



TOBACCO NEWS

of the

CAROLINAS



Tobacco Scrap In Market Helps To Keep Prices Down

Further Reduction In Base Acres Advocated By Specialist In Warning To Growers.

(By Our Raleigh Correspondent)

"Keep your scrap tobacco off the market." This is the advice E. Y. Floyd, extension tobacco specialist at N. C. State College, is giving farmers.

By "scrap" Mr. Floyd means low grade tobacco that will not bring as much as four cents a pound. Normally there is from 20,000,000 to 25,000,000 pounds of scrap tobacco produced each year, but due to seasonal conditions the figure is nearer 39,000,000 pounds this year.

"Most of the contracting growers have cooperated in keeping their low grade tobacco off the present market," Mr. Floyd said, adding: "However, some of the tenants and helpers on the farm have sold scrap tobacco when the producer did not know about the sale. It has been a custom in the past to ignore scrap tobacco when it comes to a regular sale on the warehouse floor."

Beats Down Prices

Mr. Floyd argued that all contracting producers instruct tenants and helpers on the farm that scrap tobacco must not be sold at "this distressing low prices" for it beats down the price of some of the better grades.

"In as a grower has not sold his 85 per cent and wants to sell his scrap tobacco, he should take it to the warehouse or re-drying plant and have it entered on the allotment card," Mr. Floyd said.

"We are stressing this point in the interest of the contracting growers as a whole. And with the rental and adjustment payment the growers are receiving, and will receive at the end of this marketing season, they cannot afford to violate their contracts. In case there has already been sales made by contracting signers, the thing for the grower to do is to go to his county agent and he will advise him what steps he can take to clear his contract."

"With the present base acreage of flue-cured tobacco for all of the flue-cured states, namely Florida, Georgia, South Carolina, North Carolina and Virginia, which is established principally from the base years of 1931, 1932, and 1933, the base acres are so great that there will have to be a reduction of at least 20 per cent. And for the years preceding good crop years the reduction will have to be around 25 to 30 per cent from the present base in order to keep production in line with consumption."

No Room For Increase

"This means that if the present growers of flue-cured tobacco receive a reasonable price for their tobacco, there will not be much room for an expansion of acreage. I wish to urge each producer, whether he be a landowner or tenant, to try as best he can to hold to his present farm with an established base. You can readily see that there will not be much leeway for an increase in the present base tobacco acreage and production, if tobacco growing is profitable to the producers as a whole."

Mr. Floyd pointed out that it is the purpose of the committees in the counties to do all they can to help growers who may lose their farms through foreclosure or tenants who cannot stay with their present landlords in 1936.

"It will be necessary for a person moving from the farm that he is now living on to show convincing evidence to the committee before he will be able to establish a tobacco base on a new farm that has never grown tobacco," Mr. Floyd said.

Must Be Considerate

"Therefore, I want all landowners and tenants to be considerate of each other in making every possible arrangement to take care of their tobacco needs for 1936 under the present allotment, and let's have just as little moving as possible in 1936 because it is our earnest desire to adjust the base acreage and poundage to fit the needs of the present tobacco growers in the very best way possible."

Turning to peanuts, Mr. Floyd pointed out that the present allotted peanut acreage and poundage in North Carolina are 217,440 acres and 242,119,023 pounds.

"We," he added, "are beginning to dig and sell peanuts in our state at this time and it is desire of the peanut section in Washington that growers receive at least three cents a pound for the Virginia type peanut."

Convert Into Oil

"In order to maintain this price, the peanut section has devised a method by which the oil miller or the producers may convert a portion of their peanuts into oil. The grower should receive at least three cents a pound, or \$60 a ton, for the Virginia type peanuts at this time."

"After November 15 the grower should receive three and one-eighth cents per pound, or \$62.50 per ton, for his peanuts."

"In case farmers cannot get very near this price, they could convert the peanuts themselves by selling them to an oil mill for around \$43.50 per ton and fill out the necessary forms and the peanut section will pay them a diversion payment of around \$16.50."

"All growers who can should hold their peanuts in order not to rush them on the market and depress the price, as has been done in the past. Orderly marketing of this peanut crop will mean a uniform price for the whole crop, and there is a difference of 1-8 cent per pound paid for peanuts diverted to oil, beginning November 15, which will make a little difference that will pay the peanut growers, who can, to hold their peanuts off the market."

Listing Tobacco In N. Carolina



Spring will soon be here, and work in the fields will be in order. Above is a typical scene in North Carolina. Photo courtesy Extension Service.

1936 Tobacco Outlook Generally Favorable For Carolina Growers

BY A STAFF WRITER

Trends of major significance in the tobacco industry insofar as the Carolinas are concerned, relate largely to consumption increases at home due to improved economic conditions, and to the export situation. The outlook on prices for 1936 is favorable, although decreases in the production of flue-cured, Maryland and fire-cured are advised by the bureau of agricultural economics, at least until stocks are further reduced.

Increased consumption of tobacco, and some increase in exports of American types, is anticipated. Both cigar and cigarette consumption is increasing steadily. Cigarette consumption this year is estimated at 132 billion, compared to 126 billion in 1934 and 120 billion in 1930. In 1932 consumption of cigarettes fell to less than 104 billion. This trend is a hopeful sign for both flue-cured and burley tobacco.

Consumption of plug and scrap chewing, snuff and smoking tobacco is decreasing, but the last named, only moderately. This trend affects the fire-cured types, of which it is by far the most important domestic outlet.

Exports Are Lower

Exports for the last 12 months were substantially lower than those of any other similar period. American tobacco continues to meet with unfavorable trade restrictions and increased competition in foreign markets. Production of tobacco in seven countries which, before the world war took approximately 45 per cent of the leaf exported from the United States, increased from an average of 250,000,000 pounds in 1918-20 to 455,000,000 pounds in 1931-33. This resulted largely from high foreign tariffs, tobacco monopolies in foreign countries, and unfavorable exchange rates. During the past two marketing years, exports were less than 38 per cent of production.

Of particular significance is the decline in exports to China. These decreased from 144,000,000 pounds in 1930-31 to 29,000,000 pounds in 1934-35, while consumption in China during this period actually increased. Increased domestic production, the inauguration of higher taxes on grades of cigarettes in which American tobacco is used, and more recently higher prices on our auction markets, are responsible for this situation.

Decrease Is Desirable

In China, as in continental Europe, withdrawals of American flue-cured seem to have exceeded imports, and with lower prices some increase in purchases is anticipated. Whether the depletion of foreign stocks of American tobacco will have a bearing on the 1936 marketing situation will depend on the degree to which replenishment is accomplished out of the 1935 crop.

The bureau says that with a moderate decrease in production of flue-cured tobacco in 1936, the outlook is for favorable prices. Domestic and foreign stocks on July were lower than last year, and although this shortage has been more than offset by the large crop of 1935, domestic consumption is constantly increasing; while export buying has been active recently. The 1935 crop has moved at prices equal to or greater than parity. Record yields and resulting surpluses would indicate a slight curtailment in 1936 acreage is desirable. With such adjustment there would be good reason to expect favorable prices.

The Burley Situation

The outlook for burley continues to be dominated by large stocks in the hands of domestic dealers and manufacturers. The stocks on October 1, 1935 (not yet tabulated) are expected to be about 770,000,000 pounds, farm sales weight. While these stocks are smaller than those of a year ago, they are substantially larger than for any other year, being 40 per cent above the 1929-33 five year average.

With an estimated crop of 248,863,000 pounds for 1935, the total supply is approximately 1,019,000,000 pounds as of October 1st. With the exception of 1933-34 and 1934-35, this is the largest supply of burley for any similar period on record. In view of this burdensome supply, and the fact that consumption of burley will increase but little, it appears that plantings in 1936 should not be larger than in 1935. It is estimated that the present rate of production, if continued for four years, would reduce stocks to normal.

Seventy Millions For Tobacco Crop First Ten Months

(By Our Raleigh Correspondent)

North Carolina tobacco farmers received a total of \$70,613,558.31 for the weed they sold on state markets through October 31, and indications now are the full crop may produce a record money return.

Figures compiled by the Federal State Crop Reporting Service show that farmers had sold through that date a grand total of 383,878,981 pounds of tobacco at an average price of 21 cents a pound.

The price average is identical with the parity figure originally accepted for this year and above the revised figure announced by the AAA. It is, however, more than eight cents below the average figure of 29.17 cents a pound registered through October 31 of last year by North Carolina farmers.

Although the price is far below that of last year, less than half the estimated 1935 crop has been sold. At the same time last year approximately 77 per cent of the crop had been disposed of.

1934 Crop Revenues

At the end of October, 1934, North Carolina growers had been paid a total of \$93,955,179.30 for the 322,095,229 pounds of tobacco they had sold at an average level of 29.17 cents a pound.

For the entire season, despite the poorer quality of the weed and the lower prices, North Carolina's growers stand this year to receive a larger aggregate total for their crop than in any year in history, on the basis of present crop estimates.

Price trends for the 1935 season indicate that the seasonal average will climb somewhat, at least, above the 21-cent figure. In August, with the light sales, the price average was only 18.88 cents a pound. The next month, with sales still light but increasing, the monthly average rose to 21.86 cents a pound.

For October, with sales heavy, the average price paid was 22.86 cents a pound, bringing the seasonal average up to an even 21 cents.

The crop reporting service estimated as of October 31 that the State would produce a crop of 785,785,000 pounds, but present indications are that the figure may fall below this level.

Tobacco Allotment Cards Available

Contracting growers of Burley, fire-cured and dark air-cured tobacco, who have complied with their contracts to date but who have produced tobacco in excess of their allotments, may obtain additional allotment cards under an amendment to the administrative ruling announced by the Agricultural Adjustment Administration.

The new ruling provides two methods through which contracting producers with excess tobacco may purchase additional allotment cards. First, producers with excess tobacco may purchase, through county agent's offices, the unused allotments of other producers whose production is deficient. In such cases, the producer whose production is less than his allotment will be required to execute a form on which he waives the deficiency payment under his contract for 1935.

May Purchase Cards

Under the other method, a contracting grower with excess production may, after he has sold his initial allotment, purchase an additional allotment card through county agent's offices by refunding three cents for each pound of excess Burley tobacco, and two cents for each pound of excess fire-cured and dark air-cured tobacco. Under this latter method, the producer purchasing the additional allotment card will be required to sign an agreement and deliver to the county agent a certified check, bank draft, cashier's check, or postal money order made payable to the order of the United States Department of Agriculture.

The funds accumulated through these refunds will be used in making benefit payments to all growers who cooperate under tobacco contracts.

The value of excess tobacco sold will not be included in calculating the amount of the adjustment payments under the contracts for 1935.

Diverting Low Grades

In order to encourage the diversion of the lower grades of tobacco to by-product uses, especially in the case of dark types of tobacco, growers with excess production may sell such excess tobacco to manufacturers who enter into an agreement with the Secretary to use such tobacco only in the manufacture of nicotine, spray material, fertilizer, or other tobacco by-products. For additional allotment cards to cover such sales to nicotine companies, the contracting grower will pay 1-2 cent per pound and will be eligible to receive tax-payment warrants if the sale bills are properly certified by the nicotine buyers. Detailed instructions may be obtained through county agent's offices when the markets open.

Contracting growers will not be permitted to sell tobacco except on allotment cards issued in accordance with the provisions of the contract or the ruling.

NEW CONTRACTS LAUDED

"The new tobacco contracts leave free play for the best farming practices that fit each particular farm in using land shifted from tobacco to other purposes," said E. Y. Floyd, tobacco specialist at N. C. State College, recently. "This provision will be a help to farmers in working out their own sound crop rotation programs by using the various fields of the farms which suit them best, and still protect producers of other commercial crops from undue competition."

Supplies of Maryland tobacco continue to be too large. Exports for the year ended with September, 1935 were the lowest on record, and a decline in domestic consumption appears probable. During recent years supplies of low-grade tobacco have accumulated in warehouses, although last year much of it moved into the hands of the trade and is being used in manufacture. It is not believed, however, that this trend toward increase in domestic consumption will continue.

Improvement in the dark-air-cured situation is indicated. Production since 1932 has been greatly reduced and it is less than the average annual disappearance, with the result that stocks have declined heavily since the 1932-33 marketing season. Present indications are that there will be no marked change in the rate of consumption during the 1935-36 season.

The outlook for cigar tobacco has improved materially over that of last year. However, excessive supplies and restricted outlets for the stemming grades are still a serious problem. Although the production of certain types of cigar tobacco in 1936 should be increased over that of 1935, in comparison with the 10-year period prior to 1931, production of all types appears to be on a permanently lower basis.

Tobacco In S. C. Brings Fine Return

Tobacco growers in South Carolina received \$4,452,759 more for their crop in 1935 than they did for that of 1934, a statement issued from the office of J. Roy Jones, commissioner of agriculture, commerce and industries, shows.

During the season, which closed with October, producers sold 54,585,308 pounds of the golden leaf for \$15,887,753 as compared with the sale of 52,952,175 pounds for \$11,434,993 in 1934.

The average price for the 80-odd million pounds this year was \$18.56 per 100 as compared with \$21.60 in 1934. However, the total amount of cash realized from the sale was greater by four million dollars.

In October there were only two markets open, Lake City and Mullins which sold during the month, 7,020,280 pounds for \$1,118,791. The warehouses at Lake City disposed of 1,593,939 pounds for \$172,822 while those at Mullins sold 5,426,341 pounds for \$945,969.

The average price in October was \$15.94 per 100 pounds as compared with \$19.24 for the preceding October.

Scrap Tobacco Law Ruled Constitutional By Judge

Judge J. Paul Frizelle has ruled that North Carolina's new scrap tobacco law, which levies a \$1,000 tax on scrap dealers and was intended to drive them out of business, is constitutional.

But the 10 defendants in the case have expressed intention of appealing to the Supreme Court.

The scrap tobacco tax test case opened more than a month ago before a Robeson county recorder. He allowed a motion to quash, holding the law unconstitutional. The State appealed and the matter was argued before Judge Frizelle who reversed the recorder and found that the law was neither confiscatory nor discriminatory.