



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

USDA Announces 2025 Cotton Loan Rate Differentials

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WASHINGTON, April 15, 2025 – The U.S. Department of Agriculture's (USDA) Commodity Credit Corporation today announced the 2025-crop loan rate differentials for upland and extra-long staple cotton.

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

The 2025-crop differential schedules are applied to 2025-crop loan rates of 52.00 cents per pound for the base grade of upland cotton and 95.00 cents per pound for extra-long staple cotton. The 2018 Farm Bill stipulates that the loan rate for the base quality of upland cotton ranges 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 crop planting. However, the established loan rate cannot be less than 98% of the preceding year's established loan rate. Along with USDA's Agricultural Marketing Service classing (quality) measurements, these differentials are used to determine the loan rate for each individual cotton bale.

These differentials are important to cotton producers because they are used to derive the actual loan rate for each bale of cotton – above (premium) or below (discount) the average per pound loan rate, depending on the grade or quality of the cotton. The actual loan rate is significant because it is used to determine any marketing loan gains and loan deficiency payments.?

The rates are posted on the Farm Service Agency (FSA) website at <https://www.fsa.usda.gov/resources/price-support/commodity-loan-rates>. If you have questions or need additional information, please contact:

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