USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

Fair Trade Practices Program

Commodity Management Branch

The Warehouse and Commodity Management Division of the Fair Trade Practices Program is home to the Commodity Management Branch (CMB). CMB is responsible for the establishment of Posted County Prices (PCPs) for the Farm Service Agency (FSA) and the acquisition, management, and disposition of commodities, primarily those forfeited under FSA's Non-Recourse Marketing Assistance Loan (MAL) Program.

Posted County Prices (PCPs)

CMB calculates over 350,000 PCPs daily for more than 2,800 counties, which includes 30 terminal markets and 22 commodities. PCPs are used by the FSA to aid in the calculation of loan rates and alternative repayment rates. PCPs are also used to determine loan deficiency payments (LDPs) and marketing loan gains (MLGs). MALs and LDPs are marketing tools available during harvest or shearing.

Commodity Exchanges, Sales, and Other Disposition Actions

CMB acquires, manages, and disposes of commodities in certain situations, primarily those forfeited under FSA’s Non-Recourse MAL Program. Forfeited MALs become Commodity Credit Corporation (CCC)-owned inventory once the MALs mature and are not repaid. Usually, a very small percentage of MALs are forfeited, but when this occurs, CMB manages the disposition of the commodities through exchanges, sales, or other actions.

Marketing Assistance Loans (MALs)

MALs are low interest, short-term commodity loans that provide interim financing at harvest time to help agricultural producers meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. This enables producers to delay selling the commodity until more favorable market conditions emerge. Storing production at harvest (or at shearing for wool and mohair) allows more orderly commodity marketing throughout the year.

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Marketing Loan Gains (MLGs)

A producer realizes a MLG if the alternative loan rate, or PCP, is less than the original loan rate plus interest. The MLG rate equals the amount by which the applicable loan rate exceeds the MAL repayment rate plus interest.

Loan Deficiency Payments (LDPs)

LDPs are direct payments made in lieu of a MAL when the PCP determined value, which is based on the current local price in a county, is below the applicable county loan rate. The payment is the difference between the two rates. For a commodity to be eligible for a LDP, the producers must have beneficial interest in the commodity, in addition to other eligibility requirements.

How MALs Work

A non-recourse MAL can be redeemed by repayment or by delivering the agricultural commodity that was pledged as collateral to the CCC as full payment for the loan upon maturity.

Eligible MAL Commodities

- Barley
- Canola
- Chickpeas - Small and Large
- Corn
- Cotton - Upland and Extra-Long Staple
- Crambe
- Dry Peas
- Flaxseed
- Grain Sorghum
- Honey
- Lentils
- Mohair
- Mustard Seed
- Oats
- Peanuts
- Unshorn Pelts (eligible for LDP only)
- Rapeseed
- Rice - Long Grain and Medium Grain
- Safflower
- Sesame Seed
- Soybeans
- Sunflower Seed
- Wheat
- Wool - Graded and Non-Graded

Commodities harvested as other than grain may also be eligible for a LDP

The commodity must:

- Have been produced, mechanically harvested, or shorn from live animals by an eligible producer and be in storable condition;
- Be merchantable for food, feed, or other uses, as determined by CCC; and
- Meet specific CCC minimum grade and quality standards for MALs.

For additional information:

Review the *Marketing Assistance Loans and Loan Deficiency Payments* factsheet for more information.