

## **PM-19-074**

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Date

December 12, 2019

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) – Peanuts Factors:  
January 31, 2020 Sales Closing Date

## **Background**

The CEPP - Peanuts 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 December 15, 2019 to January 14, 2020. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2020. 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 peanuts in states and counties with a January 31, 2020 SCD as specified in the CEPP – Peanuts document 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	$\gamma_{ww}$	-0.2433
Cotton	$\gamma_{ct}$	0.2668
Soybean Oil	$\gamma_{so}$	0.8144
Soybean Meal	$\gamma_{sm}$	-0.2420

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

Variable	Abbreviation	Value
Price Constant	$C$	0.1580
Price Weighting Formula	$W$	0.8110

The values for the type factors are:

Type	Abbreviation	Value
Runner	$\gamma_u$	1.00
Spanish	$\gamma_p$	1.33
Valencia	$\gamma_a$	1.06
Virginia	$\gamma_l$	1.06

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

Commodity	Abbreviation	Value
Wheat	$\gamma_{ww}$	0.1827
Cotton	$\gamma_{ct}$	0.5192
Soybean Oil	$\gamma_{so}$	-0.2267
Soybean Meal	$\gamma_{sm}$	0.4439

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	$V$	0.7664

**DISPOSAL DATE:**

December 31, 2020