



# US Price Mechanism

## (Disclaimer Notified) Liverpool, October 19, 2005

Quotations in US cents per lb CIF CAD N. European ports, inc. commission  
subscription & transmission enquiries to:

Fax : +44 151 644 8550 Tel : +44 151 644 6400

E-Mail: [editor@cotlook.com](mailto:editor@cotlook.com) World Wide Web <http://www.cotlook.com>

### US PRICE MECHANISM - 2005/2006 SEASON

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

A) Friday/Thursday average 5 Middling Values	59.56	(58.48)
B) Fri/Thurs average 3 SLM values	56.96	( 55.72)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.48	(15.48)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	44.08	(43.00)
G) Coarse Adjustment (current values A-B-6)	- 3.40	( 0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	7.92	( 9.00)

### 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 4.63

#### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 84.77%

A) Avg five N.Europe M.1-3/32" CIFs 59.56

L) Avg cheapest US M.1-3/32" CIFs 64.19

P) Theoretical value payable (L - A) 4.63

Official current rate payable through Thursday, October 20 4.42

No. of completed qualifying weeks 4

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

R) USDA's estimated stock-to-use ratio 29.60%

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)

Theoretical foreign value as percentage of basic loan (must be less than 134%) 129.31%

T) Friday/Thursday US Pima CIF N.Europe Average 120.33

U) Average cheapest competing foreign quote CIF N. Europe (adjusted for quality/transportation) 105.71

V) Theoretical value (T-U) 14.62

No. of completed weeks. T must exceed U for four consecutive weeks. 1

Official current rate payable through Thursday October 20 N/A