

## **PM-16-063**

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Date

December 13, 2016

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

Subject

2017 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors -  
January 31, 2017 Sales Closing Date

## **Background**

The CEPP peanut factors necessary to establish the insured's amount of protection under the peanut program for the 2017 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, 2016 to January 14, 2017. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2017. 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, 2017 SCD as specified in the CEPP for the 2017 crop year are shown below.

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

**Commodity Abbreviation Value**

Wheat	$E_{wh}$	-0.4811
Cotton	$E_{ct}$	0.1813
Soybean Oil	$E_{so}$	1.0652
Soybean Meal	$E_{sm}$	-0.2065

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

**Variable Abbreviation Value**

Price Constant	$C$	0.1691
Price Weighting Formula	$W$	0.5292

The values for the type factors are:

**Type Abbreviation Value**

Runner	$T_{ru}$	1.00
Spanish	$T_{sp}$	1.31
Valencia	$T_{va}$	1.07
Virginia	$T_{vi}$	1.07

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

**Commodity Abbreviation Value**

Wheat	$G_{wh}$	-0.2372
Cotton	$G_{ct}$	0.7054
Soybean Oil	$G_{so}$	0.3766
Soybean Meal	$G_{sm}$	0.3254

The value for the volatility weighting factor is:

**Variable Abbreviation Value**

Volatility Weighting Factor	$V$	0.5080
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**DISPOSAL DATE:** December 31, 2017