COMMODITY EXCHANGE PRICE PROVISIONS (CEPP - PEANUTS)

2021 AND SUCCEEDING CROP YEARS

General Information

This CEPP applies only to peanuts where choices of protection include both revenue protection and yield protection.

1. Definitions

   <u>CCC loan price per pound</u> – The loan rate per pound for each type of peanuts announced by the USDA Commodity Credit Corporation (CCC) under the peanut loan program at the end of the projected price discovery period for the crop year.

   <u>Peanut Formula Price (PFP)</u> – The in-shell price for each type of peanut corresponding to the shelled peanut price as determined by surveys of peanut brokerages and/or the Rotterdam CIF price per pound (lb.) for peanuts in the United States. It is determined as follows:

   $$PFP_X = T_X \times \left(C + W \times P_{wh}^{E_{wh}} \times P_{ct}^{E_{ct}} \times P_{so}^{E_{so}} \times P_{sm}^{E_{sm}} \right)$$

   where

   X is the peanut type: Runner, Spanish, Valencia, or Virginia,

   PFP_X is the Peanut Formula Price in dollars per pound for peanut type X,

   T_X is type factor: Runner, Spanish, Valencia, or Virginia,

   C is the price constant factor,

   W is the price weighting factor,

   E_{wh}, E_{ct}, E_{so}, and E_{sm} are the exponent factors associated with the respective exchange commodities wheat (wh), cotton (ct), soybean oil (so), and soybean meal

(sm) *(The same factor values will be used for both the projected and harvest price determination in a given crop year)*,

P_{wh}, P_{ct}, P_{so}, and P_{sm} are the harvest year's average daily settlement prices for the projected or harvest price discovery period for the respective harvest year's commodity futures contracts, as shown below, rounded to the nearest whole cent.

Abbreviation	Commodity	Units	Exchange	Contract Month
P_{wh}	Wheat	USD/bushel	CBOT	December
P_{ct}	Cotton	USD/pound	ICE	December
P_{so}	Soybean Oil	USD/pound	CBOT	December
P_{sm}	Soybean Meal	USD/short ton	CBOT	December

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

Commodity	Exponent Value
Wheat	E_{wh}
Cotton	E_{ct}
Soybean Oil	E_{so}
Soybean Meal	E_{sm}

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

Price Constant	Price Weighting Factor
C	W

The values for the type factors for each peanut type are:

Peanut Type (X)	Type Factor
Runner	1.00
Spanish	T_X
Valencia	T_X
Virginia	T_X

The method used for calculating the Peanut Formula Price relationship will be available at https://rma.usda.gov/Topics/Publications.

Harvest Price – The Peanut Formula Price determined for each insurable peanut type for the harvest price discovery period (refer to tables at end of this document) for the harvest year rounded to the nearest one-hundredth of a cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Harvest Year – The calendar year in which the crop is normally harvested.

Projected Price – The Peanut Formula Price determined for each insurable peanut type for the projected price discovery period (refer to tables at end of this document) for the harvest year rounded to the nearest one-hundredth of a cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Rotterdam CIF – The price quoted in the port city of Rotterdam, Netherlands for shelled, edible grade, medium (40/50) runner peanuts determined using the cost-insurance-freight (CIF) accounting methodology.

Rotterdam price survey – A shelled runner price survey (or surveys) prepared by a source approved by the RMA for the applicable discovery period and used to determine the farmer stock price (FSP). This price will be utilized as a secondary shelled runner price for utilization should the domestic shelled runner prices become unavailable.

Surveys of peanut brokerages – Surveys of representative brokers in the U.S. peanut industry who broker shelled peanuts of various sizes and types. These typically represent the average monthly prices of shelled peanuts contracted in a particular month for delivery in that or subsequent months.

USDA – United States Department of Agriculture.

2. Price Determinations

   (a) In accordance with the Peanut Crop Insurance Policy Provisions, these Commodity Exchange Price Provisions (CEPP-PEANUTS) specify how and when the projected price and harvest price will be determined for peanuts. These provisions are a part of the policy for peanuts for which revenue protection is available, regardless of whether the insured elects revenue protection or yield protection. These provisions include the information necessary to derive the projected price and the harvest price for peanuts.

   (b) The CEPP-PEANUTS will be used to determine:

   (1) The projected price and harvest price for peanuts for which revenue protection is selected; or

   (2) The projected price for peanuts for which yield protection is selected.

   (c) RMA reserves the right to vary the methodology used to determine the projected and harvest prices if market conditions are different than those used to rate or price revenue protection.

   (d) RMA reserves the right to set the projected price for yield protection.

   (e) If the projected price cannot be calculated by the procedures outlined in the CEPP-PEANUTS:

   (1) No revenue protection will be available;

   (2) If revenue protection is not available, notice will be provided on RMA's website at http://www.rma.usda.gov/ by the date specified in the projected price definition;

   (3) Yield protection will continue to be available; and

   (4) The projected price for yield protection will be determined by RMA and

released by the date specified in the projected price definition.

(f) If the harvest price cannot be calculated by the procedures outlined in the CEPP-PEANUTS, the harvest price will be determined by RMA.

(g) The projected price will not be less than the CCC loan price per pound by type at the conclusion of the projected price discovery period.

(h) The harvest price will not be less than the CCC loan price per pound by type at the conclusion of the projected price discovery period or greater than the projected price multiplied by 2.00.

(i) Projected and harvest prices for peanuts can be found at:

https://prodwebnlb.rma.usda.gov/apps/PriceDiscovery.

Peanuts – January 31 Sales Closing Date				Projected Price Discovery Period		Harvest Price Discovery Period	
State	Commodity Exchange	Contract Commodities	Contract Month	Beginning Date	Ending Date	Beginning Date	Ending Date
Texas	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Dec 15	Jan 14	Oct 1	Oct 31

Peanuts – February 28 Sales Closing Date				Projected Price Discovery Period		Harvest Price Discovery Period	
State	Commodity Exchange	Contract Commodities	Contract Month	Beginning Date	Ending Date	Beginning Date	Ending Date
Alabama	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Arkansas	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Florida	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Georgia	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Louisiana	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Mississippi	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Missouri	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
North Carolina	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
South Carolina	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31
Texas	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Jan 15	Feb 14	Oct 1	Oct 31

Peanuts – March 15 Sales Closing Date				Projected Price Discovery Period		Harvest Price Discovery Period	
State	Commodity Exchange	Contract Commodities	Contract Month	Beginning Date	Ending Date	Beginning Date	Ending Date
New Mexico	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Feb 1	Feb 28	Oct 1	Oct 31
Oklahoma	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Feb 1	Feb 28	Oct 1	Oct 31
Texas	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Feb 1	Feb 28	Oct 1	Oct 31
Virginia	CBOT / ICE†	Wheat, Cotton, Soybean Oil, & Soybean Meal	December	Feb 1	Feb 28	Oct 1	Oct 31

† The CBOT (Chicago Board of Trade) will be referenced for Wheat, Soybean Oil, and Soybean Meal; the ICE (Intercontinental Exchange) will be referenced for Cotton.