

PM-18-002: 2018 Crop Year Commodity Exchange Price Provisions (CEPP) - Peanut Factors - February 28, 2018 Sales Closing Date

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Date

January 11, 2018

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

Subject

2018 Crop Year Commodity Exchange Price Provisions (CEPP) - Peanut Factors - February 28, 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 January 15, 2018 to February 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of February 28, 2018. 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, 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}	-0.2345
Cotton	E_{ct}	0.3156
Soybean Oil	E_{so}	0.8031
Soybean Meal	E_{sm}	-0.3768

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

Variable Abbreviation Value

Price Constant	C	0.1676
Price Weighting Factor	W	0.9927

The values for the type factors are:

Type Abbreviation Value

Runner	T_{ru}	1.00
Spanish	T_{sp}	1.31
Valencia	T_{va}	1.13
Virginia	T_{vi}	1.13

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

Commodity Abbreviation Value

Wheat	G_{wh}	-0.2345
Cotton	G_{ct}	1.1547
Soybean Oil	G_{so}	0.4442
Soybean Meal	G_{sm}	-0.0701

The value for the volatility weighting factor is:

Variable Abbreviation Value

Volatility Weighting Factor V

0.4401

DISPOSAL DATE:

December 31, 2018