

## **News Release**

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### **USDA ANNOUNCES 1998 UPLAND COTTON AND ELS COTTON MARKETING ASSISTANCE LOAN RATES**

WASHINGTON, January 15, 1998 -- Keith Kelly, Executive Vice President of USDA's Commodity Credit Corporation, today announced the marketing assistance loan rates for 1998-crop upland cotton and ELS cotton at 51.92 cents per pound and 79.65 cents per pound, respectively.

Base quality upland cotton has the following characteristics: color grade 41, leaf grade 4, staple length 1- 1/16 inches, micronaire 3.5-3.6 and 4.3-4.9 and strength 24-25 grams per tex. In accordance with the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act), the base quality marketing assistance loan rate for upland cotton is set at the lower result of two calculations, except that it cannot be less than 50 cents or greater than 51.92 cents per pound. Because the lower of the calculations resulted in a rate that exceeded the maximum statutory level, the 1998-crop marketing assistance loan rate for upland cotton is 51.92 cents per pound, the same as for the 1997 crop.

In accordance with the provisions of the 1996 Act, the national average loan rate for ELS cotton cannot be less than 85 percent of the simple average ELS cotton price during the 5-year period ending July 31 of the year preceding the year in which the crop was planted, excluding the high and low values. The 1996 Act further provides that the ELS loan rate cannot be greater than 79.65 cents per pound. Because the price averaging formula results in a rate that exceeds the statutory maximum, the 1998-crop marketing assistance loan rate for ELS cotton is 79.65 cents per pound, the same as for the 1997 crop.

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