

PM-17-071

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Date

December 8, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator

Subject

2018 Crop Year Commodity Exchange Price Provisions (CEPP) – Peanut Factors -
January 31, 2018 Sales Closing Date

The CEPP peanut factors necessary to establish the insured's amount of protection under the peanut program for the 2018 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, 2017 to January 14, 2018. These factors apply only to states with a Sales Closing Date (SCD) of January 31, 2018. They are determined in accordance with the Peanut Price Methodology guidelines published and available at www.rma.usda.gov/policies/2015/15-cepp-pt.pdf.

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, 2018 SCD as specified in the CEPP for the 2018 crop year are shown below.

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

| Commodity | Abbreviation | Value |
|-----------|--------------|---------|
| Wheat | Ewh | -0.1683 |

| | | |
|--------------|-----|---------|
| Cotton | Ect | 0.3282 |
| Soybean Oil | Eso | 0.7470 |
| Soybean Meal | Esm | -0.3787 |

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

| Variable | Abbreviation | Value |
|-------------------------|--------------|--------|
| Price Constant | C | 0.1685 |
| Price Weighting Formula | W | 0.9443 |

The values for the type factors are:

| Type | Abbreviation | Value |
|----------|--------------|-------|
| Runner | Tru | 1.00 |
| Spanish | Tsp | 1.31 |
| Valencia | Tva | 1.08 |
| Virginia | Tvi | 1.08 |

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

| Commodity | Abbreviation | Value |
|--------------|--------------|---------|
| Wheat | Gwh | -0.0178 |
| Cotton | Gct | 0.8643 |
| Soybean Oil | Gso | 0.1975 |
| Soybean Meal | Gsm | -0.5615 |

The value for the volatility weighting factor is:

| Variable | Abbreviation | Value |
|-----------------------------|--------------|--------|
| Volatility Weighting Factor | V | 4.8144 |

DISPOSAL DATE: December 31, 2018