

Commodity Trading Room

Hands-on approach to grain marketing benefits students at Northern Crops Institute.

Knowing how to access and use commodity market information effectively can make a big difference to a firm's bottom line. To help university students and industry professionals

understand market dynamics and what tools are available to minimize risks, the Agribusiness and Applied Economics Department, North Dakota State University (NDSU), Fargo, recently has added a dedicated electronic Commodity Trading Room (CTR) to its program.

This unique CTR will serve university students, milling industry professionals, the oilseeds crushing industry, and the biofuels energy sectors.

A Valuable Training Tool

In this new commodity trading and financial laboratory, students will learn how to extract and analyze commodity market information and then make decisions with respect to risk and risk management.

The CTR was the brainchild of Dr. William Wilson, distinguished professor of the Agribusiness and Applied Economics Department, NDSU.

"This electronic classroom is truly unique because of its focus on agricul-

tural trading," says Wilson. "The room is modeled after the trading room located at Tulane University, New Orleans, LA, which focuses on energy.

"The agribusiness industry is starving for top-shelf students who have good

marketing skills, which is why it is critical to expose students early on to the modern technology now being used in this industry. Plus, if we can attract more students into our curriculum, this will be a very good thing for the agricultural industry."

The CTR also will result in better teaching. In education, it's been determined that teaching with an associated laboratory is often far more effective than just telling people in lectures, ac-

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- Dr. William Wilson, professor,
North Dakota State University



ording to Wilson.

Among the first groups to use the laboratory was the Northern Crops Institute (NCI), when it offered its soybean procurement course in October in Fargo.

According to Wilson, who also serves as the lead instructor in the NCI's grain procurement courses, the idea behind the electronic commodity trading room actu-

ally originated with past students enrolled in the NCI grain procurement class.

"Frequently, there were students in the class talking about how they had obtained information from Bloomberg or DTN or through other electronic means," says Wilson. "So, cre-

ating the CTR seemed like an obvious choice to fulfill this need at a more sophisticated level."

Presently, Wilson teaches two classes on grain procurement issues for NCI. The classes always have been popular since starting in 1983, according to Wilson, but they have become more challenging.

"The new students are much more sophisticated than in the past," says Wilson. "I envision organizing the grain procurement classes around the commodity trading room as a hands-on means of illustrating the tools and technology of trading.

"With all the students coming from different backgrounds, the experiences in this laboratory will create a common and more meaningful background on commodity trading for all students."

CTR Setup

The CTR is a high-technology room with live information feeds for financial information including equities and credit plus commodity market information such as agriculture, energy, and biofuels.

The room has 32 seats, each with a personal computer station and dual monitors.

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“We also can beam in live speakers, so they can comment on what’s going on in the marketplace and in real time,” says Wilson. “The main idea is to fully embrace the courses on grain procurement management in the commodity trading room.”

Students and other participants also have electronic access to information through Bloomberg, DTN, and X-Trader simulation software from Trading Technologies, a state-of-the-art tool for executing electronic trades.

Learning from Real-life Situations

“At NCI, we are always looking for ways to enhance our grain marketing courses,” says John Crabtree, NCI assistant director and coordinator of the education courses. “The Commodity Trading Room adds a whole new dimension to both of our courses, in that it lets participants look at real-life market situations.

“Students can analyze past market situations, and they can evaluate what they would do in that particular situation, and what sort of risk management strategy makes the best economic sense to use.”

The CTR will be an especially impor-



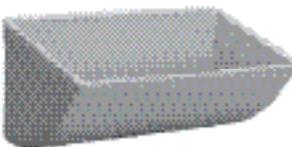
In October, Dr. William Wilson, distinguished professor of NDSU’s Agribusiness and Applied Economics Department, taught risk management to students enrolled in the Northern Crops Institute’s soybean procurement course, which was held at the new Commodity Trading Room. Photos by Sally Backman, NCI.

tant teaching tool because of the volatility and risk in the current commodity markets, according to Crabtree.

“In past years, NCI’s grain procurement courses have attracted mainly

overseas wheat buyers,” says Crabtree. “Now with the availability of the CTR, we hope to generate increased interest among grain traders in the United States and Canada. I foresee enlarging our ▶

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Dr. William Wilson (left), distinguished professor of the Agribusiness and Applied Economics Department, NDSU, and John Crabtree, NCI assistant director and coordinator of education courses, consider the new commodity training room to be an invaluable training tool in grain marketing.

course offerings to include many commodities with futures contracts, particularly corn, soybeans, and wheat.”

Industry Support

The industry has stepped forward to support this project. Archer Daniels Midland Company, Gavlion, and CHS, Inc. gave substantial funding for the project, according to Wilson, in addition to funds from major North Dakota commodity groups and NCI.

A number of individuals also provided funds, including Jeremy Zwinger of *The Rice Trader* and George Schuler of Minn-Kota Ag Products, Inc. who both have a long affiliation with NDSU. A \$5 million endowment also is being developed for sustained funding of the CTR program.

Sally Backman, NCI


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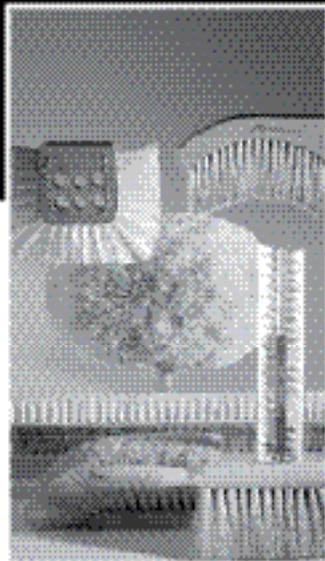
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