



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

USDA Announces 2020 Cotton Loan Rate Differentials

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WASHINGTON, April 15, 2020 – USDA's Commodity Credit Corporation (CCC) today announced the 2020 crop loan rate differentials for upland and extra-long staple cotton.

The differentials, also referred to as loan rate premiums and discounts, have been calculated based on market valuations of various cotton quality factors for the prior three years. This calculation procedure is identical to that used in past years.

The 2020 crop differential schedules are applied to 2020 crop loan rates of 52 cents per pound for the base grade of upland cotton and 95 cents per pound for extra-long staple cotton. The 2018 Farm Bill stipulates that the loan rate for the base quality of upland cotton range between 45 and 52 cents per pound based on the simple average of the Adjusted World Price for the two marketing years immediately preceding the next planting of the crop. However, the loan rate established cannot be less than 98 percent of the loan rate for the immediately preceding year. The loan rate provided to an individual cotton bale is based on its quality as determined by USDA's Agricultural Marketing Service classing measurements.

The 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.

The rates are posted on the Farm Service Agency (FSA) website at www.fsa.usda.gov/programs-and-services/price-support/commodity-loan-rates/index. Questions and requests for additional information should be directed to:

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