



# US Price Mechanism

**(Disclaimer Notified) Liverpool, January 23, 2006**

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	59.75	(59.06)
B) Fri/Thurs average 3 SLM values	57.92	( 57.10)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.44	(15.48)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	44.31	(43.58)
G) Coarse Adjustment (current values A-B-6)	- 4.17	( 0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	7.69	( 8.42)

## 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 2.63

### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 85.21%

A) Avg five N.Europe M.1-3/32" CIFs 59.75

L) Avg cheapest US M.1-3/32" CIFs 62.38

P) Theoretical value payable (L - A) 2.63

Official current rate payable through Thursday, January 26 2.84

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) 114.25

P2) P1 adjusted for quality and transportation 108.80

P3) P2 value must be less than 134% of basic loan (82.45) 131.96%

### Payment Calculation

P4) Friday/Thursday US Pima C/F Far Eastern Average 140.00

P5) Average cheapest competing foreign quote C/F Far East (adjusted for quality) 122.36

P6) Theoretical value (P4-P5) 17.64

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

P8) Official current rate payable through Thursday January 26 N/A