



United States
Department of
Agriculture

January 29, 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-18-005

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 (CY) Commodity Exchange Price Provisions (CEPP) –
Peanut Factors – March 15, 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 February 1, 2018 to February 28, 2018. These factors apply only to states with a Sales Closing Date (SCD) of March 15, 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 March 15, 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}	-0.1639
Cotton	E_{ct}	0.3255
Soybean Oil	E_{so}	0.7505
Soybean Meal	E_{sm}	-0.3793

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

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Price Constant	C	0.1614
Price Weighting Factor	W	1.2818

The values for the type factors are:

<i>Type</i>	<i>Abbreviation</i>	<i>Value</i>
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.31
Valencia	T_{va}	1.11
Virginia	T_{vi}	1.11

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

<i>Commodity</i>	<i>Abbreviation</i>	<i>Value</i>
Wheat	G_{wh}	-0.0304
Cotton	G_{ct}	0.5179
Soybean Oil	G_{so}	0.1198
Soybean Meal	G_{sm}	-0.3501

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	V	7.3651

DISPOSAL DATE:

December 31, 2018