FW4080
Forest Economics and Finance

Jim Pickens, Professor
Email: jpickens@mtu.edu
487-2218
Room 113
Office Hours: 11-12 M-F. I will accept walk-ins if my schedule permits and appointments can be scheduled by email or phone.

Lecture: MW 10:05-10:55 Room 143.
Lab: W 2:05-3:55 Room 143

Course content: Financial analysis and economic theory applied to forestry project analysis and selection, focusing on prices. Topics covered include supply and demand, financial calculations, risk, capital markets, and auction theory.

No Text. Readings will be distributed in class.

*This syllabus may be revised throughout the course.*

Course Calendar

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Monday</th>
<th>Introduction: What is economics and what is finance? Organizational details, syllabus.</th>
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<tr>
<td></td>
<td>Tuesday</td>
<td>Memos.</td>
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<td></td>
<td>Thursday</td>
<td>Finish memos, introduce homework 1</td>
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<tr>
<th>Week 2</th>
<th>Monday</th>
<th>No class – Martin Luther King, Jr., holiday</th>
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<tr>
<td></td>
<td>Wednesday</td>
<td>Begin financial formulas; rationale and importance</td>
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<td></td>
<td>Thursday</td>
<td>Continue financial formulas</td>
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<tr>
<th>Week 3</th>
<th>Monday</th>
<th>Continue financial formulas</th>
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<tr>
<td></td>
<td>Wednesday</td>
<td>Continue financial formulas</td>
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<td></td>
<td>Thursday</td>
<td>Continue financial formulas</td>
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<thead>
<tr>
<th>Week 4</th>
<th>Monday</th>
<th>Applying finance to forestry: PNV / SEV / rotations and cutting cycles</th>
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<tbody>
<tr>
<td></td>
<td>Wednesday</td>
<td>Continue PNV / SEV / rotations and cutting cycles (lecture); <strong>Homework 1 due (email spreadsheet to me)</strong></td>
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<td></td>
<td>Thursday</td>
<td>Continue PNV / SEV / rotations and cutting cycles (lecture); introduction of financial analysis project</td>
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<tr>
<th>Week 5</th>
<th>Monday</th>
<th>Managed forest value</th>
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<tr>
<td></td>
<td>Wednesday</td>
<td>Capital budgeting</td>
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<tr>
<td></td>
<td>Thursday</td>
<td>Capital budgeting; introduction of capital budgeting homework</td>
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<tr>
<th>Week 6</th>
<th>Monday</th>
<th>Capital budgeting</th>
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</table>
Wed Wrap-up of capital budgeting
Lab Are we behind yet?

Week 7
Mon Begin supply and demand
Wed Continue supply and demand
Lab Continue supply and demand; capital budgeting homework due (email spreadsheet to me)

Week 8
Mon Continue supply and demand
Wed Continue supply and demand;
Lab Test 1 covering financial formulas and analysis including forestry investments and capital budgeting
(Spring [sic] Break)

Week 9
Mon Continue supply and demand
Wed Financial analysis project due (email spreadsheet to me)

Week 10
Mon Start Canadian timber tariffs
Wed Finish Canadian timber tariffs
Lab Wrap-up supply and demand

Week 11
Mon Evaluation of technical article
Wed Evaluation of technical article
Lab Auctions

Week 12
Mon Auctions
Wed Auctions
Lab Test 2 covering all of supply and demand

Week 13
Lab Auctions

Week 14
Mon Capital markets and products

Finals Week
Final Exam: The final will focus on information covered after supply and demand, but may also include supply and demand or financial analysis questions

Grading

Grading for this class will be based on the components described below. The weighting for the various components is:

Tests during the semester 3 exams @ 15% each
Financial analysis project 1 @ 12%
Homework 2 @ 7.5% each
Article reviews 2 @ 4% each = 8%
In-class writing exercises 10 @ 1% each = 10% (more or less may occur)
Professional behavior 10% (allocated in direct proportion to scores on graded items except when lapses in professional behavior occur)

I generally follow a 90 – 80 – 70 – 60 grade scale for grades of A, B, C, and D. Borderline cases may receive the intermediate grades that MTU allows. Qualitative factors may be included in allocating final grades. For example, an 89.6 might receive a grade of A, AB, or B.

Instructor Expectations for Professional Behavior

Expectations of the Instructor:

I will make every effort to communicate the course content clearly, and in sufficient depth for use in the forestry profession.

I will be available during my posted office hours. If a conflict arises, I will send a message to the class email list.

I am often in my office outside office hours, and will assist walk-ins as my schedule permits. With advance notice and attention to scheduling constraints, student appointments may be arranged outside of office hours.

I will do my best to assure that submissions are graded promptly, fairly, and consistently. My goal is to return all assignments within one week of submission, although there may be occasions when more time is required to give papers or exams an appropriate level of critique.

Class Conduct:

Students will respect their peers by engaging with the course material, and avoiding participating in outside discussions during class. If discussions about class occur, they should be very short and focused on the material just presented. If the question cannot be resolved quickly, other students probably have the same question and the instructor should be asked to clarify the issue.

Non-prescription drugs other than caffeine should not be used in class. This includes tobacco use.

Discrimination:

All students are expected to act in adherence with Michigan Tech’s nondiscrimination policy, and to demonstrate a general respect for their diverse community of peers:

http://www.admin.mtu.edu/urel/studenthandbook/policies.html

Academic Integrity:

Submitted student work should be the result of the efforts of the students who submit the work. Help from other students is not allowed except as discuss in class. I am available for assistance as documented above. The Michigan Tech academic integrity policy will be strictly enforced:

http://www.studentaffairs.mtu.edu/dean/judicial/policies/academic_integrity.html
Homeworks 1 and 2 may be completed individually or in teams of not more than two people. If two people work on an assignment, one paper is to be submitted with both names on the submission.

**Attendance:**

Attendance will follow the Michigan Tech attendance policy:

[http://www.admin.mtu.edu/urel/studenthandbook/policies.html](http://www.admin.mtu.edu/urel/studenthandbook/policies.html)

If students must miss class, excused absences can be requested. Generally the request must be made before the start of the class missed. Any graded work assigned and collected during an un-excused absence will receive a grade of 0.

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Michigan Technological University complies with all federal and state laws regarding discrimination, including the Americans with Disabilities Act of 1990 (ADA). If you have a disability and need reasonable accommodation for equal access to education or services at MTU, please call Dr. Gloria Melton, Dean of Students, at 487-2951. For other concerns about discrimination, you may contact your advisor, department head/chair, or the Affirmative Action Office.