



Pork Bellies, Belly Up?

Introduction

Objective:

Students will read a commodities quote and conduct research to explain the reasons for price fluctuations.

Academic Content Standards:

- ❖ National Standards for the Social Studies Curriculum Standards: Production, Distribution and Consumption
 - *Because people have wants that often exceed the resources available to them, a variety of ways have evolved to answer such questions as: What is to be produced? ...*
- ❖ Ohio Academic Content Standards for Social Studies: Economics
 - *Students use economic reasoning skills and knowledge of major economic concepts, issues, and systems in order to make informed choices as producers, consumers, savers, investors, workers and citizens in an interdependent world.*
 - *Benchmark: C (4th & 5th Grades)*
 - *Benchmark: B (6th Grades)*
- ❖ Ohio Academic Content Standards for Social Studies: Skills and Methods
 - *Students collect, organize, evaluate, and synthesize information from multiple sources in order to draw logical conclusions. Students communicate this information using appropriate social studies terminology in oral, written, or multimedia form and apply what they have learned to societal issues in simulated or real-world settings.*
 - *Benchmarks: A and B (4th & 5th Grades)*
 - *Benchmarks: A and B (6th Grade)*

Getting Started

Materials:

- Poster board
- Handout A: Commodities quote
- Handout B: Assignment

Vocabulary:

- Commodities
- Quote
- Peak
- Valley
- Exchange
- Pork belly
- Volume

Technology:

Internet access.

Iowa Farm Bureau Web Site: <http://www.iowafarmbureau.com/commodities.jsp?symbol=PB3N>

Chicago Board of Trade Web Site: <http://www.cbot.com>

Lesson

Orientation Activity:

Farmers like Mr. Arable and Homer Zuckerman sell their livestock to make a profit. Often the prices are set in commodities exchanges that determine how much a farmer will receive for their animals. Pigs are called pork bellies in the commodities market. Other farm commodities include corn, soy, wheat, and beans. If Mr. Arable were to sell Wilbur, he would have to check the commodity quote for pork bellies that day. Look at *Handout A* and review the vocabulary on how to make sense of the quote. Explain that all commodity quotes, as well as other stock quotes, are listed on the stock market in this form.

Learning Activity:

Students will break into small groups and choose a commodity to research. Students will log onto the Internet to obtain information about their group's chosen commodity by searching the *Iowa Farm Bureau* the *Chicago Board of Trade* web site. Question prompts to guide student research include: Why market prices change over time? What is the impact of supply and demand? (Prices change because of changes in supply and demand.) Discuss with students the laws of supply and demand. Emphasize, for example, the increase in the supply of pork bellies and the resulting decrease its price, and vice versa. An increase of the demand for a commodity will increase its price. Commodities are not companies like those who are listed on the stock market. Commodities are staples for people to consume.

Have student groups look up a quote on the *Iowa Farm Bureau* web site or the *Chicago Board of Trade* web site and choose a commodity to analyze. Student groups will construct posters on the market price of their commodity. The posters will include the following information.

- A title
- A printed or student-generated graph of the price fluctuations over the last year and a written explanation of an analysis of the graph.
- A visual depiction of the reasons for the price changes
- Any other related graphs
- Geographical information

Each student group must present their posters and explain their analysis to the class. The groups will include in their discussion the difference between farm commodities and the commodities market price movements.

Evaluation and Follow-Up

Assessment Tools and Methods:

The group poster will have all the elements listed above. Also, evaluate each group on their willingness to work cooperatively and on their presentation skills. (Rubric criteria)

Interdisciplinary Connection:

Language Arts: Read to students and discuss a book about the stock market. One example may be *Crash! A New Money Crisis* by Mihir Bose

Social Studies: Extend the activity to include the stock market. Have students choose a stock to research and track on a graph. Enroll your class in the Stock Market Game sponsored by the University of Cincinnati.



Handout A

Name _____

Iowa Farm Bureau Commodity Quotes

DTN Quick Quote

Name of Commodity

Pork Bellies - Frozen (PB3N) ← (Symbol)

Exchange: CME ← (The exchange where the pork bellies are traded.)

Last Price: 94.275 ← (Agreed upon market price for purchase.)

Change: 1.150 ← (Difference in the market price from the day before.)

Today's High: 95.400 ← (Daily market price peak)

Today's Low: 92.850 ← (Daily market price valley)

Volume: 34000.000 ← (How many pork bellies were bought and sold that particular day.)

Updated: 06/27/2003--10:28:56 ← (Date of quote)

Quotes Delayed 15 Minutes (Snap Shot)

Iowa Farm Bureau Web Site

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Chicago Board of Trade Web Site

<http://www.cbot.com>



Handout B

Assignment

Look up a quote on the *Iowa Farm Bureau* web or the *Chicago Board of Trade* site and choose a commodity to analyze.

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