# Course Outline

**AGEC 440 Advanced Futures and Options**  
Spring 2009  
1 Semester Hour of Credit  
Meets Tues/Thursday @ 3-4:15pm  

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
<th>Due This Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 2/17</td>
<td>Options Pricing Principles</td>
<td>Notes: Segment 1, pp1-4</td>
<td></td>
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| #2 2/19 | Option Pricing Models: Black-Scholes, Delta, Theta, Vega | Trading Ag Option Volatility  
CBOT, pp. 3-10  
Notes: Segment 1, pp. 5-8 | Quiz 1: Glossary of Terms |
| #3 2/24 | Speculative Market Positions: Futures, Long Calls, Vertical Bull Spreads, Butterflies, Condors, Straddles, Strangles | Ag Options Strategies Menu  
pp. 2-16  
Notes: Segment 2, pp. 1-5 | Problem # 1 |
| #4 2/26 | Market Positions With Equal Cash Position: No Forward Pricing, Buy Puts, Sell Calls, Bull Fence, Bear Fence, Put Roll-Ups, Ratio Spreads, Synthetics | Ag Options Strategies Menu  
pp. 17-26  
Segment 3, pp. 1-4 | Quiz 2 |
| #5 3/3 | Seasonality of Futures and Volatility  
Principles of Futures and Options Spreads  
Random Walk, Efficient Market hypothesis | Spreads in Commodity Futures  
In-Class Handout  
Segment 4, pp1-4 | Problem # 2 |
| #6 3/5 | Futures Price Spreads-Historical  
Inter, Intra, Inter-Market, Carrying Charge and Inverses Markets, Old-New Crop Spread | Spreads | Quiz 3 |
| #7 3/10 | Index Futures: Crop Yield Futures??  
Equity Index Futures, Commodity Index | Intro to Equity Index Futures and Options  
Notes: Segment 6, pp. 1-6 | Problem # 3 |

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Class mechanics: Angie Holt  
565 Krannert Building  
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e-mail: amholt@purdue.edu
**#8 3/12 Financial Futures-Interest Rates**  
T Bonds, T-Notes, Eurodollar,  
T-Bills, LIBOR, Euroyen

**CBOT Financial Instruments Guide**  
Intro to Interest Rate Futures and Options  
Notes: Segment 7, pp.1-3

**#9 3/24 Monetary Exchange Futures:**  
Factors Affecting, Contracts, Cross-Currencies

**How to Get Started Trading Currencies**  
Problem # 4  
Notes: Segment 8, pp. 1-2

**#10 3/26 Exam Day**

Grades will be based as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>4 Homework Problems @ 15 points each</td>
<td>60 pts.</td>
</tr>
<tr>
<td>4 quizzes @ 10 points each</td>
<td>40 pts.</td>
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<tr>
<td>Web Search</td>
<td>20 pts.</td>
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<tr>
<td>Attendance 3pts. * 8 Sessions</td>
<td>24 pts.</td>
</tr>
<tr>
<td>Exam</td>
<td>100 pts.</td>
</tr>
<tr>
<td><strong>Total About</strong></td>
<td>244 pts. (There may some difference in the final points)</td>
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</table>

**Attendance** is required. You will receive 3 pts. For each class you attend and participate in. You can miss one class without penalty. It is assumed that the first class does not count, and that the exam session on the last day of class does not count. This leaves 8 classes when attendance will be taken.

**Assignments** are to be handed in on the day they are due. A late penalty will be assigned equivalent to 10% of the grade for each business day the assignment is late, up to a maximum penalty of 50%. This means that assignments that are very late can still receive 50% of the grade, if they are done correctly.

Those completing the following percentages of the total work will be assured of a minimum letter grade shown. Letter grades can be higher, ie. Grades can be curved higher, but not lower.

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Letter Grade</th>
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<tbody>
<tr>
<td>90% to 100%</td>
<td>A</td>
</tr>
<tr>
<td>80% to 89.9%</td>
<td>B</td>
</tr>
<tr>
<td>70% to 79.9%</td>
<td>C</td>
</tr>
<tr>
<td>60% to 69.9%</td>
<td>D</td>
</tr>
<tr>
<td>&lt;60%</td>
<td>F</td>
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