

**For:** Cotton State and County Offices, Cotton Clerks, Cotton CMA's, and LSA's

**2019 Loan Rates for Cotton and Premiums and Discounts**

**Approved by:** Deputy Administrator, Farm Programs



**1 2019 Cotton Loan Rates and Premiums and Discounts**

**A Background**

The Agriculture Improvement Act of 2018 (2018 Farm Bill) authorized 2019 through 2023 crop year MAL's and LDP's for upland cotton and extra-long staple cotton.

**B Purpose**

This notice informs all State and County Offices, including CMA's and LSA's about the cotton loan rates for crop year 2019, and the 2019 premiums and discounts for cotton announced on April 15, 2019.

**C 2019 Loan Rates**

The 2018 Farm Bill established the loan rate for **extra-long staple cotton at 95.00 cents per pound for each of the 2019 through 2023 crop years.**

In the case of base quality upland cotton, the loan rate is set at the simple average of the adjusted prevailing world price for the two immediately preceding marketing years, as determined by the Secretary of Agriculture and announced by October 1, before the next domestic plantings, but in no case will the loan rate be less than 45.00 cents per pound or more than 52.00 cents per pound, and not less than 98 percent of the preceding crop year loan rate.

On March 8, 2019, USDA Commodity Credit Corporation (CCC) announced the marketing assistance loan rate for base quality **upland cotton at 52.00 cents per pound for the 2019 crop year.**

<b>Disposal Date</b>	<b>Distribution</b>
April 1, 2020	Cotton State Offices; State Offices relay to County Offices, Cotton Clerks, Cotton CMA's, and LSA's

## Notice CN-1062

### 1 2019 Cotton Loan Rates and Premiums and Discounts (Continued)

#### D 2019 Premiums and Discounts

State and County Offices, cotton CMA's and LSA's may view or print the cotton premiums and discounts for 2019 crop year cotton from the PSD web site at <https://www.fsa.usda.gov/programs-and-services/price-support/commodity-loan-rates/index>, under "2019 Premiums and Discounts".

The premiums and discounts have been calculated based on market valuations of various cotton quality factors for the prior 3 years. This calculation procedure is identical to that used in past years, with the exception of a reduced discount applied to color white, leaf 8 upland cotton which has a discount of 2000 points.

**Note:** Starting with the 2019 ELS cotton crop year, the strength groupings will be listed as whole numbers as shown on page 4 of the 2019 cotton premiums and discounts.

CCC adjusts cotton loan rates by these differentials so that cotton loan values reflect the differences in market prices for color, staple length, leaf, extraneous matter, micronaire, length uniformity and strength.