USDA

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

December 14, 2015

INFORMATIONAL MEMORANDUM: PM-15-061

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: 2016 Crop Year Commodity Exchange Price Provisions – Peanut (CEPP) Factors - January 31, 2016 Sales Closing Date

BACKGROUND:

The CEPP peanut factors necessary to establish the insured's amount of protection under the peanut program for the 2016 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, 2015 to January 14, 2016. These factors apply only to States with a Sales Closing Date (SCD) of January 31, 2016. They are determined in accordance with the Peanut Price Methodology guidelines published 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 January 31, 2016 SCD as specified in the CEPP for the 2016 crop year are shown below.

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

Commodity	*Abbreviation*	*Value*
Wheat	E_{wh}	-0.2557
Cotton	E_{ct}	0.3137
Soybean Oil	E_{so}	0.8784
Soybean Meal	E_{sm}	-0.4014

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

Variable	Abbreviation	Value
Price Constant	C	0.1541
Price Weighting Formula	W	2.5619

The values for the type factors are:

Type	Abbreviation	Value
Runner	T_{ru}	1.00
Spanish	T_{sp}	1.41
Valencia	T_{va}	1.20
Virginia	T_{vi}	1.20

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

Commodity	Abbreviation	Value
Wheat	G_{wh}	-0.2988
Cotton	G_{ct}	0.8104
Soybean Oil	G_{so}	-0.0715
Soybean Meal	G_{sm}	0.6046

The value for the volatility weighting factor is:

Variable	Abbreviation	Value
Volatility Weighting Factor	V	0.6161

DISPOSAL DATE:

December 31, 2016