



United States
Department of
Agriculture

January 28, 2016

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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

INFORMATIONAL MEMORANDUM: PM-16-008

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

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

SUBJECT: 2016 Crop Year Commodity Exchange Price Provisions – Peanuts
(CEPP) Factors – March 15, 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 February 1, 2016 to February 28, 2016. These factors apply only to States with a Sales Closing Date (SCD) of March 15, 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 March 15, 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}	-0.2423
Cotton	E_{ct}	0.3135
Soybean Oil	E_{so}	0.8391
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>	0.1558
Price Weighting Formula	<i>W</i>	1.8259

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>	1.40
Valencia	<i>T_{va}</i>	1.20
Virginia	<i>T_{vi}</i>	1.20

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>	-0.4241
Cotton	<i>G_{ct}</i>	0.8045
Soybean Oil	<i>G_{so}</i>	0.0954
Soybean Meal	<i>G_{sm}</i>	0.4326

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	<i>V</i>	1.0189

DISPOSAL DATE:

December 31, 2016