



# US Price Mechanism

**(Disclaimer Notified) Liverpool, February 20, 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	61.13	(61.00)
B) Fri/Thurs average 3 SLM values	58.00	( 58.08)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.44	(15.44)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	45.69	(45.56)
G) Coarse Adjustment (current values A-B-6)	- 2.87	( 0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	6.31	( 6.44)

## 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 1.50

### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 87.87%

A) Avg five N.Europe M.1-3/32" CIFs 61.13

L) Avg cheapest US M.1-3/32" CIFs 62.63

P) Theoretical value payable (L - A) 1.50

Official current rate payable through Thursday, February 23 1.65

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 135.00

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

P6) Theoretical value (P4-P5) 12.64

P7) No. of completed weeks. P4 must exceed P5 for four consecutive weeks. 4

P8) Official current rate payable through Thursday February 23 12.64