



# US Price Mechanism

**(Disclaimer Notified) Liverpool, October 10, 2005**

Quotations in US cents per lb CIF CAD N. European ports, inc. commission  
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## US PRICE MECHANISM - 2005/2006 SEASON

- cents per lb -  
Week to date (Official Values)

A) Friday/Thursday average 5Middling Values	57.45	(57.11)
B) Fri/Thurs average 3 SLM values	54.59	( 54.20)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.48	(15.48)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	41.97	(41.63)
G) Coarse Adjustment (current values A-B-6)	- 3.14	( 0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	10.03	( 10.37)

### US PRICE MECHANISM (2) COMPETITIVE ADJUSTMENT PROVISIONS

**Step 1:** (*inoperative if the AWP is above 115 percent of the Basic Loan, or 59.80 cents*)

Maximum permissible reduction of AWP 4.30

#### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 80.71%

A) Avg five N.Europe M.1-3/32" CIFs 57.45

L) Avg cheapest US M.1-3/32" CIFs 61.75

P) Theoretical value payable (L - A) 4.30

Official current rate payable through Thursday, October 13 4.59

No. of completed qualifying weeks 4

#### Step 3: (Import quota trigger) :-

R) USDA's estimated stock-to-use ratio 33.80%

S) To trigger a Step 3 quota, if (R) is greater than 16%, (L) must exceed (A)  
and the value of the previous week's Step 2 payment for four consecutive weeks.

If (R) is less than 16%, the formula is (L) - (A).

Number of qualifying weeks to date. 0

Number of purchase quotas declared 2005/06:

Available purchase quota (bales of 480lbs)

### AMERICAN PIMA COMPETITIVENESS PAYMENT

US Pima CIF N.Europe quote

Today's cheapest competing foreign quote CIF N. Europe (adjusted for quality/transportation)

T) Friday/Thursday US Pima CIF N.Europe Average 120.00

U) Average cheapest competing foreign quote CIF N. Europe (adjusted for quality/transportation) 104.54

V) Theoretical value (T-U) 15.46

No. of completed weeks. T must exceed U for four consecutive weeks. 0

Official current rate payable through Thursday October 13 N/A

**CORRECTION:** On Friday, some versions of our Cottonquotes service contained an incorrect 'theoretical' value for the Pima 'Step 2' calculation, of above 28 cents per lb. The correct value was 15.46 cents per lb, which is unchanged today. The four week qualification period is under way, suggesting that shippers will qualify for payments against cotton shipped during the week beginning November 4