



# US Price Mechanism

**(Disclaimer Notified) Liverpool, July 26, 2005**

Quotations in US cents per lb CIF CAD N. European ports, inc. commission  
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## US PRICE MECHANISM - 2004/2005 SEASON

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

A) Friday/Thursday average 5Middling Values	55.53	(55.56)
B) Fri/Thurs average 3 SLM values	53.70	( 53.62)
E) Shipping, Loan Quality and Location differentials (52 week averages)	14.73	(14.81)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	40.80	(40.75)
G) Coarse Adjustment (current values A-B-5.6)	- 3.77	( 0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	11.20	( 11.25)

## 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 2.55

### Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%) 78.46%

A) Avg five N.Europe M.1-3/32" CIFs 53.98

L) Avg cheapest US M.1-3/32" CIFs 60.83

P) Theoretical value payable (L - A) 6.85

Q) Theoretical value payable Aug 4 (based forward values) 2.55

Official current rate payable through Thursday, July 21 6.69

No. of completed qualifying weeks 4

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

R) USDA's estimated stock-to-use ratio 37.50%

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

## AMERICAN PIMA COMPETITIVENESS PAYMENT

Pima Spot Average 160.70

Today's cheapest competing foreign quote CIF N. Europe (adjusted for quality/transportation) 86.71

Theoretical foreign value as percentage of basic loan (must be less than 134%) 106.07%

T) Friday/Thursday Pima Spot Average 160.70

U) Average cheapest competing foreign quote CIF N. Europe (adjusted for quality/transportation) 86.71

V) Theoretical value (T-U) 73.99

No. of completed weeks. T must exceed U for four consecutive weeks. 4

Official current rate payable through Thursday July 28 74.79