

PM-17-001

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Date

January 13, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator /s/ Richard H. Flournoy 1/13/2017

Subject

2017 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors –
February 28, 2017 Sales Closing Date

Background

The CEPP peanut factors necessary to establish the insured's amount of protection under the peanut program for the 2017 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, 2017 to February 14, 2017. These factors apply only to states with a Sales Closing Date (SCD) of February 28, 2017. They 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 February 28, 2017, SCD as specified in the CEPP for the 2017 crop year are shown below.

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

Commodity	Abbreviation	Value
Wheat	β_{w}	-0.2262
Cotton	β_{c}	0.3128
Soybean Oil	β_{o}	0.8091
Soybean Meal	β_{m}	-0.3764

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

Variable	Abbreviation	Value
Price Constant	α	0.1682
Price Weighting Factor	γ	0.9724

The values for the type factors are:

Type	Abbreviation	Value
Runner	β_{u}	1.00
Spanish	β_{p}	1.31
Valencia	β_{a}	1.11
Virginia	β_{i}	1.11

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

<i>Commodity</i>	<i>Abbreviation</i>	<i>Value</i>
Wheat	$\gamma_{??}$	-0.2404
Cotton	$\gamma_{?t}$	0.7058
Soybean Oil	$\gamma_{?o}$	0.3767
Soybean Meal	$\gamma_{?m}$	0.2810

The value for the volatility weighting factor is:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	γ	0.5816

DISPOSAL DATE

December 31, 2017