



United States
Department of
Agriculture

Farm Production
and Conservation

Farm Service
Agency

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USDA ANNOUNCEMENT

USDA
On Behalf of the Farm Service Agency

1400 Independence Ave., SW
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UPLAND COTTON ANNOUNCEMENT – August 6, 2020

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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, fine count adjustment (FCA), coarse count adjustment (CCA), and marketing loan gain/loan deficiency payment (LDP) rate that will be in effect from 12:01 a.m., Eastern Time, Friday, August 7, 2020, through midnight, Eastern Time, Thursday, August 13, 2020. The next announcement of the AWP, FCA, CCA, and LDP rate for upland cotton will be on Thursday, August 13, 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>
Adjusted World Price (AWP)	49.44
Fine Count Adjustment (FCA) 2019 Crop	0.42
Fine Count Adjustment (FCA) 2020 Crop	0.37
Coarse Count Adjustment (CCA)	0.00
Loan Deficiency Payment (LDP) Rate	2.56

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

AWP calculation:	Far East (FE) Price	68.69
	Adjustments:	
	Avg. cost to market	-16.95
	SLM 1-1/16 inch cotton	-2.30
	Sum of Adjustments	-19.25
	ADJUSTED WORLD PRICE	49.44

FCA calculation:

	2019	2020
Loan Schedule Premium for SM 1-1/8" Cotton	2.05	2.00
Less Market Premium (cannot be less than zero)	1.63	1.63
FINE COUNT ADJUSTMENT (cannot be less than zero)	0.42	0.37

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

FE Fine Count Price	70.32
FE Price	-68.69
Total:	1.63

CCA calculation:

FE Price	68.69
FE Coarse Count Price	71.40
Adjustment to SLM 1-1/32 inch cotton	-5.35
COARSE COUNT	0.00
ADJUSTMENT (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, August 13, 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 marketing loan gain/loan deficiency payment rate of 2.56 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 is 16.95 cents/lb. and is used in the calculation of the AWP beginning with this announcement.