

PM-16-002: 2016 Crop Year Commodity Exchange Price Provisions - Peanuts (CEPP) Factors - February 28, 2016 Sales Closing Date

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Date

January 14, 2016

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Tim B. Witt, Deputy Administrator /s/ Tim B. Witt

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: www.rma.usda.gov/policy-procedure/crop-policies/commodity-exchange-price-provisions-peanuts-15-cepp-pt.

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:

Commodity Abbreviation Value

Wheat	E_{wh}	-0.2428
Cotton	E_{ct}	0.3140
Soybean Oil	E_{so}	0.8393
Soybean Meal	E_{sm}	-.3772

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

Variable Abbreviation Value

Price Constant	C	0.1558
Price Weighing Formula	W	1.8345

The Values for the type factors are:

Type Abbreviation Value

Runner	T_{ru}	1.00
Spanish	T_{sp}	1.43
Valencia	T_{va}	1.21
Virginia	T_{vi}	1.21

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

Commodity Abbreviation Value

Wheat	G_{wh}	-0.4265
Cotton	G_{ct}	0.8004
Soybean Oil	G_{so}	0.1020
Soybean Meal	G_{sm}	0.4232

The Value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	1.0522

Disposal Date

December 31, 2016