

## Graduate Extension Scholars Program

Understanding Business Structures, Markets, and Risk Management Strategies Handout 3.2 \_\_\_\_\_ Publication ALCE-177-F

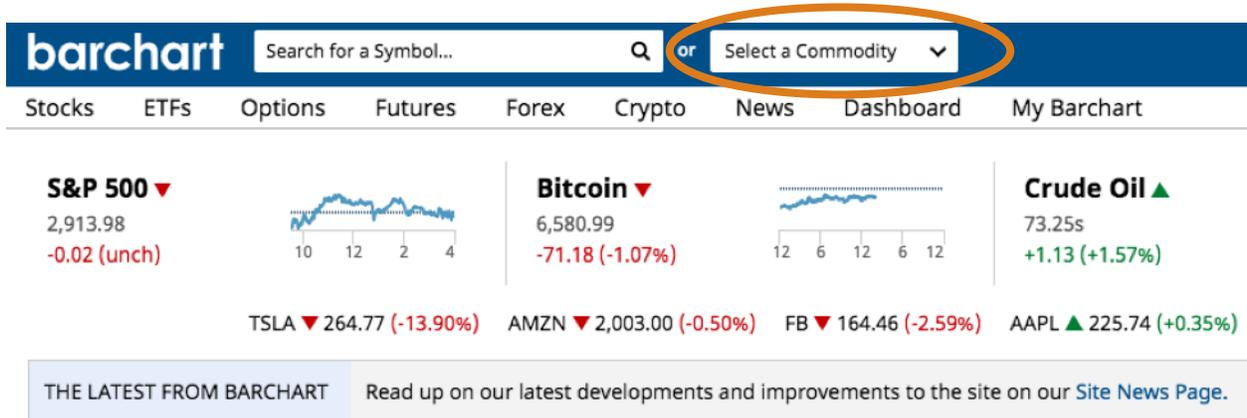
### Computer Activity: Historical Price Look Up With Barchart.com

Based on the last class, switch to a different business structure and commodity.

- If you were a sole proprietor, find a partner or partners and become a partnership or a corporation.
- If you were a partnership, find another partner to become a corporation or dissolve your partnership and work as a sole proprietor
- If you were a corporation, lose a partner or partners and become a partnership or sole proprietor.
- If you had cattle, you now have corn. If you had corn, you now have cattle!

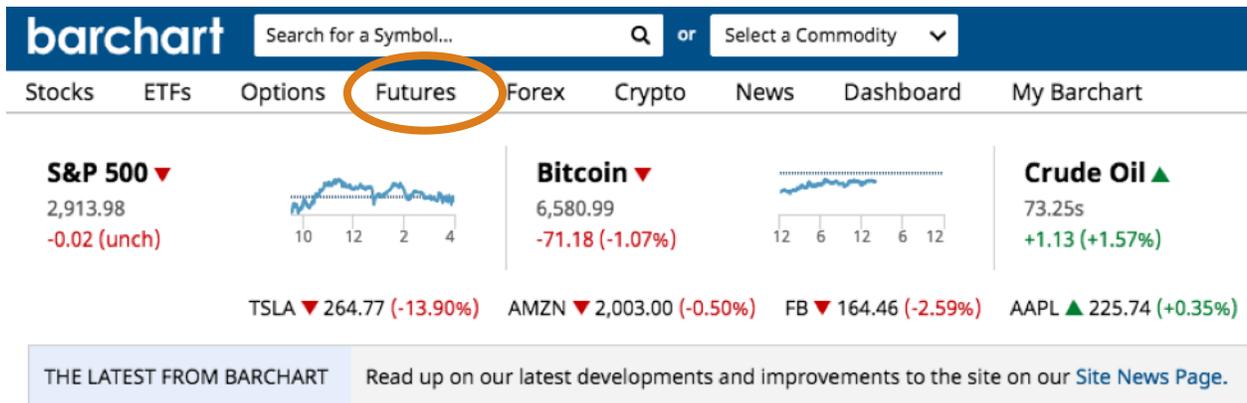
As a new business, go to a computer and look up the historical futures price for your commodity.

- Go to [www.barchart.com](http://www.barchart.com).



The screenshot shows the Barchart.com homepage. At the top, there is a search bar with the text "Search for a Symbol..." and a magnifying glass icon. To the right of the search bar is the text "or" followed by a dropdown menu labeled "Select a Commodity" with a downward arrow. This dropdown menu is circled in orange. Below the search bar is a navigation menu with links for "Stocks", "ETFs", "Options", "Futures", "Forex", "Crypto", "News", "Dashboard", and "My Barchart". The main content area displays several market indicators: "S&P 500" (2,913.98, -0.02 unch), "Bitcoin" (6,580.99, -71.18 (-1.07%)), and "Crude Oil" (73.25s, +1.13 (+1.57%)). Below these are smaller indicators for "TSLA", "AMZN", "FB", and "AAPL". At the bottom, there is a section titled "THE LATEST FROM BARCHART" with a link to "Site News Page".

- Select either “corn” or “live cattle” from the Select a Commodity drop-down menu.



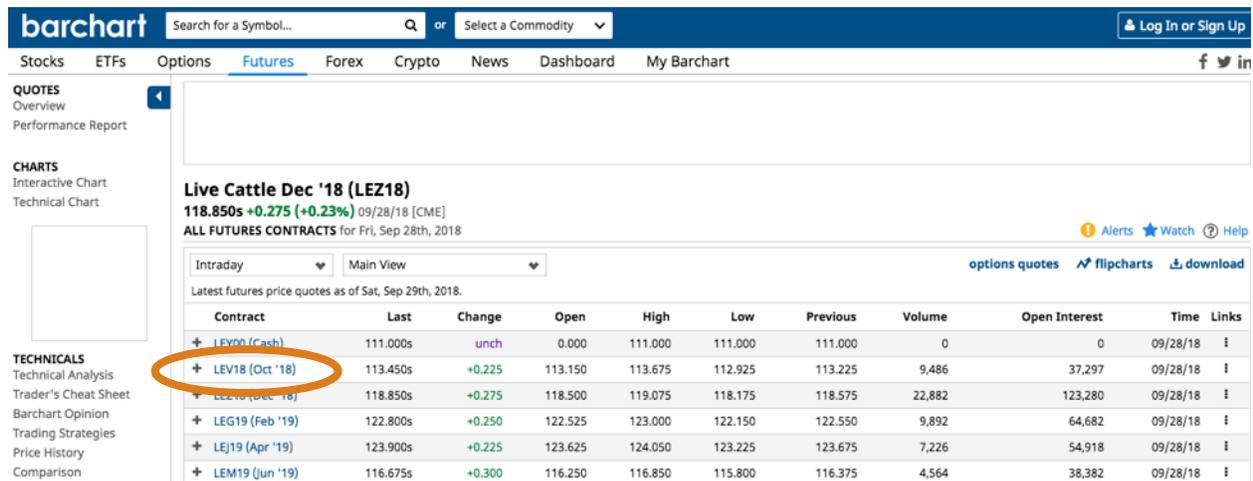
This screenshot is identical to the one above, but the "Futures" link in the navigation menu is circled in orange instead of the dropdown menu.

[www.ext.vt.edu](http://www.ext.vt.edu)

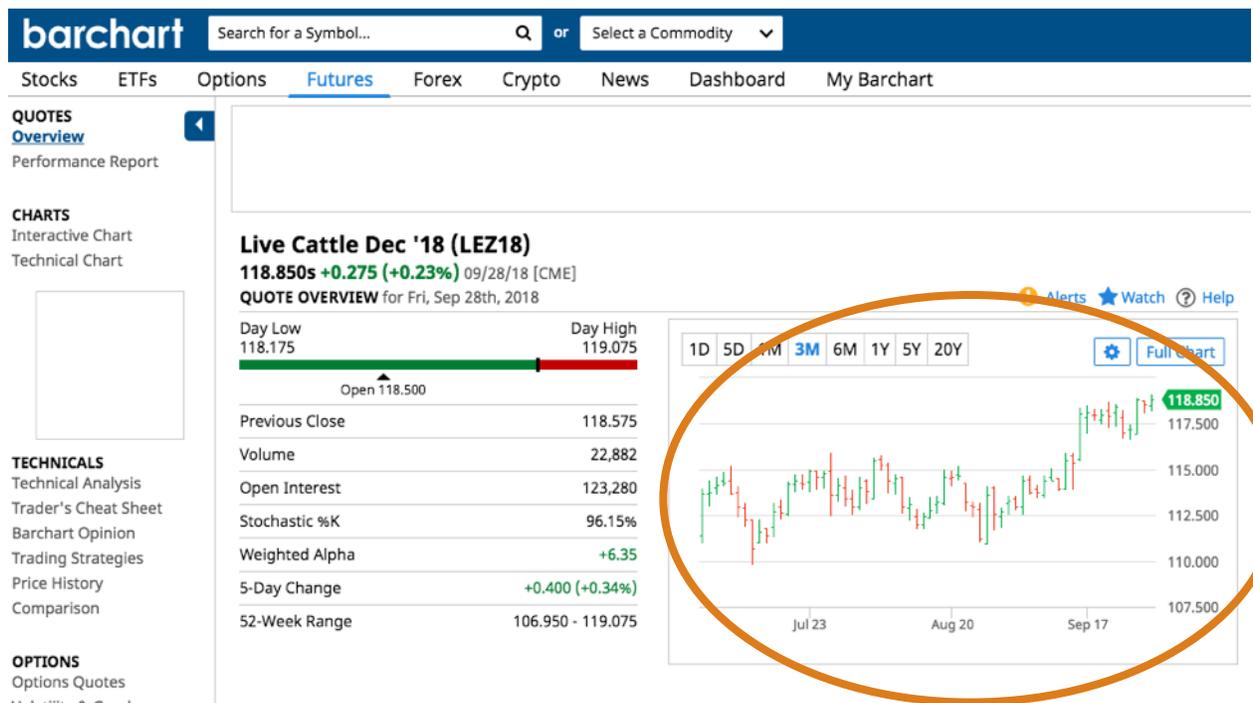
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## Computer Activity: Historical Price Look Up With Barchart.com (cont.)

- Click futures tab on top center.
- For corn, click on the harvest contract that is approximately 9 months from today. For example, if it is currently March '16, you would choose Dec. '16.



- For cattle, click on the futures contract that is approximately 9 months from today. For example, if it is currently March



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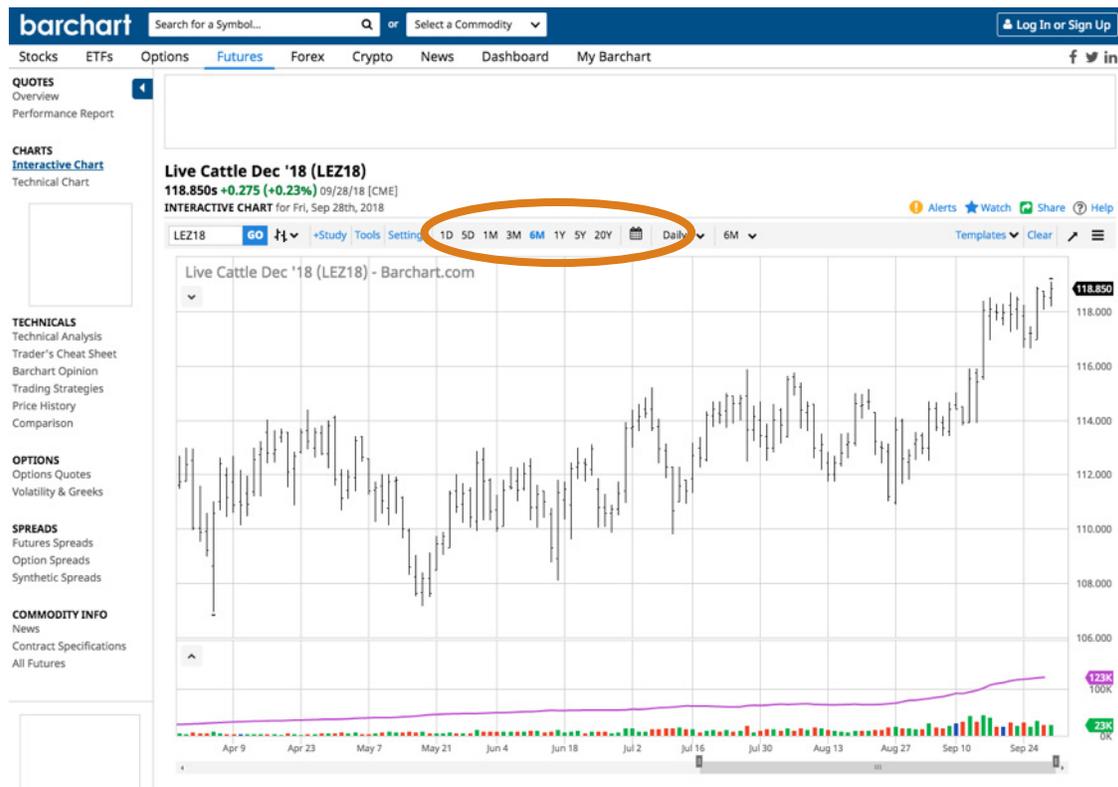
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## Computer Activity: Historical Price Look Up With Barchart.com (cont.)

- Look at 1-Year and 5-Year Quick Chart.



'16, you would choose Dec. '16. This is because that is when you will send your cattle to market.

- Click on Chart Snapshot.

\*\*\*Note: Prices are read as follows: Corn: 365 = 3.65 per bushel, Cattle: 138 = 138/cwt = 1.38 per pound

Questions to answer before market simulation:

1. Based on historical data, what appears to be the best time to sell your commodity?
2. What price is your commodity selling for today in the futures contract you selected?
3. Based on historical prices, what price range will you watch for in order to sell your commodity on the futures market?

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## Computer Activity: Historical Price Look Up With Barchart.com (cont.)

### Market Simulation With Price Risk Management Option

- Based on your analysis of historical prices, you have selected a price range and the best time that you will aim to sell your cattle or corn at on the futures market.
- As we go through the simulation, futures contract prices will be appearing on the board.
- The simulation will begin in the current month with simulation card 1 and end in 8 months with card 9.
- You will need to watch the prices to determine when you want to sell your commodity.
- You will have until month 7 to sell a futures contract.

*\*\*\*Keep in mind, if you lose cattle or corn, you will have to buy the commodity at cash price in December in order to make the full delivery.\*\*\**

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