



# Cotlook Cottonquotes

US Price Mechanism © Cotlook Limited

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## US PRICE MECHANISM - 2006/2007 SEASON

- cents per lb -

Week to date (Official Values)

A) Friday/Thursday average of 5 N.Europe Middling 1-3/32" values	60.35	(60.01)
B) Friday/Thursday average of 3 N.Europe SLM 'coarse count' values	N/A	( 0.00)
C) Friday/Thursday average of cheapest US M.1-3/32" CIFs	64.95	(64.45)

## ADJUSTED WORLD PRICE CALCULATION

Deduct from A

<b>Shipping Differential 52 wk avg</b>		<b>11.33</b>	
<b>Loan Quality Differential (at average location) between:</b>			
Middling 1-3/32"	56.65		
SLM 1-1/16"	52.00	4.65	
<b>Location Differential between:-</b>			
SLM 1-1/16" Loan	51.96		
(spot market avg)			
SLM 1-1/16" Loan	52.00		
(at average location)		-0.04	
D) Total Adjustment Factor		<b>15.94</b>	(15.56)
E) <b>ADJUSTED WORLD PRICE (AWP) (A - D)</b>		<b>44.41</b>	(44.10)
F) Coarse Adjustment Factor (must be above zero) (current values A-B-6.55)		N/A	(0.00)
G) Marketing Loan Gain (52.00 base loan minus AWP)		<b>7.59</b>	(7.90)

## 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 (C-A)	4.60
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## AMERICAN PIMA COMPETITIVENESS PAYMENT

### Basic Loan Trigger

P1) Cheapest competing foreign quote C/F Far East (week to date average)	118.25
P2) P1 adjusted for quality and transportation	112.80
P3) P2 value must be less than 134% of basic loan (82.45)	136.81%

### Payment Calculation

P4) Friday/Thursday US Pima C/F Far Eastern Average	130.60
P5) Average cheapest competing foreign quote C/F Far East (adjusted for quality)	126.36
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 August 3	N/A