

PM-20-001

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Date

January 14, 2020

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator

Subject

2020 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors –
February 28, 2020 Sales Closing Date

The CEPP peanut factors necessary to establish the insured's amount of protection under the peanut program for the 2020 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, 2020 to February 14, 2020. These factors apply only to states with a Sales Closing Date (SCD) of February 28, 2020 and are determined in accordance with the Peanut Price Methodology guidelines.

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, 2020 SCD as specified in the CEPP - Peanut for the 2020 crop year are shown below. The values for the exponent factors for each commodity exchange futures contract are:

| Commodity | Abbreviation | Value |
|-------------|--------------|---------|
| Wheat | ??h | -0.2452 |
| Cotton | ??t | 0.2673 |
| Soybean Oil | ??o | 0.8121 |

Soybean Meal β_m -0.2340

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

| Variable | Abbreviation | Value |
|------------------------|--------------|--------|
| Price Constant | C | 0.1526 |
| Price Weighting Factor | W | 0.7410 |

The values for the type factors are:

| Type | Abbreviation | Value |
|----------|--------------|-------|
| Runner | β_u | 1.00 |
| Spanish | Tsp | 1.38 |
| Valencia | Tva | 1.09 |
| Virginia | Tvi | 1.09 |

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

| Commodity | Abbreviation | Value |
|--------------|--------------|---------|
| Wheat | Gwh | 0.1736 |
| Cotton | Gct | 0.5186 |
| Soybean Oil | Gso | -0.2065 |
| Soybean Meal | Gsm | 0.4055 |

The value for the volatility weighting factor is:

| Variable | Abbreviation | Value |
|-----------------------------|--------------|--------|
| Volatility Weighting Factor | β_v | 0.8431 |

DISPOSAL DATE: December 31, 2020