture top emphasis is on honesty & integrity. Everyone understands the word cheating. Know what plagiarism means. In this day of computers, “clip and paste” without reference, is plagiarism.

Etiquette and Behavior Rules in Normal Times: (Sandbox Rules!) - Adapt your behavior to ONLINE.

1. Please be polite during class, even online. This means respect for your classmates, your instructor and yourself.
2. Please be patient if we have technology issues.

Standard Notes on(1) Referencing, Academic Honesty, Copyright and (2)Medical :

Referencing: When using outside sources, your assignments should use the APA reference style. In the Text note your source where the source is used in the report. For example:

Supply chains controlled by retail sectors that compete on price have been shown to offer better prices to producers to insure steady supplies than those controlled by processors (Sexton, 2013).

Then, note the details of the reference in a section at the end of the report labeled

References. For example:

References For an article:

Sexton, R. J. (2013). Market power, misconceptions, and modern agricultural markets. *American Journal of Agricultural Economics*, 95(2), 209-219.

Online Sources: Manitoba Agriculture. (2016). Guidelines for Estimating Crop Production Costs - 2016. http://www.gov.mb.ca/agriculture/business-and-economics/financial-management/pubs/cop_crop_production.pdf (accessed May 2, 2016).

Books: Intriligator, M. (1972) *Mathematical Optimization and Economic Theory*. Prentice Hall, Englewood Cliffs, N.J.

Academic Honesty: All university of Manitoba guidelines for academic honesty apply in this class. Students are expected to do their own assignments and exams. Plagiarism or any other form of cheating in examinations, or term tests is subject to serious academic penalty. A student found guilty of contributing to cheating in examinations, term tests or assignments is also subject to serious academic penalty (see the University of Manitoba’s Undergraduate calendar under General Academic Regulations and Requirements). **Please note:** (1) Clip and paste from the internet or any other source without stating the source is plagiarism. The penalty for plagiarism is severe. (2) Also note that for friends who are absent from class, you **MUST NOT** fill in and sign quizzes for them or sign in attendance for them. The penalty for anyone doing so will result in recommendation to the Associate Dean that a "0" mark be given for the entire course and a recommendation to the Associate Dean for further disciplinary action.

Using Copyrighted Material

Please respect copyright. We will use copyrighted content in this course. We have ensured that the content used is appropriately acknowledged and is copied in accordance with copyright laws and University guidelines. Copyrighted works, including those created by us, are made available for private study and research and must not be distributed in any format without permission. Do not upload copyrighted works to a learning management system (such as UM Learn), or any website, unless an exception to the *Copyright Act* applies or written permission has been confirmed. For more information, see the University's Copyright Office website at <http://umanitoba.ca/copyright/> or contact um_copyright@umanitoba.ca.

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Medical UM

[Note from the Provost regarding medical notes and rules for accessibility provisions this fall](#)

Students who are unable to meet a course requirement due to medical circumstances are currently not required to submit medical notes. However, students are required to contact their instructor or academic advisor by email to inform of the missed work and to make arrangements for extensions, deferrals, or make-up assignments. Please follow these guidelines if you are unable to meet an academic requirement for your courses.

- Contact your instructor for term work such as a class, quiz, midterm/test, assignment, lab;
- Contact an advisor in your faculty/college/school of registration for a missed final exam (scheduled in the final examination period);
- Inform your instructor/advisor as soon as possible do not delay. Note for final exams, students must contact within 48 hours of the date of the final exam; and
- Email your instructor/advisor from a U of M email address, and include your full name, student number, course number, and academic work that was missed. “

Tentative Outline See next page

COURSE OUTLINE: ABIZ 0450 Fall2020(Tentative Sept 6 Version)

Agricultural Economics and Marketing 2

CLASSES: Schedule

Classes: Scheduled Time: M,W,F 8:30 - 9:20. For this Online Class, we will only have UM Learn classes every Wednesday. No online class Monday and Friday.

Tutorial (Lab) Online every Tuesday 2:30 - 3:45

Monday 8:30 No class Monday. Watch Market to Market on your own .

No Classes Monday. Instead, students will watch and analyze Market to Market each week in preparation for Tuesday tutorial (Lab)

Wednesday 8:30. Lecture each week 8:30 -9:20

Friday 8:30 No class (There will be 2 Tests on a Friday)

TESTS

Test 1 15% - Friday October 16, 2020 and

Test 2 20% - Friday November 20, 2020

Test 3 20% - Tues Dec 8, 2:30

For other Fridays I suggest you work on your Term Paper.

TERM PAPER

Term Paper due Wednesday, November 18, ,2020

TUTORIAL(LAB)

Tuesday 2:30 - 3:45 Tutorial (Lab) - Market Analysis Emphasis

Current Markets Discussion - Barchart.com

Discuss Previous Friday PBS Market to Market

Timelines and Goals (Tentative)

Week 1: Part I - What Is "Marketing"

Week 2: Part II - Supply Chains in Food and Agriculture

Week 3-5: Part III - Price Determination (The economics of Demand & Supply.

Week 6-9: Part IV - Price Discovery (Contracts, Futures, Hedging, PRM)

Week 10-12: Part VI - Price Analysis and Forecasting Case Studies

Case Study: Technical vs Fundamental Analysis

Case Study: Supply Management in Canada

Case Study: Ethanol Price Boom of Early 2000's

ABIZ 0450 Fall 2020 Outline Timetable(Tentative)

Wk	Monday date No Lect..	Tues Labs	Wed Lecture 8:30 AM	FriDue Dates Tests	Topic	Post PP	Post Texts, Reading
1	Sept14	X	1stClass	X	Part I Intro	PP Part I	BTO & C&H What is
2	Sept21	Assignme nt	Part II	X	Part II Supply Chains	II-Lect1 Lect 2	SK Mkt Plans 5 Mistakes PP
3	Sept28	*M2M Mkt Analy Futures	Part III	X	Part III Price Determination	Lect 1-6	C&H Ch 4 Annotations
4	Oct 5	*	(Part III)	X	PDet continued		Case GRGR
5	Oct12	*	(Part III)	Test 1 Oct 23	End Price Determination		
6	Oct19	*	Part IV	X	Part IV Price Discovery	Lect 1-4	K&U Ch20
7	Oct 26	*	(Part IV)		PDis continued		
8	Nov2	*	(Part IV)		PDis continued		
X	Nov 9	BREAK	BREAK	BREAK			
9	Nov 16	*	Assign Due18th	Test 2 Nov 20	End Price Disc.		
					Cases wk11 we may cover are listed below Cases 1,2,3		
10	Nov 23	*	PART VI Topics Forecasting	X	CASE1 Technical vs Fundamental Analysis (Post)		Tech vs Fund Forecasting Ch5 Princ Agbz Mgmt 5th Ed
11	Nov 30	*	PART VI Topics	X	CASE2 Supply Management	SM PP	
12	Dec 7	Test 3 Tu Nov8	Last Class Round-Up	X	CASE3 Ethanol Price Boom		