



United States
Department of
Agriculture

January 14, 2019

INFORMATIONAL MEMORANDUM: PM-19-002

Farm Production and
Conservation

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

Risk
Management
Agency

FROM: Richard H. Flournoy
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SUBJECT: 2019 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut
Factors – February 28, 2019 Sales Closing Date

BACKGROUND:

The CEPP peanut factors necessary to establish the insured’s amount of protection under the peanut program for the 2019 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, 2019 to February 14, 2019. These factors apply only to states with a Sales Closing Date (SCD) of February 28, 2019, and are determined in accordance with the Peanut Price Methodology guidelines.

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, 2019 SCD as specified in the CEPP - Peanut for the 2019 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}	-0.2532
Cotton	E_{ct}	0.2503
Soybean Oil	E_{so}	0.8746
Soybean Meal	E_{sm}	-0.3131

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>	0.1514
Price Weighting Factor	<i>W</i>	1.6071

The values for the type factors are:

<i>Type</i>	<i>Abbreviation</i>	<i>Value</i>
Runner	<i>T_{ru}</i>	1.00
Spanish	<i>T_{sp}</i>	1.31
Valencia	<i>T_{va}</i>	1.06
Virginia	<i>T_{vi}</i>	1.06

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_{wh}</i>	0.1264
Cotton	<i>G_{ct}</i>	0.4516
Soybean Oil	<i>G_{so}</i>	-0.0323
Soybean Meal	<i>G_{sm}</i>	0.0551

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	<i>V</i>	2.2118

DISPOSAL DATE:

December 31, 2019