



United States  
Department of  
Agriculture

January 11, 2018

Farm Production and  
Conservation

Risk  
Management  
Agency

Beacon Facility  
Mail Stop 0801  
P.O. Box 419205  
Kansas City,  
MO 64141-6205

**INFORMATIONAL MEMORANDUM: PM-18-002**

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

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

**SUBJECT:** 2018 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut  
Factors – February 28, 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 January 15, 2018 to February 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of February 28, 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 February 28, 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	$E_{wh}$	-0.2345
Cotton	$E_{ct}$	0.3156
Soybean Oil	$E_{so}$	0.8031
Soybean Meal	$E_{sm}$	-0.3768

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>	0.1676
Price Weighting Factor	<i>W</i>	0.9927

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>	1.13
Virginia	<i>T<sub>vi</sub></i>	1.13

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>	-0.2345
Cotton	<i>G<sub>ct</sub></i>	1.1547
Soybean Oil	<i>G<sub>so</sub></i>	0.4442
Soybean Meal	<i>G<sub>sm</sub></i>	-0.0701

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	<i>V</i>	0.4401

**DISPOSAL DATE:**

December 31, 2018