



NEWS RELEASE

UNITED STATES DEPARTMENT OF AGRICULTURE • FARM SERVICE AGENCY

USDA
Farm Service Agency

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UPLAND COTTON ANNOUNCEMENT – August 02, 2018

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The Department of Agriculture's Commodity Credit Corporation announced the adjusted world price (AWP) for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 26.0-28.9 grams per tex, length uniformity of 80.0-81.9 percent) upland cotton (base quality), adjusted to U.S. quality and location, the fine count adjustment (FCA), the coarse count adjustment (CCA), and the loan deficiency payment (LDP) rate that will be in effect from 12:01 a.m., Eastern Time, August 3, 2018, through midnight, Eastern Time, Thursday, August 9, 2018. The next announcement of the AWP, FCA, CCA, and LDP rate for upland cotton will be on Thursday, August 9, 2018, at 4:00 p.m., Eastern Time.

In today's news release, the new Costs-to-Market Adjustment to be used in the Adjusted World Price (AWP) calculation will be effective as of 12:01 a.m., Friday August 3. The new Cost-to-Market adjustment will be **15.19** cents per pound compared to the prior adjustment of **14.50** cents per pound. Note also that the quality adjustment is being changed from **2.55 cents/pound to 2.05 cents/pound**, based on the 2018 cotton loan premium and discount schedule. This change is also effective as of 12:01 a.m., Friday August 3rd. The adjustment for SLM 1/32 inch cotton (Coarse Count adjustment) moves from 5.40 cents per pound to 4.95 cents per pound.

	<u>Cents/lb.</u>
Adjusted World Price (AWP)	80.06
Fine Count Adjustment (FCA) 2017 Crop	0.65
Fine Count Adjustment (FCA) 2018 Crop	0.70
Coarse Count Adjustment (CCA)	0.00
Loan Deficiency Payment (LDP) Rate	0.00

This week's AWP, FCA, and CCA are determined as follows:

AWP calculation:	Far East (FE) Price	97.30
	Adjustments:	
	Avg. costs to market	-15.19
	SLM 1-1/16 inch cotton	-2.05
	Sum of Adjustments	-17.24
	ADJUSTED WORLD PRICE	80.06

FCA calculation:	2017	2018
Loan Schedule Premium for SM 1-1/8" Cotton	2.15	2.20
Less Market Premium (cannot be less than zero)	1.50	1.50
FINE COUNT ADJUSTMENT (cannot be less than zero)	0.65	0.70

Market Premium for SM 1-1/8" Cotton:

FE Fine Count Price	98.80
FE Price	-97.30
Total:	1.50

CCA calculation:

FE Price	97.30
FE Coarse Count Price	-N/A
Adjustment to SLM 1-1/32 inch cotton	- 4.95
COARSE COUNT ADJUSTMENT (cannot be less than zero)	0.00

If sufficient data are not available to determine a CCA for the week, regulations governing the CCA require that the latest available CCA will remain in effect. Thus, the current CCA of 0.00 cents per pound will remain in effect through midnight, August 9, 2018.

The Agricultural Act of 2014 provides that the AWP may be further adjusted if the Secretary determines adjustment is necessary to 1) minimize potential loan forfeitures, 2) minimize accumulation of Government stocks, 3) ensure free and competitive marketing of upland cotton, both domestically and internationally, and 4) ensure an appropriate transition between current-crop and forward-crop price quotations. No adjustment has been made this week.

Because the AWP for the period exceeds 49.49 cents per pound, which is the base quality loan rate, the loan repayment rate during this period is equal to the loan rate, adjusted for the specific quality plus applicable interest and storage charges.