



# US Price Mechanism

## (Disclaimer Notified) Liverpool, December 19, 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 5 Middling Values                            | 56.73  | (56.51)  |
| B) Fri/Thurs average 3 SLM values                                       | 55.42  | ( 55.32) |
| E) Shipping, Loan Quality and Location differentials (52 week averages) | 15.48  | (15.48)  |
| F) ADJUSTED WORLD PRICE (AWP) (A - E)                                   | 41.25  | (41.03)  |
| G) Coarse Adjustment (current values A-B-6)                             | - 4.69 | ( 0.00)  |
| H) Marketing Loan Gain (52.00 base loan minus AWP)                      | 10.75  | ( 10.97) |

### 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 4.27

#### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 79.33%

A) Avg five N.Europe M.1-3/32" CIFs 56.73

L) Avg cheapest US M.1-3/32" CIFs 61.00

P) Theoretical value payable (L - A) 4.27

Official current rate payable through Thursday, December 22 4.44

No. of completed qualifying weeks 4

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

R) USDA's estimated stock-to-use ratio 31.40%

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

#### Basic Loan Trigger

P1) Cheapest competing foreign quote C/F Far East (week to date average) 121.50

P2) P1 adjusted for quality and transportation 116.05

P3) P2 value must be less than 134% of basic loan (82.45) 140.75%

#### Payment Calculation

P4) Friday/Thursday US Pima C/F Far Eastern Average 145.00

P5) Average cheapest competing foreign quote C/F Far East (adjusted for quality) 129.61

P6) Theoretical value (P4-P5) N/A

P7) No. of completed weeks. P4 must exceed P5 for four consecutive weeks. 0

P8) Official current rate payable through Thursday December 22 N/A