

## **PM-15-061: 2016 Crop Year Commodity Exchange Price Provisions - Peanut Factors - January 31, 2016 Sales Closing Date**

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Date

December 14, 2015

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 – Peanut (CEPP) Factors - January 31, 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 December 15, 2015 to January 14, 2016. These factors apply only to States with a Sales Closing Date (SCD) of January 31, 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](http://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 peanuts in states and counties with a January 31, 2016 SCD as specified in the CEPP for the 2016 crop year are shown below.

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

**Commodity Abbreviation Value**

Wheat	$\beta_{wh}$	-0.2557
Cotton	$\beta_{ct}$	0.3137
Soybean Oil	$\beta_{so}$	0.8784
Soybean Meal	$\beta_{sm}$	-0.4014

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

**Variable Abbreviation Value**

Price Constant	$\beta$	0.1541
Price Weighting Formula	$\beta$	2.5619

The values for the type factors are:

**Type Abbreviation Value**

Runner	$\beta_{ru}$	1.00
Spanish	$\beta_{sp}$	1.41
Valencia	$T_{va}$	1.20
Virginia	$\beta_{vi}$	1.20

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

**Commodity Abbreviation Value**

Wheat	$G_{wh}$	-0.2988
Cotton	$G_{ct}$	0.8104
Soybean Oil	$G_{so}$	-0.0715
Soybean Meal	$G_{sm}$	0.6046

The value for the volatility weighting factor is:

<b><i>Variable</i></b>	<b><i>Abbreviation</i></b>	<b><i>Value</i></b>
Volatility Weighting Factor	□□	0.6161

**DISPOSAL DATE:**

December 31, 2016