



Cornhusker Economics

Commodity Marketing for High School Students

Agricultural commodities play a major role in Nebraska's economy and are central to the life of many families in the state. Learning the main concepts of commodity marketing becomes essential for young Nebraskans considering careers in the agricultural industry or in farming. Therefore, in the last 10 years, the Department of Agricultural Economics has been expanding its curriculum in commodity marketing and merchandising, as has already been discussed in this space a few years ago ("Commodity Trading Room Comes Online at UNL," 6/29/2016).

Following the same ideas, we are now expanding our efforts to offer a program in commodity marketing outside the university. During the 2021/22 school year, we worked on the development of a commodity marketing curriculum to be offered in high schools. The structure and details of this program will be discussed in this article.

Objectives of the Program and its First Steps

The main motivation of this program is to give high school students the opportunity to (i) develop skills that can be useful in their future careers, (ii) apply and expand on concepts learned in other classes, and (iii) learn about career opportunities that they may not be typically familiar with.

The program is available to any high school interested in teaching commodity marketing. We have run two pilots in 2021/22 as part of the process of developing

the program. Fourteen high schools participated in the Fall 2021 pilot and fifteen high schools participated in the Spring 2022 pilot. The experience with the pilots and the feedback provided by the participants were very valuable to help us further develop the program before it is offered on a broader scale in the 2022/23 school year.

Components of the Program

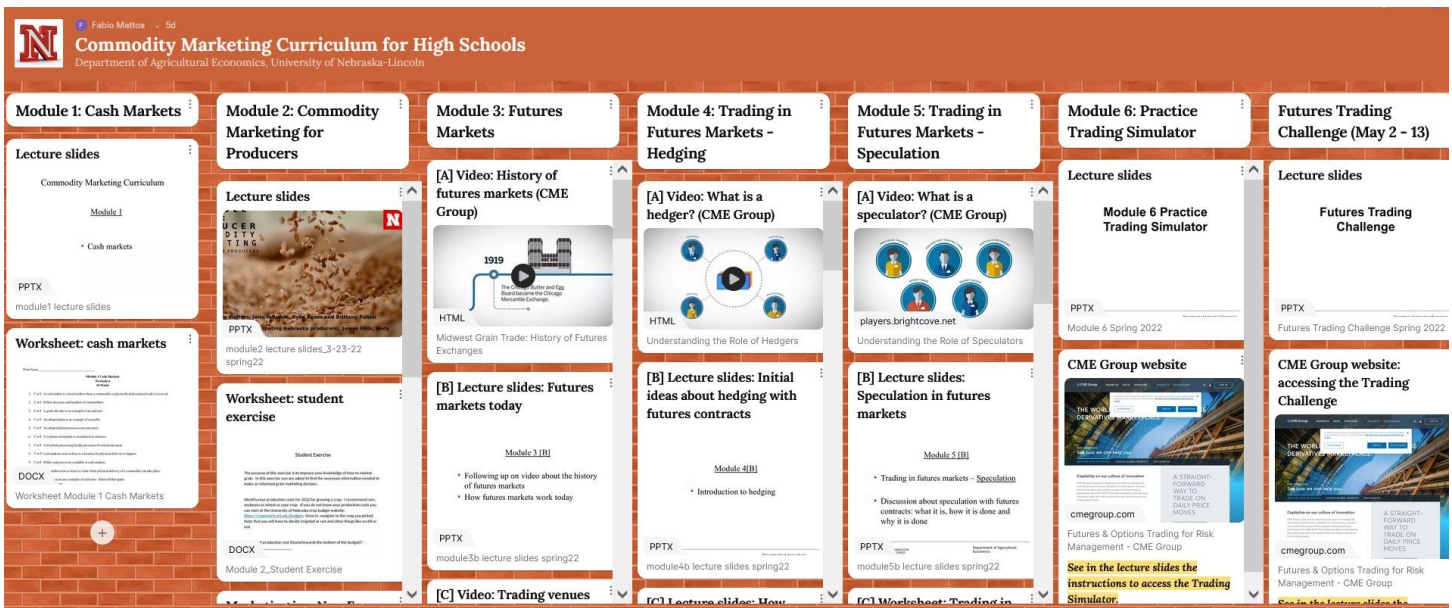
The program has essentially four components: (i) the curriculum, (ii) a marketing simulator, (iii) a trading simulator, and (iv) a trading challenge.

The curriculum and all course material were developed by three professors of the Department of Agricultural Economics: Fabio Mattos, Jeff Peterson and Cory Walters. The curriculum was designed to give students an understanding of cash markets, futures markets and marketing. It is divided into six modules.

1. Cash markets
2. Commodity Marketing for Producers
3. Futures Markets
4. Trading in Futures Markets – Hedging
5. Trading in Futures Markets – Speculation
6. Practice Trading Simulator

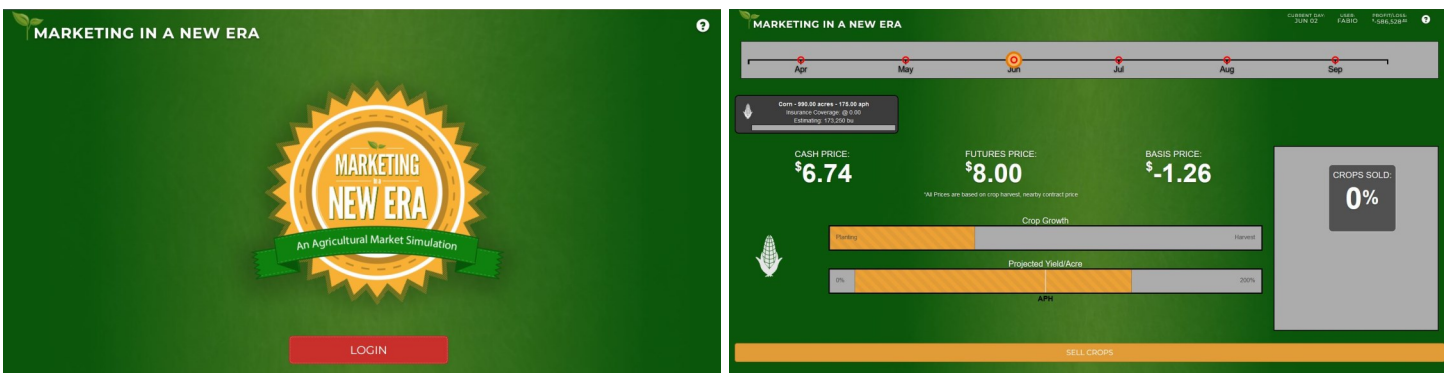
Class material for each module is composed of lecture slides, worksheets and videos, which are posted on an online platform that can be accessed by teachers and students (Figure 1).

Figure 1: Screenshot of the online platform with course material



The other components of the program provide opportunities for experiential learning and give students a chance to apply and practice what they learn during the program using two online simulators. The first one is MINE (Marketing in a New Era), which is an online platform (mine.unl.edu) that simulates marketing decisions. It allows participants to go through marketing simulations in which they need to decide how to market their grain under different scenarios using cash sales, forward contracts and futures contracts (Figure 2). MINE is used in Module 2 (Commodity Marketing for Producers) and Module 4 (Trading in Futures Markets – Hedging), allowing students to put into practice their classroom discussions and understand better the challenges involved in real-world commodity marketing.

Figure 2: Screenshots of MINE – main page and simulation example



The other simulator is the trading platform made available by the CME Group (cmegroup.com). It allows students to create their own trading accounts and trade futures contracts offered by the CME Group. The trading accounts resemble real-world accounts used by professional traders and students can trade current futures prices (Figure 3). Students are able to make trades and gain or lose money in the same way that professional traders do, but there is no actual money involved in the simulation. This simulator is used in Module 5 (Trading in Futures Markets – Hedging) and Module 6 (Practice Trading Simulator). In this portion of the program, students are not using futures markets to hedge their commodities, but rather to speculate on their prices. Although it is not specifically related to commodity marketing, it helps them gather a better understanding of the ins and outs of futures markets and how futures prices move over time. These are important skills for commodity marketing as well. The intention is not to turn students into speculators, but rather to give them a broader view of commodity markets.

Figure 3: Screenshot of a trading account in the CME Group simulator



Finally, the last piece is also based on the trading platform. At the end of the program, students from all participating schools join a Trading Challenge. This is essentially a competition between all students. Our trading challenge is not open to the public and only students from our program can participate. During this challenge, students use the trading accounts provided by the CME Group and try to make as much profit as possible by trading futures contracts. At the end of each day, students can see the rankings showing the “top traders” of the day, both overall and for each school. In the pilots conducted last fall and this spring, the top traders/students received small prizes based on the daily rankings and a grand prize based on the final ranking (Figure 4). This competition is intended to be an enjoyable way to close the program and give students an extra opportunity to engage in commodity markets.

Moving Forward: How the program will be offered

The program is offered once in the fall term and once in the spring term. It is designed to be a 3-week program (15 class periods), but teachers are welcome to make adjustments to the schedule according to their own timeframe and needs.

As described above, all course material will be posted online in a platform that can be easily accessed by teachers and students. Participants will also use MINE and the CME Group trading platform during the program.

Before the start of the program, two training sessions are offered remotely to the teachers. The purpose of these sessions is to discuss the curriculum, practice the simulators and address any questions that the teachers may have. In addition, this year we will also have a two-hour training session on June 6th during the 2022 Nebraska Career Education (NCE) Conference.

Figure 4: Screenshot of our Spring 2022 Trading Challenge supported by the CME Group


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Welcome, Fabio

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Thank you for participating



PRACTICE ON THE SIMULATOR

Thank you for participating in this trading challenge and congratulation to the winners! We hope you learned some valuable lessons about futures contracts and price action. With your CME Login account you will continue to have access to the Practice Simulator and all of our free online courses.

Final Leaderboard

1	[Redacted Name]	\$69,600.00
2	[Redacted Name] High School	\$58,680.00
3	[Redacted Name]	\$44,937.50

VIEW THE LEADERBOARD

Any high school interested in participating or learning more about the program should contact Fabio Mattos at fmattos@unl.edu.

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