Name: _____

Econ 337 Agricultural Marketing, Spring 2018

<u>Homework Assignment 1; Due January 16, 2018 (Beginning of Class)</u>

1. Based on the list of resources provided at
    http://www2.econ.iastate.edu/faculty/hart/Classes/econ337/Spring2018/index.htm, please
    provide the following information.

(2 points) What USDA report provides the corn and soybean basis to the Iowa state average prices?

(2 points) How many cattle were on feed in Iowa feedlots with greater than 1,000 head capacity on December 1, 2017? What percent was this of the previous year (December 1, 2016)?

(2 points) How many market hogs were in Iowa on December 1, 2017? What percent was this of the previous year (December 1, 2016)?

(2 points) What is the current projection for world corn production for the 2017/18 marketing year?

(2 points) What is the current projection for world soybean production for the 2017/18 marketing year?

1. Go to the CME Group website for corn futures quotes,
   http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/corn.html.

(5 points) Calculate the difference between the March 2018 settlement price and the July 2018 settlement price on Friday, 12 Jan 2018 (Note: You will need to click on the Settlements link). This difference is called the spread. Sometimes you will hear it referred to as the March/July spread or the h/n spread when only making reference to the contract month codes. Convention dictates that the closest to expire contract is the first in the difference, i.e., March - July rather than July - March.

2. Find data on Quandl.com (Note: You will need to sign up for a free account) for the March 2017 CME corn futures contract (https://www.quandl.com/collections/futures/cme-corn-futures). Download the data in a .csv file. Do the same for the July 2017 CME corn futures contract and put the price series together in one excel file (be sure the dates line up).

(3 points) Graph these two prices together. Print the graph and attach.

(5 points) Are these prices equal? If not, why not if they represent the same thing, i.e., corn? Conjecture what are the determinants of the price ordering of these contracts.

(2 points) Calculate the difference between the March price and the July price in excel. What was the spread on Thursday, 12 Jan 2017?

(5 points) From a forecasting perspective, does it seem like price level is easier to predict, or the price spread? Can you think of any statistics you could calculate to back up your intuition? If so, calculate these statistics and discuss what is easier to predict, the price level or price spread.