

PM-17-071: 2018 Crop Year Commodity Exchange Price Provisions (CEPP) - Peanut Factors - January 31, 2018 Sales Closing Date

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Date

December 8, 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 12/8/2017 Subject

2018 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors - January 31, 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 December 15, 2017 to January 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2018. They are determined in accordance with the Peanut Price Methodology guidelines published and available at www.rma.usda.gov/policy-procedure/general-policies/commodity-exchange-price-provisions.

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 January 31, 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	-0.1683
Cotton	E _{ct}	0.3282
Soybean Oil	E _{so}	0.7470
Soybean Meal	E _{sm}	-0.3787

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

Variable	Abbreviation	Value
Price Constant	С	0.1685
Price Weighting Formula	W	0.9443

The values for the type factors are:

Туре	Abbreviation	Value
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.31
Valencia	T_{va}	1.08
Virginia	T _{vi}	1.08

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

Commodity	Abbreviation	Value
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Wheat	G_wh	-0.0178
Cotton	G _{ct}	0.8643
Soybean Oil	G_so	0.1975
Soybean Meal	G_sm	-0.5615

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	4.8144

DISPOSAL DATE

December 31, 2018