

**University of British Columbia**  
**AgEc 502**  
**Topics in Food Market Analysis**  
**Course Outline 2010**

**Instructor:** Rick Barichello

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**Class Time/Location:** Mon Wed 0930-1100 McM 260

**Office Hours:** Rm 339 Macmillan 3:30-4:30pm Mon Wed

**Course TA:** Faisal Harahap ([frharaha@interchange.ubc.ca](mailto:frharaha@interchange.ubc.ca))

Office Hours: Fridays, time and location to be posted

**Course Website:** Vista

This course covers a variety of topics related to food prices and food markets and how they work. This includes food price determination and predicted price paths; the functioning of food markets, domestic and international; trade in food products and issues related to the integration of food commodity markets; concentration and market power in food markets; and the role of various institutions in the operation of food markets. There is an emphasis on combining data with theory, and learning how markets in general work, then applied to the sometimes-unique circumstances of the food sector. Various models of food markets will be covered.

**Learning Outcomes:** upon completion of this course, students should be able to:

1. Use a variety of analytical tools to probe questions and important issues concerning food markets, both domestic and international
2. Develop an ability to review critically articles and studies concerning food markets
3. Learn key issues in undertaking sound empirical analyses in the food sector, including importance of data and institutional elements
4. For at least one food commodity, integrate the specific topics below to arrive at a sound understanding of its economics, such as price patterns, margins within marketing chain, technical change at farm and processing levels, international competition and trade patterns, market concentration, and any other key economic changes within the recent past.

**Policies and Deadlines**

As an important element of a professional program, designed to prepare you for success after you leave UBC, it is assumed that you will arrive in class on time and hand in assignments on time. 5 points are awarded for class attendance on time. Late arrival more than twice will result in automatic loss of the 5 percent. If there is an exceptional situation requiring late arrival, early departure, or absence from class, a student with a valid reason must have emailed the MFRE Program Coordinator, Pradip Ghimire ([mfreadmin@exchange.ubc.ca](mailto:mfreadmin@exchange.ubc.ca)) at least two days before the due date. For deadlines on assignments (and generally across MFRE courses), the penalty for late submission is 5% per minute. Similarly, your full attention in class is expected. It is a classroom policy to turn off your mobile phones in class (including no sending or reading text messages).

**Course Grading:**

Participation (5 for on-time attendance; 5 for class contributions)	10
Assignments (2 @ 7.5%; #1 Oct 4-6, #2 Nov 10-15)	15
Midterm Exam Oct 20 2010	20
Final Exam Dec 7 2010	35
Class presentation: important food market institutions (teams of 3-4)	20
Total	100

**Presentation:**

Teams of 3-4

Topic and components to meet learning outcome #4 above; please discuss with me

Must include thorough lit review, empirical component/data and its analysis (flexibility on what that may be)

Focus on key issue in food markets, or in food market literature, with application to 1 commodity

**Schedule, Lecture Topics and Selected Readings:**

Sep 8, 13, 15, 20      Section 1      Aggregate Food Price Dynamics

Short run and Long Run Data

Causation of LR commodity price trends

Short term price pattern; Livestock cycles

Seasonal Price movements: Storage

Volatility

Modelling Price Movements: general equilibrium displacement models

Ch. 2, "Trends and Volatility in Agricultural Commodity Prices," C.L. Gilbert in A. Sarris and D. Hallam, FAO 2006; (HD9000.5.A358.2006)

Daniel Sumner, "Recent Commodity Price Movements in Historical Perspective", *American Journal of Agricultural Economics*, Vol 91, no.5, 2009: 1250.

Norwood Lusk, Ch. 5, pp. 128-138

Norwood Lusk, Ch 3, pp. 78-92

Gilbert pp. 46-56

Sep 22, 27, 29, **Oct 1**      Section 2      Trade

Deriving and Using Excess Supply and Demand models

Effects of Government programs on world prices

Effects of currency depreciation

WTO agreements and reforms: effects on agricultural markets

Alex McCalla/Tim Josling, 1985, Ch. 2

Michael Reed, *International Trade in Agricultural Products*, 2001

Oct 4, 6, 13, 18            Section 3            Concentration  
                                 Monopoly, monopsony, vertical integration, pricing  
                                 Changing market structure  
                                 Food Margins  
                                 Supply Chains  
F. B. Norwood and J.L. Lusk, *Agricultural Marketing and Price Analysis*, 2008: Ch 4, 6, 10, 11  
Steve McCorriston, Cha 6 in Sarris-Hallam

Oct 20                            Midterm exam  
Oct 25, 27, Nov 1, 3        Section 4            Market Integration  
                                 Rural-urban markets model (Ch.4 in C. Peter Timmer, W. Falcon, and S.R. Pearson, *Food Policy Analysis*)  
                                 Basic mkt integration models (Ch. 4, Timmer, Falcon, Pearson)  
                                 Domestic-international market integration (Ch 8 in Sarris-Hallam)

Nov 8, 10, 17                Section 5            Institutions  
                                 R. Barichello, BULOG paper  
                                 R. Barichello, Milk paper

Nov 22, 24, 29              Section 6            Presentations  
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December 7                  Final Exam

### **Schedule Changes**

1. Sep 24: extra class 1600-1730 *or*
2. Oct 1: extra class 1600-1730
3. Dec 1: no class