

## **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 /s/ John W. Underwood, for 1/14/2020

Subject

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

## **Background**

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.

## **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, 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	$\gamma_{??}$	-0.2452
Cotton	$\gamma_{?t}$	0.2673
Soybean Oil	$\gamma_{?o}$	0.8121
Soybean Meal	$\gamma_{?m}$	-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	$\gamma_{?u}$	1.00
Spanish	$T_{sp}$	1.38
Valencia	$T_{va}$	1.09
Virginia	$T_{vi}$	1.09

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

**Commodity Abbreviation Value**

Wheat	$G_{wh}$	0.1736
Cotton	$G_{ct}$	0.5186
Soybean Oil	$G_{so}$	-0.2065
Soybean Meal	$G_{sm}$	0.4055

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	$\gamma$	0.8431

**DISPOSAL DATE**

December 31, 2020