

AGEC 750
AGRICULTURAL RISK ANALYSIS & DECISION MAKING

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COURSE DESCRIPTION: Discussion of risk associated with agricultural production and agribusiness firms. Topics will include market, production, financial, and human risk associated with the agribusiness industry.

COURSE OBJECTIVE: Upon completion of this course students will be able to:

- Evaluate the financial position of agricultural producers to assess the producers ability to withstand downside risk
- Identify risk reducing inputs in agricultural production
- Develop a risk management plan for agricultural producers as well as agribusiness firms
- Identify legal risks inherent in agricultural production
- Understand the risk implications of governmental program changes on U.S. agriculture

TEXT:

Various materials will be assigned for reading during the course of the semester by the instructor

COURSE REQUIREMENTS:

Book Review	15%
Mid-term Exam	25%
Final Exam	25%
Weekly Quiz	15%
Research Paper	20%

GRADING:

A	90% and above
B	80% - 89%
C	70% - 79%
D	60% - 69%
F	Below 60%

Course Policies and Procedures

1. **Students are encouraged to access the course materials regularly.**
2. **Students are expected to complete all reading assignments prior to class discussion.**
3. **All homework is expected on the date due.** The homework grade will be reduced by 50% if not handed in by the due date. If homework is not received by the beginning of the next scheduled class period the grade will be zero.
4. **Cheating will not be tolerated!!!!** This includes acquiring answers or providing answers during examinations or assigned work. Presenting work, ideas of another without giving credit and proper documentation.
5. **If you have a disability that may require assistance or accommodation, or make you have questions related to any accommodations for testing, note takers, readers, etc., please speak with me as soon as possible.**
6. **This course will utilize the discussion board throughout the semester. All students are expected to provide meaningful discussion during the semester.**

TERM PAPER GUIDELINES

The term paper should cover a topic that is related to some aspect of risk analysis or theory. The objective of the paper is to explain the theory in a manner so that others can learn about it by reading your paper. Also, discussion of empirical findings by researchers is acceptable.

Guidelines:

Length: The term paper should be at least 10 to 15 pages of double spaced text, not including tables, figures, etc.

Format: The term paper should follow American Journal of Agricultural Economics (AJAE) reference style and should have one inch margins everywhere. The papers should include the following sections.

1. **Title page**
2. **Abstract**
3. **Introduction**
4. **Explanation of theory**
5. **Conclusions**
6. **References**

7. Book Review Guidelines: You are responsible for writing a review of a text regarding risk management. The focus does not have to be agriculture related, but it does have to focus on some aspect of risk or risk management. You are responsible for reading the book and writing a summary of the book. You need to include your thoughts regarding the book as well (ie. agree or disagree). All book reviews must be typed and not exceed 10 pages. The book review will be due December 7, 2007.

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COURSE TOPIC OUTLINE**

I. Economics and Farm Management Overview

II. General overview of Risk and Agriculture

- What is risk?
- Sources and effects of risk
- Producer attitudes towards risk

III. Decision Analysis Introduction

- Probability
- Utility
- Procedures for decision analysis

IV. Market Risk

- Futures & options
- Forward contracting

V. Production Risk

- Risk reducing inputs
- Farm planning under uncertainty
- Insurance

VI. Financial Risk

- Investment appraisal
- Financial checkup for agribusiness

VII. Human Risk Issues

- Business structure
- Transition planning
- Estate planning

VIII. Institutional Risk

- Government programs and U.S. agriculture
- Fiscal policy