



United States
Department of
Agriculture

December 13, 2016

Farm and Foreign
Agricultural
Services

INFORMATIONAL MEMORANDUM: PM-16-063

Risk
Management
Agency

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

Beacon Facility
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FROM: Richard H. Flournoy /s/ *Richard H. Flournoy*
Deputy Administrator

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/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, 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:

<i>Commodity</i>	<i>Abbreviation</i>	<i>Value</i>
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:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Price Constant	C	0.1691
Price Weighting Formula	W	0.5292

The values for the type factors are:

<i>Type</i>	<i>Abbreviation</i>	<i>Value</i>
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:

<i>Commodity</i>	<i>Abbreviation</i>	<i>Value</i>
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:

<i>Variable</i>	<i>Abbreviation</i>	<i>Value</i>
Volatility Weighting Factor	V	0.5080

DISPOSAL DATE:

December 31, 2017