United States Department of Agriculture

Farm and Foreign Agricultural Services

Risk Management Agency

Beacon Facility
Mail Stop 0801
P.O. Box 419205
Kansas City,
MO 64141-6205

January 13, 2015

INFORMATIONAL MEMORANDUM: PM-15-003

TO: All Approved Insurance Providers
      All Risk Management Agency Field Offices
      All Other Interested Parties

FROM: Tim B. Witt */s/Tim B. Witt*
      Deputy Administrator

SUBJECT: 2015 Crop Year Commodity Exchange Price Provisions – Peanuts (CEPP) Factors – February 28, 2015 Sales Closing Date

BACKGROUND:

The Federal Crop Insurance Corporation Board of Directors approved the CEPP for revenue peanuts beginning with the 2015 CY. The factors necessary to establish the insured's amount of protection under the peanut program for the 2015 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, 2014 to February 14, 2015. These factors apply only to States with a Sales Closing Date (SCD) of February 28, 2015.   They are determined in accordance with the Peanut Price Methodology guidelines published in November 2014 and available at: http://www.rma.usda.gov/policies/2015/15-cepp-pt.pdf.

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, 2015 SCD as specified in the CEPP for the 2015 crop year are shown below.

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

Commodity	*Abbreviation*	*Value*
Wheat	E_{wh}	-0.2887
Cotton	E_{ct}	0.3085
Soybean Oil	E_{so}	0.9596
Soybean Meal	E_{sm}	-0.4268

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

Variable	Abbreviation	Value
Price Constant	C	0.1514
Price Weighting Formula	W	4.0388

The values for the type factors are:

Type	Abbreviation	Value
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.33
Valencia	T_{va}	1.16
Virginia	T_{vi}	1.16

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

Commodity	Abbreviation	Value
Wheat	G_{wh}	-0.0639
Cotton	G_{ct}	0.5809
Soybean Oil	G_{so}	0.0712
Soybean Meal	G_{sm}	-0.2265

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	3.0345

DISPOSAL DATE:

December 31, 2015