

PRODUCT MANAGEMENT BULLETIN: PM-19-006

DATE January 28, 2019

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 1/28/2019

SUBJECT: 2019 Crop Year (CY) Commodity Exchange Price Provisions (CEPP) – Peanut Factors – March 15, 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 February 1, 2019, to February 28, 2019. These factors apply only to states with a Sales Closing Date (SCD) of March 15, 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 March 15, 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:

Commodity	Abbreviation	Value
Wheat	<i>wh</i>	-0.2925
Cotton	<i>ct</i>	0.2099
Soybean Oil	<i>so</i>	0.9514
Soybean Meal	<i>sm</i>	-0.3333

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

Variable	Abbreviation	Value
Price Constant	C	0.1510
Price Weighting Factor	W	1.4476

The values for the type factors are:

Type	Abbreviation	Value
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.31
Valencia	T_{va}	1.07
Virginia	T_{vi}	1.07

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

Commodity	Abbreviation	Value
Wheat	<i>h</i>	0.0551
Cotton	<i>ct</i>	0.4727
Soybean Oil	<i>so</i>	-0.0068
Soybean Meal	<i>sm</i>	-0.0291

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	3.1717