

Syllabus
UC Davis ARE 139 Futures and Options
Summer Session 1 2017

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Office hours: SSH 2136 Monday 1-2pm and Tuesday 1-2pm

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Office hours: SSH 2136 Wednesday 1-2pm and 4-5pm

Course Description: Monday, Tuesday, Wednesday 2:10-3:50PM in Wellman Hall 202

This course focuses on derivatives, specifically the mechanics and economic functions of these markets. There are many futures contracts but we will familiarize ourselves with a small subset and focus on applying important concepts such as intertemporal price formation and hedging to these contracts. Most examples will come from commodities markets but some financial futures will be covered as well. The goal of this class is for students to become comfortable with common futures market vocabulary, to understand how firms might utilize futures and options, and to begin thinking about how real-world events can affect these markets.

Prerequisites: ARE 100A; STA 103

Discussion Section: Thursdays 2:10-3:50PM or 4:10-5:50PM in Olson Hall 101

Material presented in discussion will provide review of in-class material and introduce supplemental material that may be included on quizzes and exams.

Assigned Reading

The textbook is “Futures and Options Markets: An Introduction” by Colin A. Carter. Additional handouts and news articles will be shared in class and via Canvas.

Grading

Quizzes (3)	48 points
Midterm	64 points
Final Exam	<u>88 points</u>
	200 points total
Extra Credit Assignments (2)	6 points

Extra credit assignments will be announced in class and on Canvas. Extra credit will give students the opportunity to “paper trade” selected contracts. Quizzes will be about 15 minutes given at the beginning of class. The midterm exam will be 50 minutes at the beginning of class and the final exam will be 1 hour and 40 minutes. All quizzes and exams will be closed book and your handwriting must be clearly legible. Though a calculator is allowed, cell phones are never permitted. Grades will be curved so that the median final class grade is B/B- but numerical scores will not be converted until the end of the term.

Class Policies

- Any requests for a regrade must be submitted within one week of receiving back the graded copy. Furthermore, the request must be submitted to the instructor and not the TA.
- Please notify the instructor as soon as possible if you have any disability that requires accommodations during class or during testing. All needs that have been verified through the Student Disability Center will be accommodated. <https://sdc.ucdavis.edu/>
- If you cannot take the midterm or one of the quizzes due to illness or other hardship then your final grade will be based solely on the other components. You must contact me promptly to receive this accommodation and in many instances you will be asked to provide the appropriate documentation.
- Do not post class material on websites such as Course Hero. These materials are my work, or the work of ARE faculty who have given me explicit permission to share these resources with you.
- We are pursuing an inclusive learning environment and seek to uphold the UC Davis Principles of Community. <http://occr.ucdavis.edu/poc/>
- Violations of the academic code of conduct will be reported to Student Judicial Affairs. <http://sja.ucdavis.edu/files/cac.pdf>

Tentative Course Outline

Date	Day of week	Topic	Assignments and Tests
26-Jun-17	Monday	Overview	
27-Jun-17	Tuesday	Market mechanics	
28-Jun-17	Wednesday	Clearinghouse operations and regulation	
29-Jun-17	Thursday	Discussion Section	
30-Jun-17	Friday		Extra credit #1 notification due
1-Jul-17	Saturday		
2-Jul-17	Sunday		
3-Jul-17	Monday	Commodity price relationships	Quiz #1
4-Jul-17	Tuesday	Holiday, no class	
5-Jul-17	Wednesday	Commodity price relationships	
6-Jul-17	Thursday	Discussion Section	
7-Jul-17	Friday		Extra credit #1 ends
8-Jul-17	Saturday		
9-Jul-17	Sunday		
10-Jul-17	Monday	Commodity price relationships	Extra credit #1 write-up due, Quiz #2
11-Jul-17	Tuesday	Commodity price relationships	
12-Jul-17	Wednesday	Financial price relationships	
13-Jul-17	Thursday	Discussion Section	
14-Jul-17	Friday		
15-Jul-17	Saturday		
16-Jul-17	Sunday		
17-Jul-17	Monday	Fundamental and technical analysis	Midterm
18-Jul-17	Tuesday	Hedging with futures	
19-Jul-17	Wednesday	Hedging with futures	
20-Jul-17	Thursday	Discussion Section	
21-Jul-17	Friday		Extra credit #2 notification due
22-Jul-17	Saturday		
23-Jul-17	Sunday		
24-Jul-17	Monday	Options	Quiz #3
25-Jul-17	Tuesday	Synthetic options	
26-Jul-17	Wednesday	Hedging with options	
27-Jul-17	Thursday	Discussion Section	
28-Jul-17	Friday		Extra credit #2 ends
29-Jul-17	Saturday		
30-Jul-17	Sunday		
31-Jul-17	Monday	Final Exam Review	Extra credit #2 write-up due
1-Aug-17	Tuesday	Market manipulation	
2-Aug-17	Wednesday		Final Exam