

PM-16-008: 2016 Crop Year Commodity Exchange Price Provisions - Peanuts (CEPP) Factors - March 15, 2016 Sales Closing Date

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Date

January 28, 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 –
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 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 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:

Commodity	Abbreviation	Value
Wheat	E_{wh}	-0.2423
Cotton	E_{ct}	0.3135
Soybean Oi	E_{so}	0.8391
Soybean Meal	E_{sm}	-0.3768

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

Variable	Abbreviation	Value
Prince Constant	C	0.1558
Price Weighting Formula	W	1.8259

The Values for the type factors are:

Type	Abbreviation	Value
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.40
Valencia	T_{va}	1.20
Virginia	T_{vi}	1.20

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

Commodity	Abbreviation	Value
Wheat	G_{wh}	-0.4241
Cotton	G_{ct}	0.8045
Soybean Oil	G_{so}	0.0954
Soybean Meal	G_{sm}	0.4326

The Value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	1.0189

Disposal Date:

December 31, 2016