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T H E T O B A C C O S I T U A T I O N

Summary

The general market average for all flue-cured tobacco sold during the month of August was higher than in August 1937. Reports from representative markets indicate, however, that average prices for Types 13 and 14 declined slightly during the first part of September. The present crop has been moving to market at a more rapid rate than last year.

The marketing season began with the opening of Type 14 markets on July 28. Sales of Type 13, 12 and 11-b began on August 4, August 25 and September 13, respectively. Markets for Type 11-a will open September 27. Sales of Georgia and Florida Type 14 were practically all completed before the end of the third week in August.

Total production of all types of tobacco, indicated by conditions as of September 1, is 1,470,200,000 pounds, or 5.4 percent less than the 1937 crop. This represents a reduction from the output indicated as of July 1 and August 1. The decrease as compared with last season is due to declines in flue-cured, fire-cured, and dark air-cured of 8, 16, and 22 percent, respectively. Material increases in output are indicated for Maryland and cigar types while the Burley crop is expected to be about the same as in 1937.

Due to a higher level of stocks on July 1 as compared with a year earlier the total supply of flue-cured for the 1938-39 season is approximately

the same as in 1937-38. Larger supplies are indicated for Burley, Maryland, and dark air-cured, particularly for Burley. The prospective supply of fire-cured types is smaller than in the preceding year. Little change is in prospect for total supplies of cigar types.

Declines occurred in tax-paid withdrawals of cigarettes, cigars and manufactured tobacco in July as compared with the corresponding month a year earlier. Withdrawals in August, however, were higher than in August 1937. Some further increase in business activity and consumer incomes in the fall and winter is expected. Thus, the decline which had been in progress since the fall of 1937, and which resulted in consumer demand for tobacco products being smaller than otherwise would have been the case, has been halted at least temporarily.

An historical series, World Acreage and Production of Tobacco by Countries, has been prepared, and is available to interested persons upon request to the Bureau of Agricultural Economics. This multilith release includes a relatively complete compilation of available data for 93 geographic divisions and a world estimate.

FLUE-CURED, TYPES 11-14

The marketing season for the 1938 flue-cured crop got under way with the opening of the Georgia and Florida markets for Type 14 on July 28. South Carolina and Border markets for Type 13 opened on August 4, and eastern North Carolina sales for Type 12 began August 25. Markets in the Middle Belt for Type 11-b opened September 13, and selling on Old Belt markets 11-a will begin September 27. Sales of Type 14 were practically completed before the end of the third week of August. Total first-hand sales for the entire season amounted to 105,866,500 pounds compared with approximately 88,111,800 pounds during the previous season. The season's average price was 20.34 cents per pound as compared with 19.66 cents in 1937. Total sales of the other three flue-cured types have been considerably heavier so far this season than in the corresponding period last year. Since total production of Types 11, 12 and 13 is somewhat smaller than in 1937, the present crop apparently is moving to market at a more rapid rate than last year.

Prices in general for all four types have been higher than last season on low to good quality grades while the fine and choice quality grades are lower. The general market average for all flue-cured tobacco sold during the month of August was slightly higher than in August 1937. Reports from representative markets indicate, however, that average prices for Types 12 and 13 receded slightly during the first half of September. It remains to be seen whether the tendency for the lower grades to be higher and the higher grades to be lower in price than was the case last year continues throughout the remainder of the marketing season. Those qualities which have been higher in price relative to a year earlier are produced in larger quantity than are the so-called higher grades.

Total production based on conditions as of September 1 is indicated at 786,900,000 pounds, or 8 percent less than in 1937. The higher level of stocks on July 1 compared with a year earlier, however, resulted in the total prospective supply for the season being a trifle larger than last year. Further revisions in the national marketing quota have raised it to approximately 748 million pounds, compared with the figure of 739 million pounds carried in the July issue of this report and the 705 million originally provided for under the terms of the Agricultural Adjustment Act of 1938.

Tax-paid withdrawals of small cigarettes in the 12 months ended June 30, 1938 totaled 164,381,792,000 or 3.6 percent more than in the corresponding period a year earlier. Withdrawals in the month of July slumped sharply to a level almost 10 percent below July 1937. Withdrawals had been running ahead of a year earlier for several months preceding, and rose again in August. It seems probable that the sharp decline during July was not part of any definite trend.

Consumption of tobacco products has continued to expand in most European countries in recent months in spite of a general decline in business activity and a decrease in exports of tobacco manufactures from these countries. The general increase in consumption has been accompanied by a further shift from other tobacco products to cigarettes. This development is favorable to the demand for flue-cured leaf. As was pointed out in the last issue of this report, United States flue-cured has benefited from the increase in the total con-

Flue-cured tobacco: Price per pound received for warehouse sales
in Georgia, North Carolina, South Carolina, and Virginia,
by types and months, 1929-30 to 1938-39

Type and year	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Type 11-									
1929-30			13.4	17.6	19.7	18.3	16.8	13.1	
1930-31			11.4	14.2	12.0	10.1	8.6	5.5	3.7
1931-32			9.3	9.3	8.4	6.3	5.9	4.8	
1932-33			11.1	11.3	11.1	9.8	7.3	5.0	
1933-34		9.8	10.3	14.9	18.7	16.9	14.3	13.7	6.9
1934-35		25.2	27.8	32.3	28.1	18.7	16.0	9.0	
1935-36		19.7	18.1	22.0	21.3	17.4	14.4	9.5	
1936-37			24.8	23.5	23.3	19.4	17.4	13.5	
1937-38			25.9	26.2	22.9	17.2	14.0	12.0	
1938-39		22.6							
Type 12-									
1929-30			13.4	21.2	22.8	18.5	15.5		
1930-31			10.5	14.9	14.4	13.8	12.1	10.0	
1931-32			8.7	10.3	9.1	7.0	6.0	1.7	
1932-33			10.8	13.0	13.6	11.6	5.1		
1933-34		10.4	11.5	15.5	20.2	17.6	15.2	9.2	
1934-35		26.2	27.8	35.0	28.1	14.4			
1935-36		19.2	18.9	23.8	20.3	15.5			
1936-37			21.5	24.9	21.9	12.6			
1937-38		21.7	22.0	29.7	24.1	15.6			
1938-39		22.7							
Type 13-									
1929-30	13.6	16.5	15.7	17.1	7.5				
1930-31		10.2	13.7	13.9	12.1				
1931-32		11.4	10.5	6.6	5.3				
1932-33		12.0	12.3	10.8					
1933-34		12.9	13.0	12.5	12.2				
1934-35		24.1	21.0	19.0					
1935-36		21.7	17.9	16.4					
1936-37		23.2	21.1	14.5					
1937-38		23.8	20.3	18.1					
1938-39		24.2							
Type 14-									
1929-30	19.5	18.1							
1930-31		9.9							
1931-32	7.3	6.4	3.0						
1932-33		10.4							
1933-34		11.3							
1934-35		18.7							
1935-36		18.9							
1936-37		21.0							
1937-38	25.2	18.6							
1938-39	25.2	19.6							

sumption of this class of tobacco, particularly in the United Kingdom. However, the total British consumption of flue-cured represented by United States leaf has been declining ever since the World War due to increased utilization of tobacco produced within the British Empire. Stocks of United States flue-cured in the United Kingdom and in other European countries are at about a normal level with reference to current consumption. Stocks of competitive leaf, however, which are represented chiefly by Empire flue-cured in the United Kingdom, are considerably above normal. In the past such a building up of stocks has been followed by a permanently higher level of consumption.

Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks, July 1	Total supply	Disappearance, year beginning July	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average 1932-36	631.6	785.9	1,417.5	628.3	19.3
1937 <u>2/</u>	854.9	883.2	1,738.1	783.8	23.0
1938 <u>2/</u>	<u>3/</u> 786.9	954.3	1,741.2	---	---

1/ Farm-sales-weight equivalent. 2/ Preliminary. 3/ Indicated September 1.

BURLEY, TYPE 31

The indicated production of Burley tobacco as of September 1 is 402 million pounds or almost exactly the same as the large 1937 crop. Due to an expected increase of about 90 million pounds in stocks on October 1 relative to a year earlier the total prospective supply of Burley for the 1938-39 season is 1,064,000 pounds or approximately 9 percent above the preceding year. Since Burley is used primarily in the domestic manufacture of cigarettes, the demand for it is very similar to the domestic demand for flue-cured tobacco.

Burley tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning October	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average 1932-36	374.8	735.0	1,009.8	297.0	18.9
1937 <u>2/</u>	402.7	571.8	974.5	<u>3/</u> 312.5	20.1
1938	<u>4/</u> 402.0	<u>3/</u> 662.0	<u>3/</u> 1,064.0		

1/ Farm-sales-weight equivalent.
3/ Estimated.

2/ Preliminary.
4/ Indicated September 1.

MARYLAND, TYPE 32

Production of Southern Maryland tobacco is placed at 30 million pounds based on conditions as of September 1. This is an increase of 19 percent over 1937. Stocks on January 1, 1939 however, are preliminarily estimated to be about 10 percent less than on January 1, 1938. As a result the total supply for the calendar year 1939 probably will be only slightly larger than in 1938.

Prices received so far this season for the 1937 crop have been somewhat lower than the average prices received for the 1936 crop marketed during the 1937 calendar year. While domestic demand conditions and the large crop now being raised have been partly responsible for the decline in prices paid for the last crop, the continued decrease in foreign demand probable is also an important factor. The principal foreign purchasers are France, Switzerland, the Netherlands and Belgium. Under the reciprocal trade agreement reached between the United States and France on June 15, 1936, France agreed to take approximately 20 million pounds of all tobaccos during the next fiscal year. The terms of this agreement were complied with and Maryland tobacco undoubtedly received some benefit, but the downward trend in exports to France was checked only temporarily.

There appears to be a trend away from Maryland tobacco in all of the principal importing countries. The reasons for the decline in foreign utilization are difficult to ascertain, but it is reported that there have been widespread complaints to the effect that Maryland tobacco has been poorly packed and that the quality of shipments has not corresponded to samples. It is also believed that air-cured tobaccos produced in foreign countries, especially in Java, are being substituted to an increasing extent for Maryland. Light grades of Java cigar tobaccos and similar kinds of leaf do not correspond closely to Maryland and are somewhat inferior to Maryland with respect to the qualities for which the latter is noted. However, it is possible to use them as substitutes both in blended cigarettes and in smoking mixtures, and their prices are considerably lower than that of Maryland.

Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	: Production: : Million : pounds	: Stocks, Jan.: : of follow- : ing year : Million : pounds	: Total : supply : Million : pounds	: Disappearance, : following : calendar year : Million : pounds	: Average : price : per pound : Cents
Average 1932-36	27.3	36.9	64.2	25.5	19.5
1937 <u>2/</u>	25.2	41.1	66.3	<u>3/</u> 29.3	22.0
1938.....	<u>4/</u> 30.0	<u>3/</u> 37.0	<u>3/</u> 67.0		

1/ Farm-sales-weight equivalent.
3/ Estimated.

2/ Preliminary.
4/ Indicated September 1.

FIRE-CURED AND DARK AIR-CURED TOBACCOS, TYPES 21-24 AND 35-37

Total production of dark types based on conditions as of September 1 is 135,700,000 pounds. The fire-cured crop is placed at 98,900,000 and the dark air-cured at 36,800,000 pounds. The indicated production of both classes has decreased considerably since July and August due to unfavorable weather conditions in the Kentucky and Tennessee area. The indicated output is somewhat less than the marketing quota of approximately 148 million pounds. The total indicated supply of fire-cured types is slightly less than 263 million pounds or over 25 million pounds less than in 1937-38. A substantial increase in stocks of dark air-cured makes their prospective supply slightly larger than a year ago.

Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Year	Fire-cured					Average price per pound
	: Production :	: Stocks :	: Total :	: Disappearance, :	: Average	
	: Million : : pounds :	: Million : : pounds :	: Million : : pounds :	: Million : : pounds :	: price per	
Total, Types 21-24						
Average 1932-36...	120.5	209.7	330.2	128.0	9.5	
1937 <u>2/</u>	117.4	170.7	288.1	<u>3/</u> 124.1	10.7	
1938.....	<u>4/</u> 98.9	<u>3/</u> 164.0	<u>3/</u> 262.9			
	Dark air-cured					
Total, Types 35-37						
Average, 1932-36...	32.7	73.3	106.0	39.5	8.5	
1937 <u>2/</u>	47.4	48.2	95.6	<u>3/</u> 35.6	8.1	
1938.....	<u>4/</u> 36.8	<u>3/</u> 60.0	<u>3/</u> 96.8			
One Sucker, Type 35						
Average, 1932-36..	15.2	33.3	48.5	17.8	8.6	
1937 <u>2/</u>	24.6	23.8	48.4	<u>3/</u> 15.4	7.4	
1938.....	<u>4/</u> 20.1	<u>3/</u> 33.0	<u>3/</u> 53.1			
Green River, Type 36						
Average, 1932-36...	15.2	36.7	51.9	19.1	8.2	
1937 <u>2/</u>	19.8	22.0	41.8	<u>3/</u> 17.8	9.0	
1938.....	<u>4/</u> 14.5	<u>3/</u> 24.0	<u>3/</u> 38.5			
Va. Sun-cured, Type 37:						
Average, 1932-36...	2.3	3.3	5.6	2.6	10.2	
1937 <u>2/</u>	3.0	2.4	5.4	<u>3/</u> 2.4	8.9	
1938.....	<u>4/</u> 2.2	<u>3/</u> 3.0	<u>3/</u> 5.2			

1/ Farm-sales-weight equivalent.
3/ Estimated.

2/ Preliminary.
4/ Indicated September 1.

A smaller total consumption of dark tobaccos in foreign countries, a higher level of foreign production, and exchange restrictions continue to result in contracting foreign markets for American dark types. Recently Italy has become an important factor in the export market for fire-cured tobacco, shipping large quantities to Germany and to a lesser extent to Poland, Belgium, and Switzerland under special import regulations. Italian leaf on the whole is inferior to comparable grades of United States flue-cured, but increasing quantities of it are being used due to its lower price and the fact that it can be obtained under barter arrangements.

During the year ended June 30 the production of all forms of manufactured tobacco declined. The output of plug chewing tobacco decreased by more than 7 percent, and doubtless there was also a significant decline in the production of dark smoking tobacco which does not show up in the figures for production of all smoking tobacco.

CIGAR TOBACCO, TYPES 41-62

Production of all types of cigar tobacco in 1938, according to conditions as of September 1, will total 5,645,000 pounds as compared with 105,812,000 pounds in 1937. This is an increase of 9 percent. An increase of 7.7 percent is indicated for filler, 10.4 percent for binder and 11.1 percent for wrapper. Unfavorable weather conditions have resulted in reducing the indicated output of binder and wrapper during the last 2 months. Stocks of filler on October 1 are expected to be somewhat less than a year earlier, although little change is expected in the carry-over of binder and wrapper. The total prospective supply of filler is slightly smaller than in 1937-38 while supplies of binder and wrapper are a trifle larger. Tax-paid withdrawals of large cigars declined nearly 4 percent in the 12 months ended June 30. Withdrawals in July were lower but in August higher than in the corresponding months a year earlier.

Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1932-36, annual 1937-38 1/

Class and year	: Stocks :		: Total : : supply :	: Disappearance, : : year beginning: : : October : : pound	
	: Production:	: Oct. 1 :		: October :	: price per
	: : Mil. lb. :	: : Mil. lb. :	: : Mil. lb. :	: : Mil. lb. :	: : Cents
Filler, Types 41-45					
Average, 1932-36.....:	47.3	174.4	221.7	53.5	7.9
1937 <u>3/</u>:	45.6	161.1	206.7	<u>4/</u> 56.7	9.9
1938.....:	<u>5/</u> 49.1	<u>4/</u> 150.0	<u>4/</u> 199.1		
Binder, Types 51-55					
Average, 1932-36.....:	42.6	197.6	240.2	58.9	11.0
1937 <u>3/</u>:	51.2	137.4	188.6	<u>4/</u> 52.6	13.3
1938.....:	<u>5/</u> 56.5	<u>4/</u> 136.0	<u>4/</u> 192.5		
Wrapper, Types 61-62					
Average, 1932-36.....:	7.5	15.1	22.6	8.6	69.1
1937 <u>3/</u>:	9.0	12.8	21.8	<u>4/</u> 8.8	87.2
1938.....:	<u>5/</u> 10.0	<u>4/</u> 13.0	<u>4/</u> 23.0		

1/ Farm-sales-weight equivalent. 2/ Stocks held on farms not included.
3/ Preliminary. 4/ Estimated. 5/ Indicated September 1.

Tax-paid withdrawals of tobacco products in the United States,
July-June 1936-37, and July-August 1937-38 1/

Products	Year beginning July			July-August		
	1936	1937	Change	1937	1938	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	158,680	164,382	+ 3.6	30,389	29,677	- 2.3
Large cigarettes	3	3	0.0	<u>2/</u>	<u>2/</u>	
Large cigars	5,582	5,363	- 3.9	974	934	- 4.1
Small cigars	195	175	- 10.3	33	16	- 51.5
Snuff <u>3/</u>	36,997	37,105	+ .3	5,825	5,698	- 2.2
Manufactured tobacco <u>3/</u>	305,742	299,885	- 1.9	52,054	52,319	+ 0.5

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. 2/ Less than 500,000. 3/ Thousand pounds.

Production of manufactured tobacco in the United States,
July-June 1936-37, and June 1937-38

Manufactured tobacco	Year beginning July			June		
	1936	1937	Change	1937	1938	Change
	1,000 pounds	1,000 pounds	Per-cent	1,000 pounds	1,000 pounds	Per-cent
Smoking	191,415	190,714	- 0.4	16,840	17,118	+ 1.7
Plug	59,957	55,660	- 7.2	5,252	5,036	- 4.1
Twist	6,696	5,891	- 12.0	591	460	- 22.2
Fine-cut	5,674	5,103	- 10.1	598	427	- 28.6
Scrap chowing	45,139	43,498	- 3.6	3,904	4,142	+ 6.1

Exports of tobacco from the United States by types, export weight,
1936 and 1937

Type	10 months beginning October		
	1936	1937	Change
	1,000 pounds	1,000 pounds	Percent
Flue-cured <u>1/</u>	302,640	361,919	+ 19.6
Burley	10,248	9,659	- 5.7
Ky. and Tenn. fire-cured	45,392	42,083	- 7.3
Va. fire-cured	8,114	7,063	- 13.0
Maryland <u>2/</u>	3,729	2,413	- 35.3
One Sucker	353	163	- 53.8
Green River	2,131	3,265	+ 53.2
Cigar leaf	637	1,121	+ 76.0
Black fat, water baler, and dark African	8,101	6,376	- 21.3
Perique	131	108	- 17.6
Stems, trimmings, and scrap	19,257	14,287	- 25.8

1/ 12 months beginning July. The July 1938 exports of flue-cured were 8,165,576 pounds compared with 11,396,084 pounds in July 1937, or a decrease of 28.3 percent. 2/ 7 months beginning January 1937 and 1938.

Acreeage and production of tobacco in the United States, by types, 1937 and 1938

Type	Acreeage			Production		
	1937	1938	Change	1937	1938	Change
	1,000 acres	1,000 acres	Per-cent	Mil. pounds	Mil. pounds	Per-cent
Total flue-cured, Types 11-14.....:	973.3	934.0	- 4.0	854.9	786.9	- 8.0
Old and Middle Belt, Type 11.....:	362.0	343.0	- 5.2	281.6	270.3	- 4.0
Eastern North Carolina, Type 12...:	330.0	310.0	- 6.1	305.3	260.4	- 14.7
South Carolina, Type 13	185.0	167.0	- 9.7	180.0	150.3	- 16.5
Georgia, Type 14	96.3	114.0	+18.4	88.0	105.9	+ 20.3
Total fire-cured, Types 21-24.....:	141.5	127.0	-10.2	117.4	98.9	-15.8
Virginia, Type 21	24.5	21.6	-11.8	19.4	16.9	- 12.9
Ky. and Tenn., Type 22	80.0	72.0	-10.0	67.7	55.9	- 17.4
Ky. and Tenn., Type 23	34.5	30.9	-10.4	28.2	24.0	- 14.9
Honderson, Type 24	2.5	2.5	0.0	2.1	2.1	0.0
Burley, Type 31	441.6	443.0	+ .3	402.7	402.0	- .7
Maryland, Type 32	36.0	38.5	+ 6.9	25.2	30.0	+ 19.1
Total dark air-cured, Types 35-37...:	52.9	44.6	-15.7	47.4	36.8	- 22.8
One Sucker, Type 35	27.1	24.2	-10.7	24.6	20.1	- 18.3
Green River, Type 36	22.0	17.6	-20.0	19.8	14.5	- 26.3
Va. sun-cured, Type 37	3.8	2.8	-26.3	3.0	2.2	- 26.7
Total cigar filler, Types 41-45 ...:	40.7	41.3	+ 1.5	45.6	49.1	+ 7.9
Pa. Seedleaf, Type 41	23.5	24.0	+ 2.1	28.7	32.4	+ 12.2
Miami Valley, Types, 42-44.....:	16.1	16.1	0.0	15.7	15.3	- 2.6
Ga. and Fla. sun-grown, Type 45...:	1.1	1.2	+ 9.1	1.2	1.4	+ 16.7
Total cigar binder, Types 51-55 ...:	35.6	41.6	+16.9	51.2	56.5	+ 10.6
Conn.Valley Broadleaf, Type 51....:	9.1	8.8	- 3.3	14.0	11.1	- 20.7
Conn.Valley Havana Seed, Type 52...:	6.6	6.5	- 1.5	10.2	8.4	- 17.6
N.Y. and Pa. Havana Seed, Type 53...:	1.1	1.4	+27.3	1.5	1.9	+ 26.7
Southern Wisconsin, Type 54.....:	11.0	15.1	+37.3	14.5	21.6	+ 49.7
Northern Wisconsin, Type 55.....:	7.8	9.8	+25.6	11.0	13.5	+ 22.7
Total cigar wrapper, Types 61-62...:	10.0	10.8	+ 8.0	9.0	10.0	+ 11.1
Conn.Valley Shadegrown, Type 61...:	7.2	7.6	+ 5.6	6.5	6.5	0.0
Ga. and Fla. Shadegrown, Type 62...:	2.8	3.2	+14.3	2.5	3.5	+ 40.0
Total, all types.....:	1,731.6	1,680.8	- 2.9	1,553.4	1,470.2	- 5.2

1/ Preliminary.

2/ Indicated September 1.