

INFORMATIONAL MEMORANDUM: PM-17-071

DATE December 08, 2017

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

FROM: Richard H. Flourney, Deputy Administrator /s/ Richard H. Flourney 12/8/2017

SUBJECT: 2018 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors -
January 31, 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 December 15, 2017 to January 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2018. They are determined in accordance with the Peanut Price Methodology guidelines published and available at 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 January 31, 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:

Commodity	Abbreviation	Value
Wheat	E _{wh}	-0.1683
Cotton	E _{ct}	0.3282
Soybean Oil	E _{so}	0.7470
Soybean Meal	E _{sm}	-0.3787

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

Variable	Abbreviation	Value
Price Constant	C	0.1685
Price Weighting Formula	W	0.9443

The values for the type factors are:

Type	Abbreviation	Value
Runner	T _{ru}	1.00
Spanish	T _{sp}	1.31
Valencia	T _{va}	1.08
Virginia	T _{vi}	1.08

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

Commodity	Abbreviation	Value
Wheat	G _{wh}	-0.0178
Cotton	G _{ct}	0.8643
Soybean Oil	G _{so}	0.1975
Soybean Meal	G _{sm}	-0.5615

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
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Volatility Weighting Factor	V	4.8144
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DISPOSAL DATE:
December 31, 2018