



United States  
Department of  
Agriculture

Farm Production  
and Conservation

Farm Service  
Agency

1400 Independence  
Avenue, SW  
Stop 0801  
Washington, DC  
20250-0801

# USDA ANNOUNCEMENT

USDA  
On Behalf of the Farm Service Agency

1400 Independence Ave., SW  
Washington, DC 20250

## UPLAND COTTON ANNOUNCEMENT – July 16, 2020

**Kent Lanclos**

202-720-0114

[Kent.Lanclos@usda.gov](mailto:Kent.Lanclos@usda.gov)

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, fine count adjustment (FCA), coarse count adjustment (CCA), and market gain/loan deficiency payment (LDP) rate that will be in effect from 12:01 a.m., Eastern Time, Friday, July 17, 2020, through midnight, Eastern Time, Thursday, July 23, 2020. The next announcement of the AWP, FCA, CCA, and LDP rate for upland cotton will be on Thursday, July 23, 2020, at 4:00 p.m., Eastern Time. (Note the statement regarding the 2020/21 “cost to market” adjustment at the end of this announcement).

	<u>Cents/lb.</u>
<b>Adjusted World Price (AWP)</b>	<b>50.26</b>
<b>Fine Count Adjustment (FCA) 2018 Crop</b>	<b>0.87</b>
<b>Fine Count Adjustment (FCA) 2019 Crop</b>	<b>0.72</b>
<b>Coarse Count Adjustment (CCA)</b>	<b>0.00</b>
<b>Loan Deficiency Payment (LDP) Rate</b>	<b>1.74</b>

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

AWP calculation:	Far East (FE) Price	67.51
	Adjustments:	
	Avg. cost to market	-15.20
	SLM 1-1/16 inch cotton	-2.05
	Sum of Adjustments	-17.25
	<b>ADJUSTED WORLD PRICE</b>	<b>50.26</b>

FCA calculation:

	<b>2018</b>	<b>2019</b>
Loan Schedule Premium for SM 1-1/8" Cotton	2.20	2.05
Less Market Premium (cannot be less than zero)	1.33	1.33
<b>FINE COUNT ADJUSTMENT</b> (cannot be less than zero)	<b>0.87</b>	<b>0.72</b>

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

FE Fine Count Price	68.84
FE Price	-67.51
<b>Total:</b>	<b>1.33</b>

CCA calculation:

FE Price	67.51
FE Coarse Count Price	71.48
Adjustment to SLM 1-1/32 inch cotton	-4.95
<b>COARSE COUNT</b>	<b>0.00</b>
<b>ADJUSTMENT</b> (cannot be less than zero)	

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. The current CCA of 0.00 cents per pound will remain in effect through midnight, Thursday, July 23, 2020.

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 is less than 52.00 cents per pound, which is the base quality loan rate, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality plus applicable interest and storage charges. The market gain/loan deficiency payment rate of 1.74 is the difference between the base loan rate of 52.00 cents and the AWP.

The "cost to market" adjustment for the 2020/21 crop year will be 16.95 cents/lb. and will become effective for the week ending August 6, 2020.