



United States  
Department of  
Agriculture

December 8, 2017

Farm Production and  
Conservation

**INFORMATIONAL MEMORANDUM: PM-17-071**

Risk  
Management  
Agency

**TO:** All Approved Insurance Providers  
All Risk Management Agency Field Offices  
All Other Interested Parties

Beacon Facility  
Mail Stop 0801  
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Kansas City,  
MO 64141-6205

**FROM:** Richard H. Flournoy /s/*Richard H. Flournoy*  
Deputy Administrator

**SUBJECT:** 2018 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut  
Factors - January 31, 2018 Sales Closing Date

**BACKGROUND:**

The CEPP peanut factors necessary to establish the insured’s amount of protection under the peanut program for the 2018 CY are identified below. The factors are applied to the commodity prices for wheat, cotton, soybean oil, and soybean meal during the discovery period of December 15, 2017 to January 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2018. They are determined in accordance with the Peanut Price Methodology guidelines published and available at:

<http://www.rma.usda.gov/policies/2015/15-cepp-pt.pdf>.

**ACTION:**

The factor values for the pricing of Yield Protection (01), Revenue Protection (02), and Revenue Protection with Harvest Price Exclusion (03) for peanuts in states and counties with a January 31, 2018 SCD as specified in the CEPP for the 2018 crop year are shown below.

The values for the exponent factors for each commodity exchange futures contract are:

| <i>Commodity</i> | <i>Abbreviation</i> | <i>Value</i> |
|------------------|---------------------|--------------|
| Wheat            | $E_{wh}$            | -0.1683      |
| Cotton           | $E_{ct}$            | 0.3282       |
| Soybean Oil      | $E_{so}$            | 0.7470       |
| Soybean Meal     | $E_{sm}$            | -0.3787      |

The values for the price constant and price weighting factors are:

| <i>Variable</i>         | <i>Abbreviation</i> | <i>Value</i> |
|-------------------------|---------------------|--------------|
| Price Constant          | <i>C</i>            | 0.1685       |
| Price Weighting Formula | <i>W</i>            | 0.9443       |

The values for the type factors are:

| <i>Type</i> | <i>Abbreviation</i>   | <i>Value</i> |
|-------------|-----------------------|--------------|
| Runner      | <i>T<sub>ru</sub></i> | 1.00         |
| Spanish     | <i>T<sub>sp</sub></i> | 1.31         |
| Valencia    | <i>T<sub>va</sub></i> | 1.08         |
| Virginia    | <i>T<sub>vi</sub></i> | 1.08         |

Additionally, the factor specifications for commodities utilized to determine price volatility are as follows:

| <i>Commodity</i> | <i>Abbreviation</i>   | <i>Value</i> |
|------------------|-----------------------|--------------|
| Wheat            | <i>G<sub>wh</sub></i> | -0.0178      |
| Cotton           | <i>G<sub>ct</sub></i> | 0.8643       |
| Soybean Oil      | <i>G<sub>so</sub></i> | 0.1975       |
| Soybean Meal     | <i>G<sub>sm</sub></i> | -0.5615      |

The value for the volatility weighting factor is:

| <i>Variable</i>             | <i>Abbreviation</i> | <i>Value</i> |
|-----------------------------|---------------------|--------------|
| Volatility Weighting Factor | <i>V</i>            | 4.8144       |

**DISPOSAL DATE:**

December 31, 2018