

News Release

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USDA ANNOUNCES COMMODITY CREDIT CORPORATION LENDING RATES FOR MAY 1998

WASHINGTON, May 1, 1998 -- The interest rate for 1995 and prior crop year commodity loans disbursed by USDA's Commodity Credit Corporation during May, is 5.375 percent, unchanged from the April 1998 rate. For 1996 and subsequent crop year commodity loans, the interest rate is 6.375 percent for loans disbursed during May 1998, unchanged from the rate for April 1998.

Past monthly releases announcing interest rates charged by USDA's Commodity Credit Corporation on commodity loans disbursed for that particular month reflected the interest rate charged the CCC by the U.S. Treasury for that month. This was the interest rate specified by the CCC since January 1, 1982, but the process of establishing the interest rate was changed by a provision of the Federal Agriculture Improvement and Reform Act of 1996, enacted on April 4, 1996.

Section 163 of the Act requires that monthly interest rates applicable to commodity loans are to be 100 basis points -- or, 1 percent -- greater than the rate determined under the applicable interest rate formula in effect on October 1, 1995. This formula resulted in a rate equivalent to the amount the U.S. Treasury charged the CCC for borrowing for the month.

The provisions of Section 163 are not retroactive. Accordingly, this and subsequent monthly interest rate announcements will carry two sets of rates: one for 1995 and prior crop year loans and one for 1996 and subsequent crop year loans.

Further program information is available from James Little (703) 305-1386, E-mail Jim_Little@wdc.fsa.usda.gov

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