



Commodity Challenge Guide for Game Leaders & Teachers

(<http://www.commoditychallenge.com>)

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Commodity Challenge is a premier on-line trading game, featuring real-time cash, futures and options quotes for corn, soybeans and wheat.

Commodity Challenge is free. In order to use Commodity Challenge, participants must register to play. Go to <http://www.commoditychallenge.com/signup.asp> to establish your personal username and password. Write them down and don't forget them!

The intent of this document is to answer a few questions about Commodity Challenge, and to encourage the use of this great educational resource.

- 1. Who uses Commodity Challenge?*
- 2. For what purpose would I use Commodity Challenge in the classroom or with a group?*
- 3. How does Commodity Challenge compare to other trading games?*
- 4. What does it take to establish a game in Commodity Challenge?*
- 5. Why should I start two games?*
- 6. Is there a way to explore Commodity Challenge without starting a game?*
- 7. How should I use the written materials that accompany Commodity Challenge?*
- 8. I'm a teacher using Commodity Challenge in the classroom – any suggestions on how to grade students performance?*
- 9. As a game leader, can I review the activities of individual players?*

1. Who uses Commodity Challenge?

Commodity Challenge is used in high school and college classrooms for learning about grain markets and marketing strategies. It is used by farmers and marketing groups to improve grain marketing skills. Over the past decade, Commodity Challenge has reached thousands of users in 25 states.

The use of futures and options contracts to manage price risks is a difficult topic to teach in the classroom. A real-time trading game provides an educational opportunity that is hands-on, unique, and fun.

2. For what purpose would I use Commodity Challenge in the classroom or with a group?

Commodity Challenge can be used in many different ways, depending on the learning objectives of the group or class. For newcomers to the world of grain markets and marketing, Commodity Challenge offers a great opportunity to become familiar with the terms of futures and options trading. Commodity Challenge also provides a great introduction to the basics of trading grain; placing orders, unwinding positions, and accounting for gains and losses. It allows players to experience the glory (and pain) of risk management decisions.

Commodity Challenge offers the best way to learn about pricing tools. Did you sell futures to establish a forward price? Commodity Challenge allows you to watch the basis change (the relationship between cash and futures prices) in real time. Did you buy put options to establish a minimum price for grain? Commodity Challenge allows students to experience time decay, delta and volatility in real time.

The neat thing about Commodity Challenge is its flexibility as a teaching tool - it can be used to demonstrate the most basic or complex issues surrounding grain markets and pricing tools.

3. How does Commodity Challenge compare to other trading games?

Commodity Challenge is different from other stock or commodity trading platforms. Other trading platforms concentrate on the speculative approach to trading, i.e., buy low and sell high. Commodity Challenge focuses on hedging – the use of futures and options contracts to manage price risk. It asks players to put themselves in the shoes of a grain producer who, for example, harvested 100,000 bushels of corn and 25,000 bushels of soybeans. How will you, the player and producer, manage price risk and price these bushels? Will you simply sell grain to your local cash market, or will you hold grain in storage to sell later?

Will you use futures contracts to establish a price for delivery later in the year?
Will you use options contracts to establish a minimum price? The choice is up to each player.

4. What does it take to establish a game in Commodity Challenge?

Establishing a game is easy and free. Simply send me an email at usset001@umn.edu and say "I want to start a Commodity Challenge game." You can request a **Quick Start** game, or a **Custom** game.

For a **Quick Start** game, I need the following information.

- Group name and location: (e.g., Farm Marketing Group in Cresco IA, Central High School FFA in Mankato MN, etc.)
- Game leader: name, email and phone number
- Start and end dates: (We recommend a game last at least 4 weeks - enough time for players to experience the ups and downs of the market.)

With a Quick Start game, many game specs are defined for you. For example, grains traded, quantities and harvest dates will be selected based on your location. Registration will be open for several weeks after the start date, and Quick Start games are password protected. Brokerage fees and storage costs are set at \$50/contract and 3-5 cents/bu. per month, respectively. Game specifications will be shared by email with the Game Leader.

If you want more say on your game specifications, you can request a **Custom** game. Here you can write your own game description, select your own password, define the number of grains and quantities to trade, set harvest dates, and set fees for brokerage and storage. If you request a Custom game, I will send you an email that asks you to define the parameters for your game.

5. Why should I start two games?

For participants in Commodity Challenge, the game is both a competition and a learning experience. Unfortunately, the desire to win and the opportunity to learn can conflict. Let's consider an example. As a game leader or teacher, you want your group to learn about put options and best way to learn is to try them out - place an order to buy put options in Commodity Challenge. The players want to learn, but they're trying to win a competition and they believe that this is the wrong time to buy put options.

The desire to compete and need to learn are in conflict. The solution is to start two games. One game is dedicated to the competition (called, for example, Peoria AgMarket Competition). The other game is dedicated to learning and trying new pricing tools and strategies (called, for example, Peoria AgMarket Practice and Exercise Game).

If you are a game leader or teacher, consider starting two games for your group or class. One game can be dedicated to the competition, where the players are free to make their own risk management decisions. The other game can be used by players to practice and experiment with new pricing strategies, without regard to the leader board.

6. Is there a way to explore Commodity Challenge without starting a game?

The best way to introduce yourself to Commodity Challenge is (1) register to play and, (2) join an open game. Players can access games from their home page. Simply select "FIND A GAME" in the upper right of their home page.

Open games are games without password protection. They give newcomers a chance to explore Commodity Challenge. You can place orders, check account actions and just develop a feel for how the system works, before starting your own game.

	Illinois New Crop Corn Open 2013 6/27/2013 - 1/31/2014 This open game invites everyone to explore the features of more...	Join
	Minnesota New Crop Soybean Open 2013 4/8/2013 - 11/5/2013 This open game invites everyone to explore the features of more...	Join
	Farmer Brown 4/9/2013 - 11/1/2013 Players trade old and new crop corn and soybeans in more...	Join
	2013 Pre-Harvest Iowa Commodity Challenge 5/30/2013 - 10/16/2013 This simulation is for Iowa Farm Bureau members and includes more...	Join

The *lock symbol* on these two games indicate password protection. Above them are two games with no lock – these are open games that anyone can join.

7. How should I use the written materials that accompany Commodity Challenge?

The short answer is “any way you want.” The written materials and videos that accompany Commodity Challenge are organized in a series of short segments (see “LEARN” at the top). Each of these segments address a different aspect of grain markets and pricing tools. Here are a couple of tips concerning the use of the written material.

- a. Do not feel compelled to use every segment in a series. Commodity Challenge is used with many different groups and for many different purposes. Some groups, particularly those working with players new to commodity markets, may choose to run a short game to introduce players to market terms, sources of information and very simple pricing tools. Not every player needs to understand the ins and outs of pricing with options.
- b. The individual segments do not need to be used in the order presented. I would, of course, recommend to any game leader to start with Segment 1, the introduction. There are other examples when it makes sense to go in order. For example, I recommend that groups cover the basics of hedging with futures before addressing the topic of options. However, for many topics such as margins, hedging vs. speculation, and the evolution of futures trading, the game leader can choose the right time to address the topic.
- c. The use of short segments should also be helpful to the instructor who already has their own preferred materials for use in the classroom. In this case, the segments can be treated as supplements to an established curriculum – picking and choosing the parts that add to the class.

Short segments on different topic give game leaders maximum flexibility. You can use them all or you can use just a few, and you can change the order in which you use them. Your choice!

8. I'm a teacher using Commodity Challenge in the classroom – any suggestions on how to grade students performance?

I use Commodity Challenge in my classroom, and I can tell you how I don't use the game in grading; I don't grade according to players performance in the game. I do not give the best grades to winners and the worst grades to losers – grain markets are too unpredictable to base grades on a short run of good or bad luck.

I ask students to write down why they made pricing decisions in the game. What motivated them to sell cash grain (or sell futures, or buy options, etc.) on a particular day? Was it an opportunity to lock-in a price objective? An expert opinion? A chart formation? From this you can judge how well the player is following the market, and how seriously they are taking their risk management responsibilities.

I once gave the best grade in my class to a student who lost the most money in a short trading exercise. Her reasoning was sound and her analysis was thorough. The market traded limit down anyway. Markets are fickle and we need to base grades on more than short term performance.

9. As a game leader, can I review the activities of individual players?

Yes! The redesigned Commodity Challenge now gives game leaders the power to review the activities of individual players, or export a list of players in Excel or Word..

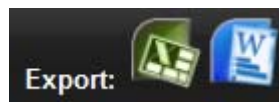
1. From your home page, under MY GAMES, click on the “**GAMES I MANAGE**” tab at the right.



2. Find your game in the list and click on the **View Players** icon on the left side of the game title.



3. If you want to export a list of the players with name, username, joined on date and balance, click on the export Excel or Word icons.



4. Next to a player's name, click on the **View PlayerInfo** icon (magnifying glass) to view their activities. This will show a list of all cash, forward, futures and options transactions made and pending.

