



United States
Department of
Agriculture

January 14, 2016

Farm and Foreign
Agricultural
Services

INFORMATIONAL MEMORANDUM: PM-16-002

Risk
Management
Agency

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

Beacon Facility
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Kansas City,
MO 64141-6205

FROM: Tim B. Witt /s/ Tim B. Witt
Deputy Administrator

SUBJECT: 2016 Crop Year Commodity Exchange Price Provisions – Peanuts
(CEPP) Factors – February 28, 2016 Sales Closing Date

BACKGROUND:

The CEPP peanut factors necessary to establish the insured’s amount of protection under the peanut program for the 2016 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, 2016 to February 14, 2016. These factors apply only to States with a Sales Closing Date (SCD) of February 28, 2016. 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 2016 crop year peanuts in states and counties with a February 28, 2016 SCD as specified in the CEPP are shown below.

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

<i>Commodity</i>	<i>Abbreviation</i>	<i>Value</i>
Wheat	E_{wh}	-0.2428
Cotton	E_{ct}	0.3140
Soybean Oil	E_{so}	0.8393
Soybean Meal	E_{sm}	-0.3772

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>	0.1558
Price Weighting Formula	<i>W</i>	1.8345

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>	1.43
Valencia	<i>T_{va}</i>	1.21
Virginia	<i>T_{vi}</i>	1.21

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>	-0.4265
Cotton	<i>G_{ct}</i>	0.8004
Soybean Oil	<i>G_{so}</i>	0.1020
Soybean Meal	<i>G_{sm}</i>	0.4232

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	<i>V</i>	1.0522

DISPOSAL DATE:

December 31, 2016