

The TOBACCO SITUATION

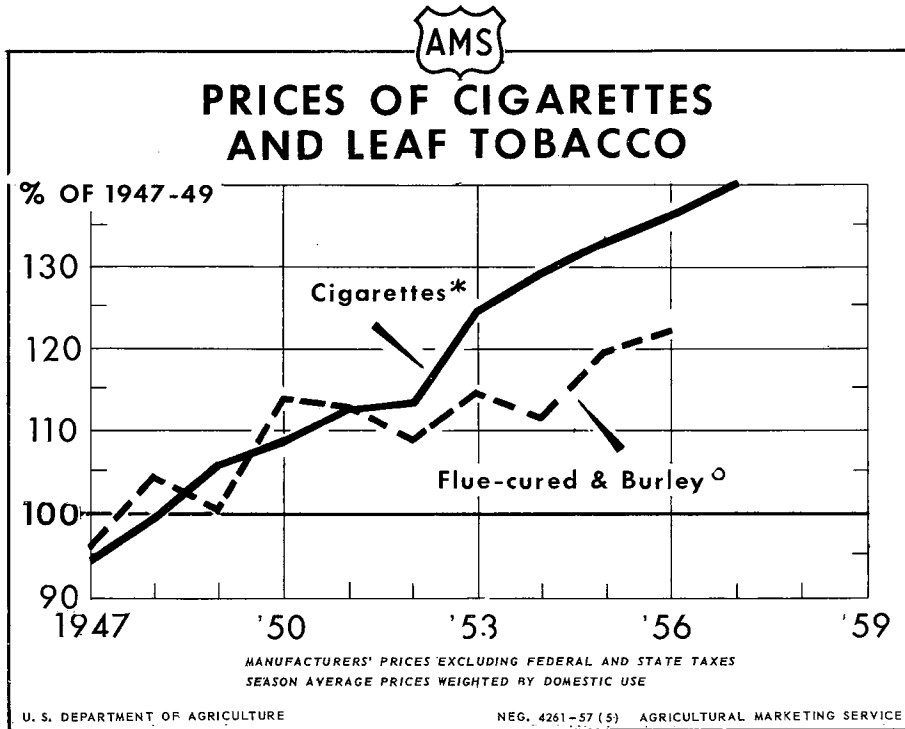
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Taking into account the mid-June price increases for regular and king size, nonfilter cigarettes, 1957 prices of all cigarettes (excluding tax) at the manufacturer level probably will average over 40 percent above 1947-49. The recently announced price of regular size cigarettes is 35 percent above 1947-49. Since 1953 a major factor raising the overall average price of cigarettes has been the big increase

in the proportion of filter tips which are higher-priced; also contributing, were the price advances on king size cigarettes during 1955 and again this June.

The 1956 average price of flue-cured and burley combined was 22 percent above 1947-49. Season average prices of flue-cured have been nearly level for several years but burley prices rose sharply during the last 2 years.

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STATISTICAL SUMMARY

Item	Unit or base period	1956				1957				Last data available as percentage of a year earlier
		Jan.	Feb.	Mar.	Apr.	Jan.	Feb.	Mar.	Apr.	
Average prices at auctions										
Flue-cured	Cents per lb.:	* C-1-o-s-e-d				* C-1-o-s-e-d				---
Burley	Cents per lb.:	58.3	C-1-o-s-e-d			63.9	C-1-o-s-e-d			110
Maryland	Cents per lb.:	C-1-o-s-e-d				C-1-o-s-e-d				---
Fire-cured	Cents per lb.:	37.2	35.6	32.4	Closed	36.8	33.8	31.4	Closed	97
Dark air-cured (35-36)	Cents per lb.:	31.7	32.8	C-1-o-s-e-d		34.8	33.3	C-1-o-s-e-d		102
Virginia sun-cured (37)	Cents per lb.:	25.5	22.0	C-1-o-s-e-d		35.8	32.6	C-1-o-s-e-d		148
Parity prices										
Flue-cured	Cents per lb.:	53.4	53.2	53.6	54.0	55.8	56.2	56.3	56.5	105
Burley	Cents per lb.:	52.0	51.8	52.5	52.8	56.6	57.0	57.2	57.4	109
Maryland	Cents per lb.:	52.4	52.2	52.9	52.9	54.7	55.2	55.2	55.2	104
Fire-cured	Cents per lb.:	---	35.3	35.5	35.8	---	38.5	38.6	38.8	108
Dark air-cured (35-36)	Cents per lb.:	30.3	30.2	30.5	30.7	32.7	32.9	33.0	33.2	108
Virginia sun-cured (37)	Cents per lb.:	32.3	32.2	32.4	32.7	---	35.3	35.4	35.5	109
Parity index 1/	1910-14=100	281	280	281	284	292	294	295	296	104
Tax-paid removals										
Cigarettes, small	Billion	32.9	30.7	32.5	30.2	36.0	31.7	33.2	32.1	106
Cigars, large	Million	453	463	502	501	437	391	422	470	94
Chewing and smoking	Mil. lb.	11.9	11.4	12.6	12.5	12.1	10.1	11.2	11.4	91
Snuff	Mil. lb.	3.4	3.3	3.1	3.2	3.3	2.9	2.9	3.1	97
Accumulated from Jan. 1										
Cigarettes, small	Billion	33	64	96	126	36	68	101	133	106
Cigars, large	Million	453	916	1,418	1,919	437	828	1,250	1,720	90
Chewing and smoking	Mil. lb.	12	23	36	48	12	22	33	45	94
Snuff	Mil. lb.	3	7	10	13	3	6	9	12	92
Tax-free removals										
Cigarettes, small	Billion	2	2	3	2	3	2	2	3	150
Cigars, large	Million	5	4	6	5	6	7	4	5	100
Chewing and smoking	Mil. lb.	.2	.2	.3	.3	.3	.2	.3	.3	100
Accumulated from Jan. 1										
Cigarettes, small	Billion	2	4	7	9	3	5	7	10	111
Cigars, large	Million	5	9	15	20	6	13	17	22	110
Chewing and smoking	Mil. lb.	.2	.4	.7	1.0	.3	.5	.8	1.1	110
Disposable personal income 2/	Bil. dol.			280.2				295.4		105
Index of industrial production 3/	1947-49=100	143	143	141	143	146	146	146	145	101
Employment	Million	62.9	62.6	63.1	64.0	62.6	63.2	63.9	64.3	100
Labor force employed	Percent	95.6	95.6	95.7	96.1	95.1	95.3	95.7	96.0	100
Exports (farm-sales wt.)										
Flue-cured	Mil. lb.	43.6	23.5	23.1	27.2	27.4	23.1	29.0	23.2	85
Burley	Mil. lb.	1.7	2.7	2.6	1.9	2.7	2.0	1.6	2.4	126
Maryland	Mil. lb.	2.4	.2	.7	1.4	.7	.7	1.5	2.4	171
Fire-cured	Mil. lb.	3.1	4.8	3.1	1.9	1.7	3.3	2.7	3.0	158
Dark air-cured	Mil. lb.	.3	.7	.7	.3	1.0	.6	.7	1.0	333
Cigar	Mil. lb.	.4	.5	.8	1.1	.3	.4	.6	.4	56
Accumulated from beginning of marketing yr. 4/										
Flue-cured	Mil. lb.	420.9	444.4	467.4	494.6	326.1	349.1	378.1	401.3	81
Burley	Mil. lb.	11.4	14.1	16.7	18.5	11.5	13.5	15.1	17.5	95
Maryland	Mil. lb.	5.8	6.1	6.8	8.2	3.8	4.5	5.9	8.3	101
Fire-cured	Mil. lb.	11.4	16.1	19.3	21.2	8.8	12.1	14.8	17.8	84
Dark air-cured	Mil. lb.	1.5	2.2	2.7	3.0	4.8	5.3	6.0	7.0	233
Cigar filler and binder	Mil. lb.	1.1	1.3	1.5	2.2	2.4	2.5	2.7	2.8	127
Cigar wrapper	Mil. lb.	3.0	3.4	3.9	4.3	2.2	2.5	2.8	3.2	74
General imports, all commodities										
Accumulated from Jan. 1	Mil. dol.	1,073	1,051	1,102	991	1,119	992	1,131	1,118	113
Sterling area gold and dollar reserves 5/	Mil. dol.	1,073	2,124	3,226	4,217	1,119	2,111	3,242	4,360	102
Stocks of domestic types (farm-sales weight) 6/										
Flue-cured	Mil. lb.	2,811			2,519	3,209			2,770	110
Burley	Mil. lb.	1,566			1,565	1,553			1,559	100
Maryland	Mil. lb.	78			69	70			61	88
Fire-cured	Mil. lb.	125			165	126			172	104
Dark air-cured	Mil. lb.	85			98	87			100	102
Cigar, filler	Mil. lb.	172			219	164			205	94
Cigar, binder	Mil. lb.	112			134	104			120	88
Cigar, wrapper	Mil. lb.	25			21	24			22	105

1/ Prices paid, interest, taxes, and farm wage rates. 2/ Annual rate, seasonally adjusted. 3/ Seasonally adjusted. 4/ July 1 for flue-cured and cigar wrapper and October 1 for other types. 5/ Held in London. 6/ Dealers' and manufacturers' holdings in United States and Puerto Rico on first day of quarter. *Marketings negligible.

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 T H E T O B A C C O S I T U A T I O N
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Approved by the Outlook and Situation Board, June 20, 1957

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SUMMARY

Cigarette output during 1956-57 is running over 3 percent above 1955-56. But indications are that utilization of flue-cured and burley--the major cigarette tobaccos--has not increased. More cigarettes are being manufactured per pound of leaf tobacco than formerly. Filter tip cigarettes, which continue to gain, take less tobacco per cigarette than those without filters. The use of processed tobacco sheet and stems and more efficient machinery also make it possible to get more cigarettes from a given quantity of leaf tobacco.

Domestic consumption of flue-cured, the leading cigarette tobacco, is estimated at about 715 million pounds for the year ending June 30. This is 2 percent below 1955-56 and 4 percent below 1954-55. Exports account for an average 38 percent of total yearly disappearance of flue-cured tobacco. During July 1956-June 1957, exports of flue-cured are estimated at 455 million pounds (farm-sales weight)--one-sixth less than in 1955-56 but about 6 percent above each of the previous 2 years.

During the October 1956-September 1957 marketing year, domestic consumption of burley, the second ranking cigarette tobacco, is estimated at 481 million pounds--nearly the same as in 1955-56. Manufactured smoking and

chewing tobaccos are outlets of declining importance that utilize burley tobacco. Burley exports, which usually account for about 6 percent of total disappearance, are likely to be moderately lower this year than last.

Domestic use of Maryland tobacco during the current marketing year is indicated to be up a little and exports are continuing near last year's high level. Most Maryland tobacco is used in cigarettes, although it comprises only a small percentage of the average blend manufactured in this country. Marketings of 1956 crop Maryland were about three-fifths completed by mid-June. Auction prices through that date averaged about 5 percent less than in the comparable period of last year.

Domestic use of the fire-cured and dark air-cured tobacco is indicated to be larger this marketing year than last despite the moderate declines in snuff and chewing tobacco--the principal products utilizing these types in this country. Exports of fire-cured in 1956-57 are estimated at one-tenth lower than in 1955-56 but exports of dark air-cured are well above last year's low level.

Domestic use of cigar filler and binder types in 1956-57 is indicated to be lower than in 1955-56. However, use of shade-grown wrapper appeared to be up from a year ago.

For all types of tobacco combined, exports in the year ending June 30 are estimated at 545 million pounds (farm-sales weight)--15 percent lower than the heavy 1955-56 shipments. The larger-than-usual shipments in 1955-56 partly reflected a build-up of stocks, particularly in the United Kingdom. Tobacco exports during 1956-57 were adversely affected by the high prices for certain grades and the less desirable characteristics of a sizable volume of last year's flue-cured crop.

For the year ending June 30, 1957, cigarette output is estimated at near 431 billion--3 percent above 1955-56 and second highest on record. The record 1952-53 figure was nearly 437 billion. Although 1956-57 consumption in the United States was probably at a new high, the smaller output for shipment to overseas forces held total manufactured types below the 1952-53 peak.

About mid-June, manufacturers raised the prices of nonfilter tip cigarettes. Manufacturers' prices (excluding the tax) went up about 8 or 9 percent. Retail prices for the affected brands mostly increased 4 or 5 percent.

The fiscal 1956-57 output of cigars and cigarillos in domestic factories is estimated at 5,820 million--slightly above 1955-56. Domestic factories supply about 94 percent of the cigars consumed in this country; bonded manufacturing warehouses which use only imported tobacco, Puerto Rican factories, and imports from Cuba furnish nearly all of the other 6 percent.

The 1956-57 output of smoking tobacco for pipes and "roll-your-own" cigarettes is estimated at 70 million pounds--about 5½ percent below 1955-56 and a new low.

The 1956-57 outputs of chewing tobacco and snuff are estimated at 74 and 36½ million pounds, respectively--both about 5 percent lower than a year earlier. The rate of decline in chewing tobacco consumption in the past 2 years was sharper than that of the preceding 5 years. The decline in snuff in the past year was a departure from the usually stable level for this product.

Production of nearly all kinds of tobacco will be lower this year than last, but for most the carryovers from previous crops are substantial.

The carryover of flue-cured on July 1, 1957 (beginning of the 1957-58 marketing year) is estimated at one-tenth above a year ago and a record high. However, total 1957-58 supply will be about 5 to 7 percent lower than the record 1956-57 level because of the sharply reduced crop.

The carryover of burley on October 1, 1957 (beginning of the 1957-58 marketing year) is expected to be slightly less than a year earlier and 4 percent below the record figure of 2 years earlier. The carryover plus this year's crop, which may be down a little from last year, will provide a total 1957-58 supply 1 to 2 percent below the 1956-57 level.

Total supplies of fire-cured, dark air-cured, and Maryland tobacco for 1957-58 are expected to be approximately 5 to 10 percent lower than 1956-57.

The 1957-58 total supply of the combined cigar binder types may be around one-sixth lower than for 1955-56. A sharp cut-back in acreage in the Connecticut Valley will reduce this year's outturn to one of the smallest on record. Growers of cigar binder types are adjusting to the reduced requirement for these types, which has resulted from the development of "manufactured binder sheet."

Indications are that the 1957-58 total supplies of continental filler tobacco may be down a little, but cigar wrapper types may be up a little.

The 1957 crops of flue-cured, burley, Maryland tobacco, and continental filler and binder types (except type 41) will receive Government price support at 90 percent of parity. The announced minimum levels of price support for the 1957 crops were calculated on the basis of 90 percent of the March parity levels. If at the beginning of the marketing year (July 1 for flue-cured and October 1 for other types) the applicable tobacco parities are higher than when the minimums were calculated, the support levels will be raised. If the parities should decline, the minimums would become the actual support levels for the 1957 crops. For nearly all types, the announced minimum supports for this year's crops are higher than the price support levels in effect for the 1956 crops. The 1957 price support for fire-cured tobacco will be at 75 percent, and for dark air- and sun-cured, at 66 2/3 percent of the burley support level.

TOBACCO PRODUCTS

Cigarettes

For the year ending June 30, 1957, the number of cigarettes manufactured is estimated at 431 billion--3.4 percent above 1955-56 and second highest on record. The 1952-53 fiscal year figure was nearly 437 billion. Although 1956-57 cigarette consumption in the United States is estimated at a new high--399 billion--the smaller output for shipment to overseas forces held total manufacture below the 1952-53 peak.

During the first third of 1957, cigarette output was 5.7 percent above the same period of 1956. It seems likely that the calendar 1957 total will reach or exceed the 1952 high of 435½ billion. The sustained high level of personal income nationally and the gradual increase in number of new smokers should produce this result. Trade sources predict further gains in filter tips--some stating that filter tip cigarettes may account for about four-tenths of all cigarettes in 1957. Although no official statistics are available, it is estimated that filter tips accounted for a little less than three-tenths of total output in 1956.

The increase in cigarette consumption is not reflected in increased use of tobacco. In contrast with the pattern for many years when most cigarettes were of standardized dimensions and fairly uniform weights, today there are many brands varying in size, some of which take less tobacco per unit of output than others. For a long time, cigarette lengths were either 70 millimeters (regular) or 85 millimeters (king); in the past year or so, the 80-millimeter length has also become important. Circumference of some brands have been reduced to 25 or 25½ millimeters compared with 26 or 26½ which prevailed for many years. Filter tip cigarettes, even when 80 or 85 millimeters in length, generally require less tobacco than 70-millimeter regular cigarettes because of the smaller circumferences and the space occupied by the filter material. The cubic space to be filled with tobacco in a king size filter tip cigarette (85 millimeters long, 25½ millimeters circumference) would be about 7 percent less than a regular cigarette (70 millimeters long, 26½ millimeters circumference). If the filter tip cigarette were 80 millimeters long, it could have about 14 percent less cubic space for tobacco than a regular cigarette. Also reducing the raw leaf requirement are the use of tobacco sheet and stems and more efficient machinery, which make it possible to get more cigarettes from a given quantity of leaf tobacco.

Cigarette manufacturers raised the prices of nonfilter tip cigarettes this month. Excluding the excise tax from prices, the increase at the manufacturer level amounts to 8.7 percent for regular size, and 7.8 percent for kind size brands. Retail prices which include the Federal tax (8 cents per pack) and applicable state taxes increased about 1 cent per package for the affected brands, or 4 to 5 percent.

Table 1.--Cigarettes: Total output, domestic consumption, shipments and exports for specified periods

Period	Total output	Domestic consumption <u>1/</u>	Shipments and other <u>2/</u>	Exports
	Billions	Billions	Billions	Billions
Average				
1935-39	164.2	157.0	1.7	5.5
1940-44	256.9	223.5	27.5	5.8
1946	350.0	321.7	6.6	24.1
1947	369.7	335.4	11.5	22.8
1948	386.8	348.5	13.5	25.2
1949	385.0	351.8	13.7	19.5
1950	392.0	360.2	17.5	14.3
1951	418.8	379.7	22.1	16.8
1952	435.5	394.1	23.6	16.4
1953	423.1	386.8	20.8	16.2
1954	401.8	368.7	17.7	15.4
1955	412.3	382.1	15.2	15.1
1956 <u>3/</u>	424.2	391.6	15.3	15.7
Fiscal year				
Year ending June:				
1953	436.6	396.9	22.5	17.0
1954	413.6	377.7	19.9	15.6
1955	407.8	375.2	17.4	15.1
1956	416.8	387.1	14.5	15.3
1957 <u>4/</u>	431.0	399.0	16.0	16.0

1/ As indicated by tax-paid removals. 2/ Mainly to forces overseas, to United States possessions, and ships's stores. 3/ Subject to revision.
4/ Preliminary estimate.

Basic data but not the estimates compiled from reports of the Internal Revenue Service and the Bureau of the Census.

The average cost per pack of cigarettes purchased by consumers in the last few years was influenced considerably by increases in many State tax rates and the shift towards the higher-priced filter tip brands. For rural areas of the country, as a whole, the average price per package of cigarettes in March 1957 was 23.4 cents--a rise of nearly 5½ percent in 3 years. The recently announced increases will bring the rise to near 10 percent. In the same 3-year period, the average rate of tax for States having cigarette taxes increased from 3.4 to 3.9 cents per pack.

During the first third of 1957, exports of cigarettes were 11 percent ahead of those in the same period of 1956. Cigarettes exported in 1956 totaled 15.7 billion valued at 58.9 million dollars. The 1956 average export value at \$3.75 per 1,000 was 1 or 2 percent above the previous 2 years and 5 percent above 1953.

Table 2.--Cigarette exports from the United States to leading destinations for specified periods

Country	January-April						
	Average 1949-53	1954	1955	1956 1/	1956 1/	1957 1/	1957 as percent- age of 1956
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Pct.
Venezuela	1,323	1,541	1,744	1,953	588	650	111
Tangier-Fr. Morocco	1,755	1,504	1,144	1,751	379	594	157
Hong Kong	100	721	842	863	270	352	130
France	518	630	979	777	188	402	214
Sweden	605	690	679	769	249	180	72
British Malaya	564	438	511	687	225	299	133
Panama-Canal Zone	708	682	617	557	163	219	134
Germany	325	458	500	515	125	167	134
Spain	65	312	538	504	160	72	45
Belgium	873	848	507	487	112	147	131
Other countries 2/	9,831	7,602	7,065	6,853	2,181	2,059	94
Total all countries:	16,667	15,426	15,126	15,716	4,640	5,141	111

1/ Preliminary. 2/ Includes approximately 90 to 95 foreign destinations in recent years.

Cigars

For the year ending June 30, 1957, the number of cigars and cigarillos manufactured in domestic factories is estimated at 5,820 million--slightly above 1955-56. Domestic factories supply about 94 percent of the cigars smoked by United States smokers. Nearly 4 percent comes from bonded manufacturing warehouses, which are located in this country but use only imported tobacco. This source now provides close to 235 million cigars annually. Also in the current fiscal year, approximately 95 million were shipped from Puerto Rico and about 24 million imported, mainly from Cuba and the Philippine Republic. For calendar 1957, total cigar consumption is expected to approximate last year's 6.2 billion.

Tax-paid removals, normally, are the principal indicator of consumption of cigars made in domestic factories, as distinguished from cigar production. However, because of a change in reporting procedure, figures on tax-paid

Table 3.--Cigars ^{1/}: Output and domestic consumption for specified periods

Period	Domestic factories			Bonded manu- facturing ware- houses	Imports for consumption	From Puerto Rico: Tax- paid with- drawals in United States	
	Total output	Tax-paid removals	Tax-free removals	Tax-paid removals	Total ^{2/}	From Cuba	
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average							
1935-39	5,075	5,060	13	66	192.4	3.0	27.4
1940-44	5,450	5,282	199	105	93.7	15.3	11.6
1946.....	5,618	5,621	26	125	22.2	20.1	77.8
1947.....	5,488	5,460	41	124	12.5	9.1	6.2
1948.....	5,645	5,588	38	140	11.8	10.3	5.0
1949.....	5,453	5,399	46	142	10.9	10.2	4.6
1950.....	5,399	5,365	47	160	11.9	11.1	.7
1951.....	5,594	5,518	85	177	14.3	13.0	.7
1952.....	5,825	5,755	102	196	14.6	12.5	1.9
1953.....	5,915	5,820	90	205	16.8	13.4	9.9
1954.....	5,820	5,690	89	206	16.3	12.3	49.5
1955.....	5,776	5,831	82	227	20.3	14.7	84.3
1956 ^{3/} ...	5,768	5,896	72	233	22.8	18.4	93.2
	Fiscal year						
Year ending June							
1953.....	5,911	5,789	94	203	15.6	12.6	3.3
1954.....	5,849	5,736	101	199	16.2	12.6	30.0
1955.....	5,783	5,714	82	222	16.5	12.7	66.4
1956.....	5,806	6,030	74	231	20.9	15.0	95.0
1957 ^{4/} ...	5,820	5,800	74	235	24.0	19.0	95.0

^{1/} Weighing over 3 pounds per 1,000 and including cigarillos.

^{2/} Predominant share of cigar imports prior to World War II came from the Philippine Islands.

^{3/} Subject to revision.

^{4/} Preliminary estimate.

Basic data but not estimates compiled from reports of the Internal Revenue Service and the Bureau of the Census.

removals for several months in early 1957 cannot be validly compared with those of early 1956. Prior to the changed reporting, cigars were stamped and counted as tax-paid removals, when moved from factories to inventory warehouse of a company. Now, such placements in inventory warehouses need not be reported as tax-paid removals until they leave the company warehouse. In a few months, the changed reporting procedure may have been in effect long enough to permit valid comparisons of monthly data for adjacent years.

During the first 10 months of fiscal 1956-57, about 51 percent of the cigars retailed at 8 cents or less; 42 percent, at more than 8 and through 15 cents; and the remaining 7 percent, at higher than 15 cents each.

Manufacturers' prices for cigars, as indicated by the Bureau of Labor Statistics, rose only a little during the last several years. Prices for the category designated as "popular-priced" cigars rose 2 percent between January and February of this year.

Cigars for tax-free outlets now account for about 1 1/3 percent of total output. During the first 10 months of fiscal 1956-57, tax-free removals were practically the same as during the comparable period of 1955-56.

Smoking Tobacco

Output of smoking tobacco in the year ending June 30 is estimated at about 70 million pounds--nearly 5 1/2 percent less than in 1955-56. This is a new low but the 4 million pound decline is only about a third as great as the sharp drop which occurred from 1954-55 to 1955-56. Smoking tobacco output is only 70 percent as much as it was 5 years ago.

The decline in total smoking tobacco consumption partly reflects the waning of "roll-your-own" cigarettes. Cigarette papers for "roll-your-own" cigarettes are given away when in packets of 25 or less and are sold and subject to Federal tax when in packets or books of more than 25. From fiscal 1954-55 to 1955-56 tax-paid withdrawals of cigarette papers fell 10 percent and during most of 1956-57 they dropped another 6 percent. The last available figure on tax-free papers is for fiscal 1955-56, which showed a 7 percent drop from 1954-55. Consumption of "roll-your-own" cigarettes is probably 40 percent lower than 5 years ago.

The bureau of Labor Statistics wholesale price index for smoking tobacco rose a little from March to April. The April level was about 4 percent higher than 5 years ago. Price advances on a few brands were announced in early June.

Exports of packaged smoking tobacco usually account for 500,000 to 700,000 pounds a year.

Much larger quantities of manufactured tobacco are shipped in bulk form. This includes specially prepared cigarette tobacco, cut or granulated tobacco, partially blended tobacco, and shredded tobacco. Exports of bulk manufactured

Table 4.—Output of manufactured tobacco in the United States for specified periods

Period	Smoking	Chewing					Snuff
		Plug	Twist	Fine-cut	Scrap	Total	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average:							
1935-39	195.3	56.8	6.0	4.8	43.8	111.4	37.3
1940-44	176.2	54.8	6.0	4.6	47.9	113.3	40.7
1946	106.4	51.8	5.8	3.8	46.1	107.5	39.4
1947	104.7	47.3	5.2	3.8	42.2	98.5	39.2
1948	107.6	45.3	5.6	3.2	42.1	96.2	40.8
1949	108.1	41.9	5.6	2.8	39.6	89.9	40.9
1950	107.7	40.3	5.5	2.7	39.0	87.5	40.0
1951	101.3	39.9	4.6	2.8	39.1	86.4	39.5
1952	96.8	39.1	4.8	2.8	38.2	84.9	38.8
1953	86.6	38.1	4.7	2.9	38.1	83.8	39.1
1954	83.7	36.9	4.9	2.9	36.6	81.3	38.5
1955	80.0	36.5	4.5	3.0	36.0	80.0	39.2
1956 ^{1/}	71.5	33.0	4.3	2.9	35.5	75.7	37.4
Fiscal year							
Year ending June							
1953	92.3	38.5	4.9	2.8	37.5	83.7	38.1
1954	83.1	37.6	4.7	2.9	37.5	82.7	39.0
1955	85.0	36.5	4.8	3.0	36.5	81.1	39.0
1956	74.0	34.0	4.3	2.9	36.1	77.3	38.4
1957 ^{2/}	70.0	32.5	4.2	2.8	34.5	74.0	36.5

^{1/} Subject to revision.

^{2/} Preliminary estimate.

Basic data but not the estimates compiled from reports of the Internal Revenue Service.

tobacco rose from 3 1/4 million pounds in fiscal 1952-53 to nearly 6 2/3 million in 1955-56. During the first 10 months of 1956-57, exports in this classification were only about 60 percent as much as in the same months of 1955-56. The sharply reduced takings of the Phillipine Republic, Spain, Australia, and British Malaya accounted for most of the decline.

Chewing Tobacco

Output of chewing tobacco in the year ending June 30 is estimated at about 74 million pounds--4 or 5 percent below 1955-56. Consumption of chewing tobacco has diminished steadily for many years. The rate of decline in the past 2 years was faster than in the preceding five.

The two major categories of chewing tobacco are plug and scrap, accounting for 44 and nearly 47 percent of the total, respectively. The other 9 percent is twist and fine-cut chewing tobacco.

The predominant portion of domestically produced chewing tobacco is consumed in this country. The Bureau of Labor Statistics index of wholesale prices for plug chewing tobacco rose 12 percent late in 1956--the first significant change in 5 years. No further change was indicated through April, the most recent month for which data were available.

Exports of chewing tobacco--mainly twist and plug--generally range between 1 1/2 and 2 million pounds annually. In fiscal 1955-56, they totaled nearly 1 2/3 million pounds and approximately the same figure is indicated for the year ending this June 30. Australia and the Phillipine Republic are major export destinations for chewing tobacco.

Snuff

Output of snuff in the year ending June 30 is estimated at 36 1/2 million pounds--5 percent lower than in 1955-56. This is a larger fluctuation than usual for snuff and might mark the beginning of a downtrend in this normally stable commodity. Although declining on a per capita basis, total snuff consumption stayed nearly level during most years since World War II. From 1946-47 through 1955-56, the fiscal year production of snuff varied between 38 and 41 million pounds and the average year to year change was only 2 percent. The estimated 1956-57 output of 36 1/2 is 3 million less than the recent 10-year average and the lowest since the mid-1930's

The Bureau of Labor Statistics wholesale price index for snuff advanced only 2 percent in the past 5 1/2 years ending with April. In the latter part of May and early June, price increases of about 8 percent were announced by two major manufacturers.

EXPORTS OF UNMANUFACTURED TOBACCO FROM THE UNITED STATES 1/

United States exports of unmanufactured tobacco in the year ending June 30, 1957, are estimated at about 490 million pounds--15 percent below the heavy 1955-56 shipments. The larger-than-usual exports in 1955-56 were partly due to the building up of stocks. Contributing to the recent year's decline was the substantial volume of tobacco in last year's flue-cured crop that lacked aroma, flavor, and body. For several types, also, the prices of grades largely bought for export were comparatively high, tending to discourage purchases by certain foreign markets.

In general, the overall economic factors continue to favor tobacco exports. Industrial activity abroad is at a high level. Cigarette consumption in numerous countries abroad continued to make gains during 1956. Gold and dollar holdings in several important tobacco importing countries increased during 1956, although in a few they declined moderately. For early 1957, indications are mixed but in general, there were no sharp departures from the levels at the end of 1956.

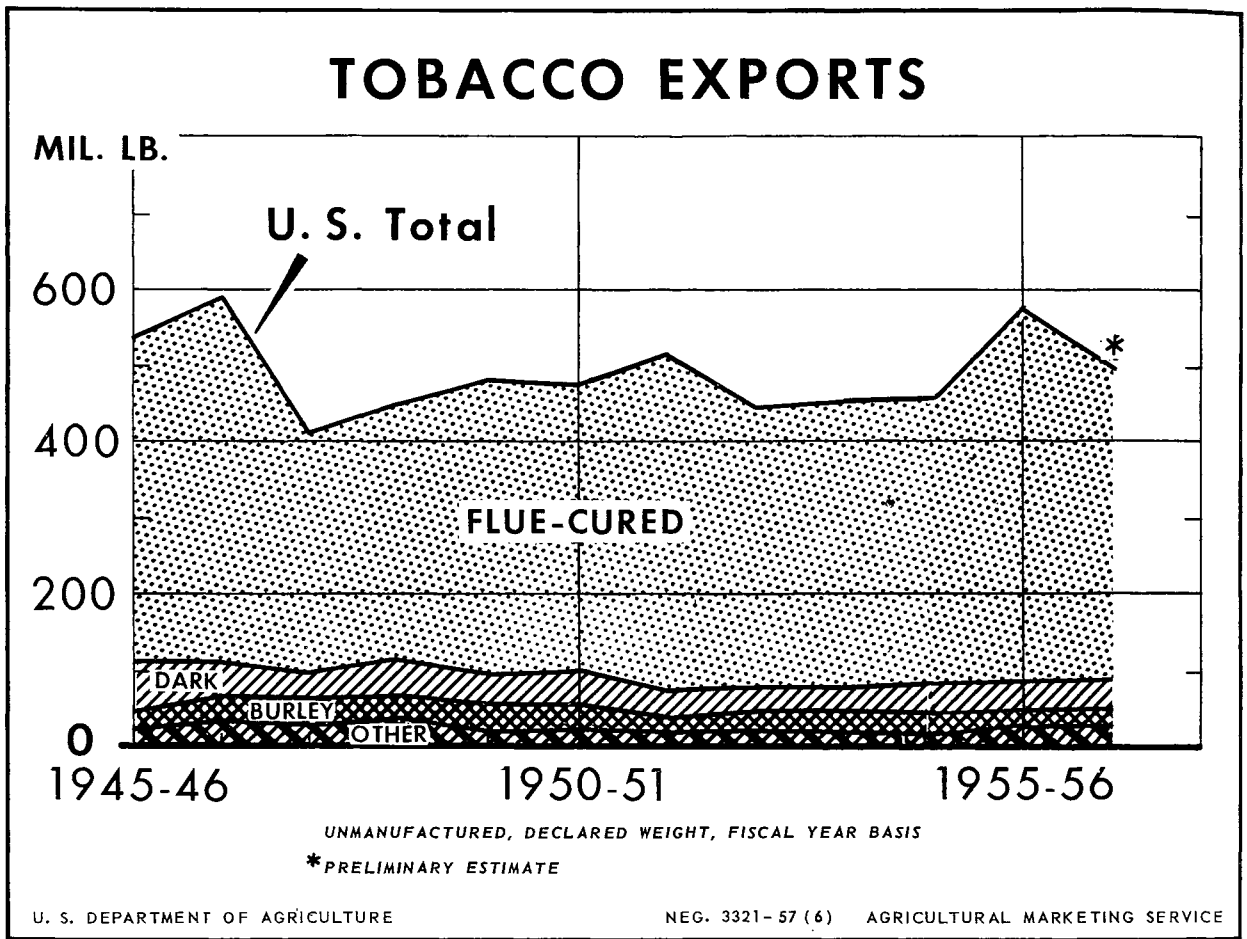
This country's imports are by far the largest source of dollars to foreigners who wish to buy from the United States. General imports in 1956 were at a record level--one-tenth above the previous high of the year before. During the first third of 1957, the general imports into the United States were about 3 percent higher than last year's.

The United States exports leaf tobacco to about 90 foreign countries and their territories. Total imports of tobacco by the countries of the world (not including Soviet Union, China, and most other Communist countries) range between 1.2 and 1.3 billion pounds--roughly two-fifths of it supplied by the United States. Although the United States is the leading exporter of tobacco, it also is an important importer of tobacco--ranking third among the countries of the world. Leaving aside the position of the United States, the 10 ranking tobacco importing countries in recent years were (1) United Kingdom, (2) West Germany, (3) France, (4) Netherlands, (5) Belgium, (6) Spain, (7) Australia, (8) Switzerland, (9) Egypt, and (10) Denmark. These 10 countries account for about 70 percent of the free world's tobacco imports, and with the United States added, close to 80 percent.

Among the top five foreign importing countries, the United Kingdom gets about a half, Germany, Netherlands, and Belgium each around two-fifths, and France approximately a tenth of their total tobacco imports from the United States.

The next five ranking tobacco importers include Spain which gets about a tenth; Australia, close to seven-tenths; Switzerland and Denmark, around a half; and Egypt, roughly a fourth of their total tobacco imports from this country.

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.



Exports of unmanufactured tobacco for the year ending June 30, 1957, are estimated at about 490 million pounds (equivalent to 545 million pounds, farm-sales weight)--15 percent below 1955-56. The heavy shipments in 1955-56 were the largest since 1946-47, and partly reflected a build-up of stocks by some countries.

Most of the decline in 1956-57 was caused mainly by smaller takings of flue-cured tobacco, the most important export class. Tobacco exports to some countries during 1956-57 were adversely affected by high prices for some export grades and the less desirable characteristics of a considerable volume of last year's flue-cured crop.

Table 5.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)

Country and type	Average 1949-53	1954	1955 <u>1/</u>	1956 <u>1/</u>	January - April		
					1956 <u>1/</u>	1957 <u>1/</u>	1957 as percentage of 1956
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Flue-cured	392.2	374.8	456.1	420.4	104.2	91.1	87
Burley	30.0	29.6	31.7	29.2	7.7	7.6	99
Maryland	7.3	8.7	8.4	12.1	4.5	5.0	111
Va. fire-cured and sun-cured	4.9	4.0	4.4	4.4	2.0	1.7	85
Ky. and Tenn. fire-cured	24.6	20.9	21.4	24.2	9.7	7.9	81
Green River	2.1	2.1	1.8	1.3	.5	.6	120
One Sucker	2.9	.9	1.7	2.4	<u>2/</u>	1.2	---
Black Fat, etc.	4.1	4.5	5.3	4.6	1.1	1.1	100
Cigar wrapper	3.9	3.4	4.2	3.9	1.4	1.0	71
Cigar binder	3.7	1.7	1.7	3.1	.8	.4	50
Cigar filler	2.6	.2	.2	.8	.3	<u>2/</u>	---
Perique	.1	.1	.1	.1	<u>2/</u>	.1	---
Stems, trimmings, and scrap	4.2	2.7	3.3	3.9	1.2	1.4	117
Total	482.6	453.6	540.3	510.4	133.4	119.1	89
Country of destination:							
United Kingdom	151.6	150.0	183.9	156.4	32.5	23.0	71
France	9.1	12.6	7.9	6.4	2.6	4.6	177
Belgium	20.8	12.5	25.0	21.8	7.0	5.5	79
Netherlands	32.9	38.1	31.0	33.0	9.6	5.0	52
Germany, W. and E.	73.6	43.4	59.2	70.0	24.7	22.9	93
Portugal	7.3	7.4	6.9	7.9	2.5	3.4	136
Denmark	11.4	9.6	12.3	12.5	1.8	3.9	217
Ireland	18.9	14.1	12.8	8.8	1.1	2.6	236
Switzerland	12.0	11.7	10.8	13.8	6.1	5.1	84
Norway	7.4	7.6	7.8	8.5	2.5	1.9	76
Sweden	11.5	9.6	11.3	14.4	2.2	2.7	123
Italy	3.2	3.9	4.5	6.6	1.0	<u>2/</u>	---
Hong Kong	4.7	3.5	4.3	3.7	1.2	1.5	125
Australia	21.7	28.2	31.6	23.2	2.5	5.9	236
India-Pakistan	5.4	3.5	5.6	4.3	1.1	2.0	182
New Zealand	6.2	6.6	7.6	7.1	2.3	1.6	70
Philippine Rep.	17.7	19.5	21.5	2.3	1.3	<u>2/</u>	---
Indonesia	10.3	10.3	9.9	17.8	4.4	3.7	84
Japan	3.8	6.7	17.5	5.8	<u>2/</u>	1.3	---
Other countries	53.1	54.8	68.9	86.1	27.0	22.5	83
Total	482.6	453.6	540.3	510.4	133.4	119.1	89

1/ Preliminary.2/ Less than 50,000 lbs.

Compiled from publications and records of the Bureau of the Census.

Next to the United States, the 10 ranking tobacco exporters in 1956 were Federation of Rhodesia and Nyasaland, Turkey, Greece, India, Brazil, Cuba, Yugoslavia, Algeria, Canada, and Dominican Republic. Three others that closely follow are Italy, Indonesia, and Philippine Republic.

Strong competition for United States flue-cured tobacco exports is coming especially from Rhodesia, Canada, and India. Growers of flue-cured and other types also are confronted with the increased domestic production of tobacco by some importing countries.

The 1956-57 tobacco crop in the Federation of Rhodesia and Nyasaland is estimated at 174 million pounds,--second largest crop on record. Flue-cured production, now placed at 145 million pounds, was nearly one-fifth below the preceding year's record harvest. Reduction in both acreage and average yields contributed to the lower outturn. Auction sales of flue-cured, which commenced March 12, totaled 40.3 million pounds through May 9. Prices have averaged the equivalent of $45\frac{1}{2}$ cents a pound, substantially above the average of 37.2 cents for sales in the comparable 9 weeks of 1956. The higher price is attributed to the smaller size and better quality of the crop currently being marketed.

Exports of Rhodesian Federation tobacco in 1956 at 165 million pounds were a third larger than in the preceding year and a record high. Flue-cured comprised 139 million pounds--84 percent of the total. Nearly three-fourths of total tobacco exports were consigned to Commonwealth countries, principally United Kingdom. The 1956 takings of Netherlands at 13 million pounds, of Belgian Congo at 7 million, and Belgium at 6 million were more than double those of 1955. Quantities ranging from 1 to $3\frac{1}{2}$ million pounds were exported to Norway, Sweden, Denmark, and Germany.

Canada will have a sizable increase in flue-cured acreage this year--probably about 10 percent over last year. If yields are near the average for recent years, the crop may be near 170 million pounds--about 15 million pounds greater than in 1956. The largest flue-cured crop produced in Canada was 173 million pounds in 1954.

Canada exported 30 million pounds of tobacco in 1956, 95 percent of which was flue-cured. The United Kingdom was the principal destination; 1.5 million pounds went to West Germany; and 1.2 million to Netherlands. Belgium, Denmark, Portugal, and Sweden took smaller quantities.

In India nearly all flue-cured tobacco is produced in the state of Andhra Pradesh. About one-half of the tobacco produced in this area is flue-cured. In 1955-56, about 128 million pounds of flue-cured were produced. First indications for 1956-57 showed total tobacco acreage in Andhra Pradesh to be 3 or 4 percent larger than a year earlier. However, heavy rains and

Table 6.--Flue-cured tobacco, types 11-14: Value per pound of the exports to selected major countries and to all countries, marketing years, for specified periods

Year beginning July 1	United Kingdom	Germany 1/	Belgium	Netherlands	Ireland	Denmark	Australia	Indonesia 2/	Japan	Other countries	All countries
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:											
1924-28	47.8	17.9	21.7	18.3	---	18.4	37.7	---	39.2	25.5	35.6
1934-38	46.4	17.8	14.6	13.5	37.2	16.0	36.3	20.2	27.5	22.3	38.4
1945	55.6	---	36.1	40.5	56.1	50.0	54.6	---	---	58.7	55.4
1946	63.3	---	31.8	39.5	56.6	33.3	64.4	41.1	---	58.3	58.2
1947	57.2	20.7	28.0	33.9	55.3	35.7	58.4	39.9	---	52.4	51.4
1948	53.8	29.3	32.3	33.8	59.9	53.7	69.2	50.9	---	56.6	50.6
1949	55.3	32.2	30.0	27.2	56.3	42.9	68.2	54.9	---	52.7	48.7
1950	64.0	43.5	36.9	42.9	62.0	54.2	69.3	60.7	78.4	72.2	59.7
1951	66.3	54.5	44.9	44.8	68.0	57.9	74.9	64.2	84.3	69.7	64.6
1952	69.6	57.4	40.9	43.6	70.1	58.7	76.6	66.0	86.7	66.8	64.6
1953	71.1	61.3	40.7	43.1	69.6	66.3	79.5	67.9	90.5	68.8	66.9
1954	73.2	61.9	37.4	43.2	72.3	63.2	79.8	67.7	84.3	67.5	67.9
1955 3/	71.6	63.1	36.5	43.0	71.6	66.0	76.7	54.1	80.5	67.6	66.5
1956 4/	71.8	61.9	43.8	44.3	71.2	67.8	78.4	55.4	88.1	72.7	68.7

1/ West Germany after World War II. 2/ Netherlands Indies prior to World War II. 3/ Preliminary.
4/ July 1956-April 1957.

Computed from the declared values and export weights as reported in publications of the United States Department of Commerce.

Table 7.--Burley and Maryland tobacco: Value per pound of the exports to selected major countries and to all countries, marketing years, for specified periods

Year beginning October 1	Burley, type 31							Maryland, type 32 2/			
	Germany 1/	Belgium	Portugal	Sweden	Denmark	Netherlands	All countries	Switzerland	Netherlands	France	All countries
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:											
1934-38	24.4	11.7	18.6	36.8	17.4	16.0	20.5	39.6	9.5	35.6	23.5
1945	---	32.0	37.4	73.9	35.7	36.9	40.2	63.2	55.8	38.6	62.3
1946	---	30.4	32.4	61.3	35.9	32.8	47.4	73.0	26.3	16.2	56.9
1947	26.2	30.7	34.7	59.7	34.4	24.7	46.7	66.2	27.0	18.9	49.5
1948	34.9	32.5	33.7	54.2	45.6	36.1	43.0	71.4	26.2	---	59.8
1949	36.4	30.0	33.3	60.9	38.5	31.3	38.8	74.8	30.7	70.0	63.8
1950	41.6	32.2	35.6	58.6	39.0	35.0	46.1	79.3	33.7	76.7	64.9
1951	50.3	32.6	31.8	71.5	51.0	43.9	52.0	83.7	29.2	3/	72.3
1952	56.1	33.0	33.3	74.9	48.4	42.8	53.2	82.7	34.0	---	66.5
1953	53.9	33.1	32.9	77.4	45.2	42.5	51.9	80.0	30.7	---	61.4
1954	59.5	34.3	29.6	76.5	48.1	38.8	54.3	84.0	37.2	79.2	70.1
1955 4/	60.6	42.7	34.6	73.1	52.5	43.2	57.0	80.0	37.9	79.1	62.8
1956 5/	60.8	37.1	62.8	79.4	63.4	44.7	70.9	81.0	39.4	77.8	61.2

1/ West Germany after World War II. 2/ Prior to 1949, export class called "Maryland and Ohio Export."
3/ Quantity negligible. 4/ Preliminary. 5/ October 1956-April 1957.

Computed from the declared values and export weights as reported in the publications of the United States Department of Commerce.

Table 8 .- Fire-cured tobacco: Value per pound of the exports to selected major countries and to all countries, marketing years, for specified periods

Year beginning October 1	Kentucky and Tennessee fire-cured, types 22-23 ^{1/}						Virginia fire-cured, type 21					
	France	Netherlands	Switzerland	Belgium	United Kingdom	Sweden	All countries	Norway	Sweden	United Kingdom	Germany ^{2/}	All countries
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1924-28	9.3	25.3	17.2	10.6	23.5	17.6	16.6	31.3	26.9	38.4	32.2	26.7
1934-38	10.7	15.3	15.7	10.4	19.3	17.9	12.9	23.4	23.2	28.2	24.8	23.0
1945	32.8	46.0	28.0	32.2	46.2	33.3	34.4	50.3	41.2	48.0	---	45.4
1946	---	39.9	35.3	32.0	46.8	42.9	42.0	55.3	53.3	48.0	---	49.1
1947	24.0	32.7	41.2	31.1	---	39.8	40.6	51.4	46.0	59.0	62.2	47.4
1948	31.4	38.2	42.3	34.8	50.0	40.2	37.6	54.1	47.1	58.8	41.3	50.3
1949	34.9	43.1	47.1	31.5	40.0	42.6	40.4	50.4	50.1	53.1	49.0	52.2
1950	36.7	40.5	44.8	32.6	44.9	43.7	39.6	54.7	49.5	48.6	65.9	56.3
1951	---	43.1	42.1	39.2	44.2	49.5	45.1	59.2	55.9	68.8	66.1	66.3
1952	58.5	48.3	55.1	33.7	58.1	51.5	49.3	58.5	61.0	75.3	68.7	63.5
1953	49.7	48.5	57.6	34.2	68.4	55.0	51.6	62.6	59.1	65.9	73.2	63.2
1954	46.6	44.5	60.1	36.3	40.1	50.6	51.5	62.1	61.7	74.6	67.8	62.1
1955 ^{3/}	46.6	47.5	59.4	36.2	58.8	52.2	52.5	59.6	54.5	64.8	64.4	61.4
1956 ^{4/}	46.4	47.2	55.1	37.6	76.0	57.8	46.7	61.2	63.1	73.2	58.3	63.1

^{1/} Prior to World War II, includes some type 24 which became negligible thereafter. ^{2/} West Germany after World War II. ^{3/} Preliminary. ^{4/} October 1956-April 1957

Computed from the declared values and export weights as reported in the publications of the United States Department of Commerce.

Table 9 .- Black Fat and dark air-cured tobacco: Value per pound of the exports to selected major countries and to all countries, marketing years, for specified periods

Year beginning October 1	Black Fat ^{1/}				Green River, type 36		One Sucker, type 35
	Gold Coast	Nigeria	French Africa	All countries	United Kingdom	All countries	All countries
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:							
1934-38	21.3	22.9	15.5	18.3	25.6	20.8	9.3
1945	55.4	56.8	42.2	49.1	39.3	33.1	29.2
1946	53.9	56.6	43.9	50.8	37.7	38.6	32.0
1947	57.3	59.3	42.5	54.7	41.0	36.8	31.2
1948	62.4	62.1	40.4	54.9	36.8	32.1	37.6
1949	63.6	66.2	47.4	60.9	41.6	40.0	54.0
1950	67.0	67.6	42.2	58.9	40.9	30.4	46.3
1951	77.2	74.9	44.3	66.2	46.0	49.2	68.6
1952	84.8	81.4	51.8	76.9	37.5	37.7	69.6
1953	84.6	80.3	53.2	77.0	51.1	44.1	46.4
1954	85.7	81.7	54.4	74.8	45.5	36.0	24.4
1955 ^{2/}	86.2	84.1	56.6	79.6	46.8	39.9	42.4
1956 ^{3/}	86.2	85.6	56.6	80.3	60.6	40.5	27.5

^{1/} Also Dark African and Water Baler. ^{2/} Preliminary. ^{3/} October 1956-April 1957.

Computed from the declared values and export weights as reported in the publications of the United States Department of Commerce.

other unfavorable weather conditions reportedly have adversely affected the quality of the crop. Leading overseas outlets for Indian tobacco last year were Britain and China. Other destinations taking significant amounts were Aden, Indonesia, Belgium, and Netherlands.

British Tobacco Situation

In the United Kingdom, gross clearances from bond are an approximate measure of home use and exports combined. Gross clearances during the 9 months ended March 31, 1957, totaled 229 million pounds--slightly more than in the comparable period of 1955-56. About nine-tenths of the gross clearances was flue-cured tobacco. More detailed data available for July 1956-February 1957 indicate that gross clearances of flue-cured were composed as follows: from United States, 53.6 percent; from Rhodesia, 23.4 percent; from India, 13.0 percent; and from Canada, 10.0 percent. Compared with a year earlier, the proportions from Rhodesia and India were up a little and from United States and Canada, down a little.

During July 1956-March 1957, British home consumption of tobacco was nearly the same as a year earlier. About 2 percent more leaf from Commonwealth sources was consumed but this was offset by a 2 2/3 percent decrease in the consumption of non-Commonwealth leaf. However, British exports of tobacco (largely cigarettes) during July 1956-March 1957 were 5 percent greater than in the same months of 1955-56. Among the leading destinations for British manufactured cigarettes, Singapore, Malaya, Hong Kong, New Zealand, Aden, Arabian States, and Persian Gulf Establishments took more while Germany, Ghana, and Belgian Congo took less than in the same period a year earlier.

During July 1956-April 1957, the United Kingdom imported 281 million pounds of tobacco--11 percent less than in the same period of a year earlier. Tobacco imports from the United States, accounting for about a half of the total, were 29 percent smaller than in the comparable period a year earlier. Imports from the Federation of Rhodesia and Nyasaland were up 46 percent and will set a new high for the full fiscal year. Imports from India were 14 percent less, but from Canada were 26 percent more than in the comparable period a year earlier.

Stocks of leaf tobacco in the United Kingdom on March 31, 1957 totaled a little over 492 million pounds, compared with 487 million a year earlier and 446 million 2 years earlier. More detailed data available for stocks as of the end of February 1957 indicated stocks of United States flue-cured at 257 million pounds--slightly less than a year earlier but over 50 million pounds higher than the February figure for the two previous years. Stocks of Southern Rhodesian flue-cured as of February 28, 1957 were 14 percent larger than as of that date in either 1956 or 1955. Stocks of Indian flue-cured were up a little, but stocks of Canadian flue-cured were moderately lower than a year earlier. British stocks of air- and sun-cured from India and Nyasaland were 13 percent lower, and stocks of oriental tobacco from Turkey and Greece were 19 percent lower than at the end of February 1956. Stocks of Nyasaland fire-cured tobacco were 4 percent larger than a year earlier.

Table 10.--United Kingdom tobacco: Imports, stocks, clearances, and exports for specified periods

Period	Imports ^{1/}			Stocks Dec. 31	Gross clearances from bond ^{3/}			Exports of manu- factured tobacco	Re-exports of unmanu- factured tobacco
	From U. S. ^{2/}	From Common- wealth coun- tries ^{2/}	Total		Non- prefer- ential ^{2/}	Prefer- ential ^{2/}	Total		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Average :									
1934-38 :	213	57	275	497	185	47	232	39	12
1939-45 :	182	63	255	310	215	62	277	27	5
1946 :	366	62	433	383	261	61	322	55	7
1947 :	201	82	296	384	235	57	292	52	1
1948 :	172	97	281	390	204	67	271	45	1
1949 :	154	119	302	419	190	81	271	47	2
1950 :	144	146	306	445	180	91	271	43	4
1951 :	212	131	355	498	183	104	287	51	7
1952 :	67	143	224	430	172	108	280	47	12
1953 :	174	127	316	452	167	116	283	45	9
1954 :	160	139	312	468	168	122	290	41	4
1955 :	179	149	344	507	173	125	298	44	4
1956 ^{4/} :	160	146	318	522	173	127	300	45	3
July- April :									
1954-55 :	150	135	296	^{5/} 446	^{6/} 127	^{6/} 90	^{6/} 217	36	3
1955-56 :	199	102	313	^{5/} 487	^{6/} 131	^{6/} 96	^{6/} 227	36	3
1956-57 :	142	132	281	^{5/} 492	^{6/} 131	^{6/} 98	^{6/} 229	37	2

^{1/} Unmanufactured tobacco.

^{2/} Since 1946 the full duty rate on tobacco from the United States and other nonpreferential areas has been about 3 percent above the preferential rate on tobacco from Commonwealth areas. In the prewar period, the full duty rate was over 25 percent above the preferential rate.

^{3/} Largely withdrawals for manufactures for home use and export.

^{4/} Subject to revision.

^{5/} March 31.

^{6/} July-March.

Compiled from the Annual Statement of Trade and Accounts Relating to Trade and Navigation of the United Kingdom.

Table 11.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries, for specified periods

Classification and country of origin	(Declared weight)						
	January-April						1957 as percentage of 1956
	Average 1949-53	1954	1955	1956 ^{1/}	1956 ^{1/}	1957 ^{1/}	
Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Pct.	
Cigarette leaf							
Unstemmed:							
Turkey	46.3	56.0	57.7	61.5	20.9	20.1	96
Greece	10.8	15.6	17.9	18.9	6.1	7.2	118
Syria	3.7	2.9	2.4	1.6	.6	.3	50
Italy	.9	1.9	1.5	1.8	.5	.4	80
Cyprus	.2	.2	.3	.5	.2	.2	100
Yugoslavia	.5	2.3	1.5	2.9	.7	1.2	171
Total ^{2/}	73.4	79.3	83.7	88.0	29.0	29.6	102
Cigar leaf (filler)							
Cuba:							
Stemmed	10.7	9.1	8.8	9.2	3.3	3.0	91
Unstemmed	4.1	4.7	5.0	3.8	1.1	.9	82
Philippines, Rep.:							
Stemmed	.6	^{3/}	0	.4	^{3/}	.1	---
Unstemmed	.2	0	0	.5	.5	.0	---
Total ^{2/}	15.6	13.9	13.8	13.9	5.0	4.0	80
Scrap:							
Cuba	6.6	9.7	9.4	11.3	3.6	3.9	108
Philippines, Rep.	.8	1.4	2.5	5.6	1.2	2.3	192
Total ^{2/}	7.5	11.1	11.8	17.0	4.8	6.2	129
Cigar wrapper (unst.):							
Indonesia	.7	.4	.3	.1	.1	.2	200
Cuba	.3	.5	.5	.6	.2	.1	50
Total ^{2/}	1.0	.9	.8	.7	.3	.3	100
Stems ^{4/}							
Cuba	^{3/}	.6	.6	.8	.2	.5	250
United Kingdom	.3	.6	.5	.5	.2	.1	50
Total ^{2/}	.7	1.2	1.1	1.3	.4	.6	150
Total imports	98.2	106.4	111.2	120.9	39.5	40.7	103

^{1/} Preliminary. ^{2/} Includes relatively small quantities from other countries not separately listed. ^{3/} Less than 50,000 pounds. ^{4/} Not cut, ground, or pulverized. Compiled from publications and records of the Bureau of the Census.

UNITED STATES IMPORTS AND STOCKS OF FOREIGN GROWN TOBACCO 2/

Imports of foreign grown tobacco into the United States in January-April 1957 at 41 million pounds were 3 percent more than in the same period of last year. Cigarette leaf imports comprised about three-fourths of the total and were up by 2 percent, attributable to increased receipts from Greece and Yugoslavia. Stocks of foreign grown cigarette and smoking tobacco in this country on April 1, 1957 totaled 175 million pounds, nearly one-fifth less than the relatively large holdings of a year earlier.

Less cigar leaf (filler) was imported in the first 4 months of 1957 than in the same period of 1956, but imports of scrap, also largely used in cigars, were up 29 percent. Stocks of Cuban tobacco in the United States on April 1, 1957 amounted to 16 million pounds, 7 percent less than a year earlier. Imports of tobacco (mainly scrap) from the Philippines during the first third of 1957 were over two-fifths above the already comparatively large amounts in the same period of 1956. Stocks of Philippine tobacco at 7½ million pounds were more than double last year's holdings, and the largest April 1 stocks since 1940. The stocks of Indonesian tobacco at about 88,000 pounds were equal to about three-fifths of holdings on April 1, 1956. Imports of stems (not cut, ground, or pulverized) from Cuba during January-April 1957 totaled 508,000 pounds compared 166,000 pounds in the same months of 1956.

OUTLOOK AND SITUATION FOR TOBACCO LEAF

Flue-Cured, Types 11-14

1957-58 Supplies

This year's flue-cured acreage, which is about one-fourth less than in 1956, is the smallest since 1932 and the second smallest since 1922. Acreage allotments were reduced one-fifth below last year and about 6 percent of the allotted acreage has been placed in the acreage reserve of the Soil Bank. Yields per acre are expected to average lower than last season's exceedingly high figure. The Government price support discounts placed in effect on certain high yielding varieties which lack flavor and aroma will have the effect of reducing the overall average yields. This year's outturn is likely to range between 925 and 1,000 million pounds--30 to 35 percent lower than in 1956.

Carryover of flue-cured on July 1, 1957 is estimated at 2,510 million pounds--about one-tenth larger than a year ago and a record high. Carryover plus this year's sharply reduced crop will provide a total 1957-58 supply of roughly 3,435 to 3,500 million pounds--5 to 7 percent less than the record 1956-57 level.

2/ Imports of tobacco for consumption are on a declared-weight basis, and stocks are on an unstemmed-equivalent basis.

With the much smaller crop in prospect, considerably less flue-cured will go under Government loan this year than the exceptionally large amounts during 1956 and 1955.

Domestic Use and Exports

During the marketing year just ending (July 1956-June 1957), the domestic use of flue-cured is estimated at about 715 million pounds--a little lower than in 1955-56. The number of manufactured cigarettes, the main outlet, rose about 3 percent. The increasing proportion of filter tips which require less tobacco per cigarette than nonfilter tips, the use of "processed sheet," and improved machinery have aided manufacturers in turning out more cigarettes per pound of leaf tobacco.

Exports of flue-cured during July 1956-June 1957 are estimated at 455 million pounds (farm-sales weight)--about one-sixth less than in 1955-56 but 6 percent above each of the two previous years. Approximately 11 percent of all 1956-57 flue-cured exports was P. L. 480 foreign currency sales, compared with 12 percent in 1955-56.

During the first 10 months of the 1956-57 marketing year, exports of flue-cured to the United Kingdom (accounting for nearly two-fifths of the total) were 29 percent lower than in the corresponding period of last year. At that time, substantial shipments were made under P. L. 480 to build up stocks. The July 1956-April 1957 exports to Germany (second ranking outlet, accounting for over one-tenth of the total) were 11 percent less than in the same months of a year earlier. The next 7 ranking outlets were Australia, Netherlands, Indonesia, Belgium, Sweden, Denmark, and Ireland. Takings of Australia, Netherlands, Belgium, and Ireland during the 10 months ranged from about 14 to 26 percent lower than a year earlier. However, takings of Indonesia and Sweden increased by over 50 percent, and of Denmark by about a tenth. Last year the Philippine Republic was the sixth ranking export outlet, but this country is now in a surplus position and very little was shipped there in 1956-57.

Among other important destinations, Thailand, Indochina, Switzerland, India, Pakistan, Hong Kong, France, Italy, and Taiwan took more flue-cured in July 1956-April 1957 than in the same months of a year earlier. Smaller quantities than a year earlier went to Japan, Finland, New Zealand, Egypt, Norway, Austria, and Spain. None was reported going to Korea in contrast to the sizable shipment a year earlier.

Some foreign users of United States flue-cured expressed great concern about the desirability of much 1956 crop flue cured from the standpoint of aroma, body, and flavor. Also, prices of certain grades of flue-cured that are usually exported were subject to upward pressure in the last 2 or 3 seasons, as domestic companies bought more heavily in these grades. Reportedly, such grades are especially suitable for blends used in the filter tip cigarettes.

Table 12.--Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, season average price, and price support operations for specified periods (Farm-sales weight)

Year	Production	Stocks, July 1	Supply	Disappearance 1/			Average price per pound
	Mil. lb.	Mil. lb.		Total	Domestic	Exports	
				Mil. lb.	Mil. lb.	Mil. lb.	Ct.
Average:							
1934-38	741	845	1,586	704	338	366	22.9
1941-45	902	1,349	2,251	992	617	375	38.5
1946	1,352	1,147	2,499	1,212	659	553	48.3
1947	1,317	1,287	2,604	1,054	695	359	41.2
1948	1,090	1,550	2,640	1,102	720	382	49.6
1949	1,115	1,538	2,653	1,168	729	439	47.2
1950	1,257	1,485	2,741	1,185	757	428	54.7
1951	1,453	1,557	3,011	1,279	777	502	52.4
1952	1,365	1,731	3,096	1,244	828	416	50.3
1953	1,272	1,852	3,124	1,209	778	431	52.8
1954	1,314	1,915	3,229	1,173	744	429	52.7
1955	1,483	2,056	3,539	1,281	728	553	52.7
1956 2/.....	1,423	2,258	3,681				51.5
Placed under Government loan: Remaining in							
Parity	Price	Quantity		Percentage	Government loan		
price 3/	support	Mil. lb.	Pct.	of crop	stocks on		
: level	: Ct.	:		: May 31, 1957	4/		
	Ct.	Mil. lb.	Pct.	Mil. lb.			
1946	35.7	32.1	66.5	4.9	0		
1947	44.4	40.0	232.3	17.6	0		
1948	48.8	43.9	106.1	9.7	0		
1949	47.2	42.5	103.5	9.3	0		
1950	50.0	45.0	77.6	6.2	0		
1951	56.3	50.7	142.2	9.8	0		
1952	56.2	50.6	5/165.0	12.1	16.5		
1953	53.2	47.9	151.4	11.9	16.3		
1954	53.2	47.9	130.2	9.9	44.4		
1955	53.7	48.3	298.9	20.2	255.7		
1956	54.3	48.9	319.9	22.5	314.8		
1957	56.3	6/50.7					
Total	---	---	1,793.6	---	647.7		

1/ Year beginning July 1. 2/ Subject to revision. 3/ As of applicable date when support level was computed. 4/ Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. 5/ An additional 78.4 million pounds under option to British manufacturers were pledged for CCC loans, but were purchased and shipped by mid-1953. 6/ Minimum--subject to upward revision if parity price is higher as of July 1.

Prices

Growers received an overall average of 51.5 cents per pound for the 1956 crop--2 percent lower than in each of the previous 2 seasons. In the earliest belt to open, Georgia-Florida, type 14, a large proportion of grade prices averaged above a year earlier--with particularly sharp gains for non-descript and some medium-and low priced leaf and lug grades. In the Border Belt, type 13, and the Eastern Belt, type 12, prices increased over a year earlier for numerous leaf, smoking leaf, and nondescript grades, but generally declined for cutters, lugs, and primings. In the Middle Belt, type 11 (b) and Old Belt, type 11 (a), the prices for all except a few grades tended to be lower in 1956 than in 1955.

On April 26, the Department of Agriculture announced 50.7 cents per pound as the minimum level at which the 1957 flue-cured crop would be supported. Last season's support was 48.9 cents. The actual level of 1957 price support will be 50.7 cents or 90 percent of the July 1 parity price, whichever is higher. Since the minimum support was calculated, the parity price for flue-cured has risen slightly, and 90 percent of the May parity was 50.8 cents per pound.

Three varieties of flue-cured, Coker 139, Coker 140, and Dixie Bright 244, will receive Government price support at only one-half the rate by individual grades as other varieties. The specified varieties are considered low to lacking in flavor and aroma and generally of light body. There will be warehouse floor identification of the less desirable varieties to differentiate them from the acceptable varieties. Auction warehouses will use basket tickets that will make the necessary distinctions and rigidly enforce the 50 percent discount in price supports on the less desirable varieties.

Burley, Type 31

1957-58 Supplies

This year's burley acreage is indicated to be slightly lower than in 1956 and the lowest since the mid-1930's. Acreage allotments total about the same as last year but about 2 percent of the allotted acreage has been placed in the acreage reserve of the Soil Bank program. If yields per acre should average about the same as the recent 3-year average, the 1957 crop would approximate 485 million pounds--4 percent less than last year. The average yield per acre in 1956 was a new record high--8 percent above 1955 and 3 percent above the previous peak in 1954.

The carryover on October 1, 1957, the beginning of the 1957-58 marketing year, is expected to be around 1,295 million pounds--slightly less than on last October 1 and 4 percent below the record October 1, 1955 figure. If the 1957 crop turns out to be about 485 million pounds, the 1957-58 total supply will approximate 1,780 million pounds--1½ percent less than for 1956-57 and nearly 5 percent below the peak 1954-55 figure.

Table 13.--Burley tobacco, type 31: Domestic supplies, disappearance, season average price, and price support operations for specified periods (Farm-sales weight)

Year	Production Mil. lb.	Stocks, Oct. 1 Mil. lb.	Supply Mil. lb.	Disappearance 1/			Average price per pound Ct.
				Total Mil. lb.	Domestic Mil. lb.	Exports Mil. lb.	
Average:							
1934-38	287	701	988	314	302	12	22.2
1941-45	448	730	1,178	437	424	13	40.0
1946	614	853	1,467	526	476	50	39.7
1947	485	941	1,426	524	496	28	48.5
1948	603	902	1,505	531	489	42	46.0
1949	561	974	1,535	535	494	41	45.2
1950	499	1,000	1,499	518	488	30	49.0
1951	618	981	1,599	538	506	32	51.2
1952	650	1,061	1,711	548	519	29	50.3
1953	564	1,163	1,727	529	494	35	52.5
1954	668	1,198	1,866	519	486	33	49.8
1955	470	1,347	1,817	516	482	34	58.6
1956 2/.....	506	1,301	1,807				63.5
	Parity price 3/ Ct.	Price support level Ct.	Placed under Government loan: Quantity Mil. lb.	Percentage of crop Pct.	Remaining in Government loan stocks on May 31, 1957 4/ Mil. lb.		
1946	37.3	33.6	147.8	24.1	0		
1947	44.8	40.3	37.7	7.8	0		
1948	47.1	42.4	96.7	16.0	0		
1949	44.8	40.3	39.1	7.0	0		
1950	50.8	45.7	44.2	8.9	0		
1951	55.3	49.8	97.3	15.7	16.1		
1952	55.0	49.5	103.9	16.0	8.2		
1953	51.8	46.6	102.1	18.1	44.6		
1954	51.5	46.4	221.4	33.1	151.6		
1955	51.3	46.2	73.1	15.6	73.0		
1956	53.4	48.1	6.0	1.2	5.7		
1957	57.2	5/ 51.5					
Total	---	---	969.3	---	299.2		

1/ Year beginning October 1. 2/ Subject to revision. 3/ As of applicable date when support level was computed. 4/ Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. 5/ Minimum - subject to upward revision if parity price is higher as of October 1.

Domestic Use and Exports

During the year ending September 30, 1957, domestic use of burley seems likely to be about 481 million pounds--almost the same as in 1955-56. Cigarettes are the main outlet, but pipe and chewing tobacco also take some burley. The increase in the number of manufactured cigarettes apparently is not matched by a commensurate increase in use of farm-sales weight leaf. Outputs of pipe tobacco and plug chewing continue to decline and presumably are utilizing less burley tobacco than a year ago.

Exports of burley in 1956-57 seem likely to be near 31 million pounds (farm-sales weight) compared with 34 million in 1955-56. The relatively high 1956 crop prices made it difficult for some foreign buyers with limited dollar resources to purchase desired amounts. Also, sufficient quantities of particular grades reportedly have not been available. During the first 7 months of the current marketing year, exports of burley were 5 percent lower than in the same period a year earlier. Germany, Sweden, and Mexico were the 3 leading outlets, accounting for 55 percent of the total. German and Swedish takings were up 7 and 31 percent, respectively, and shipments to Mexico increased 50 percent. Portugal and Belgium are usually two top ranking export outlets for burley. During October 1956-April 1957, Portuguese takings equaled those of a year earlier but Belgium took only a fourth as much as a year ago. There were sizable declines also in the shipments to Netherlands, Norway, Egypt, Switzerland, and Philippine Republic. On the other hand, exports increased to France, Denmark, Hong Kong, Uruguay, and Spain.

Prices

Growers received a record average of $63\frac{1}{2}$ cents per pound for the 1956 crop--8 percent more than for the 1955 crop and 25 percent above the 1950-54 average. The price average was at a record high in each of the burley producing States.

On April 26, the Department of Agriculture announced 51.5 cents per pound as the minimum level at which the 1957 burley crop would be supported. The 1957 minimum is 7 percent above the 1956 price support and above all previous years. The actual level of the 1957 support will be 51.5 cents or 90 percent of the October 1 parity price, whichever is higher. Since the minimum support was calculated, the parity price for burley has risen. Ninety percent of the May parity is 51.7 cents per pound.

The 1956 burley placed under loan was only about 1 percent of the crop--a marked contrast with the relative quantities for the 10 previous seasons.

Maryland, Type 32

1957-58 Supplies

This year's acreage of Maryland tobacco is indicated at about one-tenth below that of 1956 and will be the smallest since 1945. The acreage allotments for most farms were cut 10 percent below 1956. Even so, the total number of acres allotted exceeds the acreage that will be grown this year. About one-eighth of the allotted acreage was placed in the acreage reserve of the Soil Bank program.

If yields per acre should equal the recent 5-year average (adjusted for the low 1955 figure), this year's crop probably would be near 35 million pounds--approximately one-tenth smaller than the estimated 1956 production. It may be the smallest since 1945, except for the storm-reduced 1955 crop.

A 35 million pound crop plus a carryover next January 1 that is likely to be near 69 million pounds will provide a total supply of 104 million pounds, or approximately 4 million lower than for this year.

Domestic Use and Exports

Domestic use of Maryland tobacco during October 1956-September 1957 is estimated at around 27 million pounds--1 to 2 million more than the unusually low 1955-56 figure. Cigarettes are the major outlet for Maryland tobacco, although some grades are used in cigars.

Exports of Maryland tobacco seem likely to be 12 to 13 million pounds (farm-sales weight) in the current marketing year. Last year's exports at 12.9 million were largest for many years. During the first 7 months of the 1956-57 marketing year, exports about equaled the period a year earlier and were well above the comparable figure for previous years. As usual, the leading outlet was Switzerland, accounting for over one-half of the total; however, Swiss takings were down 14 percent from those in the same months of 1955-56. West Germany, the second ranking outlet, took about a fifth of the total shipments during October 1956-April 1957 and nearly double those of a year earlier. Exports to Belgium and Spain were up a little and to Tunisia, about the same. France took a sizable amount in contrast to none in the same 7 months of the previous year. Less went to Netherlands and Austria-Trieste took much less than the substantial amount going there last October-April. In April, a substantial amount of Maryland tobacco was shipped to Portugal--normally not an outlet for this type.

3/ For marketing quota purposes, the carryover and total supply of Maryland tobacco are calculated as of January 1, falling within the marketing year--the 12-month period, October 1 through September 30. Disappearance is calculated on the October-September basis.

Table 14.--Maryland tobacco, type 32: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)

Year	Stocks following:		Supply	Disappearance 2/			Average price per pound
	Production	Jan. 1 1/		Total	Domestic	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.
Average:							
1934-38	27.5	38.4	65.9	26.5	21.1	5.4	19.7
1941-45	29.4	44.1	71.5	29.7	27.1	2.6	48.9
1946	46.2	32.4	78.6	34.0	28.3	5.7	44.5
1947	37.8	44.9	82.7	34.3	27.0	7.3	42.8
1948	35.0	46.9	81.9	37.0	27.7	9.3	54.4
1949	41.2	45.5	86.7	35.4	28.0	7.4	48.3
1950	40.0	53.4	93.4	35.5	27.1	8.4	48.2
1951	41.6	59.3	100.9	33.3	26.7	6.6	44.8
1952	40.2	64.9	105.1	40.3	32.5	7.8	48.8
1953	40.5	65.4	105.9	36.4	28.4	8.0	54.5
1954	43.8	68.6	112.4	36.1	27.9	8.2	40.3
1955	31.5	77.5	109.0	38.6	25.7	12.9	50.8
1956 3/.....	38.5	69.7	108.2				
: : : : : : : :							
	Parity price 4/	Price support level	Placed under Government loan: Quantity	Percentage of crop	Remaining in Government loan stocks on May 31, 1957 5/		
	Ct.	Ct.	Mil. lb.	Pct.	Mil. lb.		
1946	30.0	27.0	0	---	0		
1947	36.2	32.6	0	---	0		
1948	48.8	43.9	3.0	8.6	.5		
1949	46.5	41.8	2.6	6.3	.2		
1950	56.5	48.6	5.5	13.8	.8		
1951	60.6	6/	6/	6/	6/		
1952	58.5	6/	6/	6/	6/		
1953	56.0	50.4	6.7	16.5	4.5		
1954	53.5	6/	6/	6/	6/		
1955	53.1	6/	6/	6/	6/		
1956	52.2	47.0	7/	7/	1.7		
1957	53.1	8/47.8					
Total	---	---	17.8	---	7.7		

1/ For marketing quota purposes, the carryover and total supply of Maryland tobacco are calculated as of January 1 falling within the marketing year--October 1 through September 30. 2/ Year beginning October 1. 3/ Subject to revision. 4/ As of applicable date when support level was computed or October 1. 5/ Actual loan stocks on a packed-weight basis average about 2 percent less than these farm-sales weight figures. 6/ No support since marketing quota was not approved by two-thirds of growers voting. 7/ Through mid-June about 2.6 million pounds - 12 percent of auction sales placed under loan. 8/ Minimum - subject to upward revision if parity price is higher as of October 1.

Prices

Auction sales for the 1956 crop began on April 30. Prices for sales through mid-June averaged 50.9 cents per pound--5 percent lower than in the comparable period of last season. Grade prices in most instances were lower than in the same period of a year ago. Better grades showed the smallest decreases, and the largest declines were for tips and low thin-crop. Nondescript grades brought better prices than a year ago.

The auction market volume through mid-June totaled 21.3 million pounds. In addition, receipts at the Baltimore hogshead market were 1.6 million pounds. The combined total represents about three-fifths of the 1956 crop.

The support level for the 1956 crop is 47.0 cents per pound. About one-eighth of the deliveries through mid-June were placed under Government loan.

On April 26, the Department of Agriculture announced 47.8 cents per pound as the minimum level at which the 1957 Maryland tobacco crop would be supported. The actual level of 1957 crop price support will be 47.8 cents or 90 percent of the October 1 parity price, whichever is higher. Since the minimum support was calculated, the parity for Maryland tobacco has risen; 90 percent of the May parity is 48.0 cents per pound.

Fire-Cured, Types 21-23

1957-58 Supplies

This year's acreages of the Virginia, and Kentucky and Tennessee fire-cured types are indicated to be around a fifth lower than last year and the smallest on record. Acreage allotments were cut 10 percent below last year, and about 14 percent of the allotted acreage has been placed in the acreage reserve of the Soil Bank program. Last season, the yields per acre of the Kentucky-Tennessee types 22-23 reached new records, and in Virginia, the average yield of type 21 was the third highest in history. If this season's yields per acre should equal the average for the previous two seasons, the 1957 crop would approximate 54 million pounds--24 percent below 1956 and the smallest on record except 1953 when it was 49 million pounds.

The carryover on October 1 (beginning of the 1957-58 marketing year) is estimated at about 145 million pounds--up 5 percent from last October and the largest in 4 years. This carryover plus the new crop will provide a total supply for 1957-58 of nearly 200 million pounds--8 or 9 million lower than the current year's level, which is the largest since 1950-51.

Domestic Use and Exports

During the October 1956-September 1957 marketing year, domestic use of fire-cured tobacco may be about 33 million pounds--2 or 3 million more than in 1955-56. Although output of snuff, the main domestic outlet for fire-cured,

Table 15.--Fire-cured tobacco, types 21-23^{1/}: Domestic supplies, disappearance, season average price, and price support operations for specified periods (Farm-sales weight)

Year	Production:	Stocks, Oct. 1	Supply	Disappearance 2/			Average price																																																																																																	
	Mil. lb.	Mil. lb.	Mil. lb.	Total	Domestic	Exports	per pound																																																																																																	
Average:				Mil. lb.	Mil. lb.	Mil. lb.	Ct.																																																																																																	
1934-38	110.2	194.2	304.4	123.0	53.2	69.8	10.2																																																																																																	
1941-45	66.1	170.7	236.8	81.9	49.6	38.3	22.1																																																																																																	
1946	108.9	104.9	213.8	70.4	36.0	34.4	26.0																																																																																																	
1947	86.4	143.4	229.8	67.2	36.9	30.3	29.5																																																																																																	
1948	73.2	162.6	235.8	77.9	34.7	43.2	31.9																																																																																																	
1949	72.2	157.9	230.1	65.2	36.5	28.7	29.8																																																																																																	
1950	58.3	164.9	223.2	76.0	36.7	39.3	31.2																																																																																																	
1951	59.5	147.2	206.7	59.8	32.2	27.6	40.0																																																																																																	
1952	58.2	146.9	205.1	58.8	29.6	29.2	37.6																																																																																																	
1953	48.9	146.3	195.2	61.2	32.9	28.3	33.8																																																																																																	
1954	62.2	134.0	196.2	59.1	29.9	29.2	37.8																																																																																																	
1955	65.2	137.1	202.3	64.6	31.1	33.5	37.3																																																																																																	
1956 3/	70.6	137.7	208.3				36.6																																																																																																	
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1/ Type 24 included until early 1950's when it became practically nonexistent.
 2/ Year beginning October 1. 3/ Subject to revision. 4/ As of applicable date when support level was computed. 5/ Not based on parity but set by law at 75 percent of the burley support. 6/ Actual loan stocks on a packed-weight basis average about 6 percent less than these farm-sales weight figures. 7/ Minimum-subject to upward revision if burley support level increases as of October 1.

was running a little below a year ago, indications are that overall use of fire-cured tobacco was greater. This may mean a larger than usual quantity was utilized in other products.

Exports in the 1956-57 marketing year seem likely to be near 30 million pounds--roughly one-tenth below the 1955-56 level. During the first 7 months of 1956-57, exports of Kentucky-Tennessee fire-cured were 11 percent below the same period of a year earlier. Netherlands, the leading outlet, took as much as a year earlier and France, the next ranking outlet, increased her takings about a tenth. However, shipments declined substantially to other important destinations such as Switzerland, Sweden, Italy, and Britain.

Belgium and Germany took approximately comparable quantities with those in the corresponding period of 1955-56. Belgian Congo and Egypt sharply increased their imports, and moderately more went to Denmark and Indonesia. Shipments to the Canary Islands, where an unusually large quantity went last year, were down sharply, and less went to Viet Nam.

The October 1956-April 1957 exports of Virginia fire-cured were only 63 percent as much as in the same months of 1955-56. Norway, accounting for more than a third of the total, got 19 percent less and shipments to Sweden, Netherlands, and Switzerland dropped sharply. The United Kingdom took a little more and New Zealand nearly doubled her takings. Australia and Germany each took less than in the comparable period a year earlier.

Prices

The 1956 season average price for all fire-cured combined was 36.6 cents per pound--2 percent lower than for the preceding season. The Virginia fire-cured season average price was 39.5 cents--more than one-fourth above the average for the 1955 crop, which was damaged by storms. The Kentucky-Tennessee type 22 price average for the 1956 crop was 37.3 cents--8 to 9 percent below each of the two previous seasons. The Kentucky-Tennessee type 23 price average at 32.7 cents was slightly higher than in 1955 and 1954.

The level of price support for 1956 fire-cured was 36.1 cents per pound. The support level for fire-cured under existing law is computed at 75 percent of the burley support level.

The announced minimum support for the 1957 fire-cured crop is 38.6 cents per pound--7 percent above the 1956 level and above the support level for any previous year. If burley parity and, consequently, its price support level is higher as of October 1 than when the minimum support was calculated, the actual price support will increase proportionately. If the burley parity should decline, the announced minimum supports would become the actual supports for the 1957 crops.

Dark Air-Cured and Sun-Cured, Types 35-37

1957-58 Supplies

This year's acreage of dark air-cured tobacco is indicated to be about 18 percent lower than in 1956 and the lowest on record. Acreage allotments for most farms were reduced 15 percent and about 5 percent of the allotted acreage was placed in the acreage reserve of the Soil Bank program. The 1957 acreage of sun-cured tobacco is indicated at about 9 percent lower than the 1956 acreage. The acreage allotment for sun-cured is practically unchanged from a year ago. The acreage allotments for sun-cured considerably exceed acreages grown for several years. More than two-fifths of the 1957 allotted acreage was placed in the acreage reserve of the Soil Bank program.

Last year the average yield per acre for dark air-cured tobacco set a new record. If yields per acre this season for dark air-cured and sun-cured tobacco should equal the average of the last two seasons (sun-cured adjusted for unusually low 1955 figure), this year's total production of these types would approximate 27 million pounds--about one-fifth less than in 1956 and the smallest outturn in history except for 1953.

The carryover of types 35-37 on October 1 (beginning of the 1957-58 marketing year) is estimated at about 87 million pounds--roughly 2 million more than last October 1 and the largest in many years. The carryover plus the new crop may provide a total supply for 1957-58 of 114 million pounds--4 or 5 percent lower than the current year's supply.

Domestic Use and Exports

In the year ending September 30, domestic use of dark air- and sun-cured may be close to 23 million pounds compared with the nearly 21 million in 1955-56. Output of chewing products, the major outlet for these types, has been lower than last year. It appears that more of these types than usual might be going into other tobacco products.

The 1956-57 exports of these types are expected to be 8 or 9 million pounds (farm-sales weight) compared with the peacetime low of less than 6 million in 1955-56. This increase is mainly due to the substantial shipment of One Sucker (type 35) to the Union of South Africa. During October 1956-April 1957, exports of One Sucker totaled $3\frac{1}{2}$ million pounds (farm-sales weight) in contrast to only a negligible quantity in the same period of 1955-56. Almost two-thirds of the recent 7 months' total went to South Africa and most of the rest to Belgium and Portugal. Exports of Green River (type 36) during October 1956-April 1957 totaled about $1\frac{1}{4}$ million pounds (farm-sales weight) compared with two-thirds of a million in the same months of 1955-56. Over two-fifths of the recent 7-month total went to the United Kingdom, which took a little more than a year earlier. About a third of the total went to the Union of South Africa--a new outlet. Larger shipments went to Belgium and Belgian Congo than in the same months of 1955-56.

Table 16.--Dark air-cured and sun-cured tobacco, types 35-37: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)

Year	Production	Stocks, Oct. 1	Supply	Disappearance 1/			Average price per pound
				Total	Domestic	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.
Average:							
1934-38	35.5	62.8	98.3	39.0	27.0	12.0	9.4
1941-45	37.0	64.4	101.4	39.8	33.9	5.9	20.6
1946	49.6	60.4	110.0	37.3	29.7	7.6	22.5
1947	37.2	72.7	109.9	32.7	26.3	6.4	25.8
1948	34.8	77.2	112.0	37.5	22.7	14.8	28.7
1949	36.2	74.5	110.7	29.9	23.1	6.8	28.2
1950	28.6	80.8	109.4	36.4	25.6	10.8	24.6
1951	31.7	73.0	104.7	30.1	21.5	8.6	34.3
1952	33.8	74.6	108.4	29.3	22.7	6.6	31.6
1953	26.6	79.1	105.7	29.9	22.8	7.1	25.9
1954	34.1	75.8	109.9	29.1	19.0	10.1	34.1
1955	31.1	80.8	111.9	26.5	20.7	5.8	31.1
1956 2/	33.9	85.4	119.3				34.1
	Parity price 3/	Price support level 4/	Placed under Government loan: Quantity	Government loan: Percentage of crop	Remaining in Government loan: stocks on May 31, 1957 5/		
	Ct.	Ct.	Mil. lb.	Pct.	Mil. lb.		
1946	14.3	19.1	15.7	31.7	0		
1947	17.2	23.1	14.5	39.0	neg.		
1948	18.1	24.2	8.9	25.6	1.3		
1949	17.2	23.1	4.0	11.0	1.1		
1950	27.2	34.2	4.1	14.3	.5		
1951	29.6	37.5	7.4	23.3	4.3		
1952	30.5	37.7	6/9.9	29.3	6.1		
1953	30.2	35.6	7.5	28.2	3.8		
1954	29.4	34.5	7.3	22.5	5.8		
1955	30.4	34.1	6.3	20.0	5.0		
1956	31.0	33.0	6.7	19.8	6.5		
1957	33.0	35.4	7/34.3				
Total	---	---	92.3	---	34.4		

1/ Year beginning October 1. 2/ Subject to revision. 3/ As of applicable date when support level was computed. 4/ Not based on parity but set by law at 66 2/3 percent of the burley support. 5/ Actual loan stocks on a packed-weight basis average about 8 percent less than these farm-sales weight figures. 6/ An additional 200,000 pounds under option to British manufacturers were pledged for CCC loans but were purchased and shipped by mid-1953. 7/ Minimum subject to upward revision if burley support level increases as of October 1.

Exports of Black Fat (a semiprocessed form composed largely of dark air-cured tobacco) were $5\frac{1}{2}$ percent higher during October 1956-April 1957 than in the same period of 1955-56. Nigeria, the leading outlet, took $3\frac{1}{2}$ percent less but Ghana, the next ranking destination, took 18 percent more. Shipments to Cameroon and Canary Islands were also up, but sharply less went to French West Africa.

Prices

The 1956 season price for dark air- and sun-cured tobacco combined was 34.1 cents per pound--10 percent higher than for the 1955 crop. The season average for One Sucker (type 35) was 36.0--nearly 3 cents higher than a year earlier and a record. The recent Green River (type 36) crop brought an average of 30.0 cents per pound--up seven-tenths of a cent from the 1955 crop average. The price average for the 1956 Virginia sun-cured (type 37) crop was a record 35.7 cents compared with 25.3 cents for 1955 when the crop was severely damaged by storms. The average for the 1954 sun-cured crop was 32.2 cents.

The level of price support for 1956 dark air- and sun-cured tobacco was 32.1 cents per pound. The support level for these types under existing law is computed at $66\frac{2}{3}$ percent of the burley support level.

The announced minimum support for the 1957 dark air- and sun-cured crops is 34.3 cents per pound--7 percent above the 1956 level and above the support level for any previous year. If burley parity and, consequently, its price support level is higher as of October 1 than when the minimum support was calculated, the actual price support will increase proportionately. If the burley parity should decline, the announced minimum supports would become actual supports for the 1957 crops.

Cigar, Types 41-62

Price Supports

On April 26, the Department announced the 1957 minimum support levels for the eligible types of cigar tobacco (table 17). The mandatory support level for cigar filler and binder (types 42-44 and 51-55) is 90 percent of parity. The minimum support levels for 1957 crops are based on parity prices as of March 15. If the parity level increases by October 1, the beginning of the marketing year, the actual supports will reflect the increase. If parity declines, the announced minimums will become the actual supports.

For purposes of parity and price support, cigar filler and binder tobaccos are considered as two kinds of tobacco: (1) binder types 51-52 (Connecticut Valley), and (2) cigar filler types 42-44 (Ohio) and binder types 53-55 (principally Wisconsin). As of May 15, the parity price for Connecticut Valley types 51-52 was 57.4 cents, up one-half cent from the March 15 level. The parity price for cigar filler and binder types 42-44, 53-55 was 29.3 cents, the same as on March 15.

Table 17.--Cigar tobacco types: Government loan levels, season average prices--1955-56, and minimum supports for 1957 crops

Type	1955		1956		1957
	Loan level <u>1/</u>	Season average price	Loan level <u>1/</u>	Season average price	Minimum support <u>1/</u>
	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound
Ohio cigar filler, types 42-44	24.7	21.8	23.4	22.0	23.2
Puerto Rican filler, type 46	31.9	25.2	31.4	<u>2/</u>	<u>3/</u>
Connecticut Valley Broadleaf binder, type 51	53.9	44.9	52.5	59.0	53.3
Connecticut Valley Havana Seed binder, type 52	50.8	35.0	49.0	42.4	48.5
Southern Wisconsin binder, type 54	24.5	22.9	22.8	26.1	23.3
Northern Wisconsin binder, type 55	32.0	24.6	29.6	30.9	29.9

1/ For Pennsylvania Havana Seed, type 53: 1955, 25.0 cents; 1956, 23.6 cents; and 1957, 23.3 cents. 2/ Season average price not available.

3/ Support level to be announced later.

The support level for Puerto Rican filler, type 46, will be announced prior to the planting season which begins after October 1, 1957. Puerto Rican filler is not under a Federal marketing quota, and the percentage of parity at which the 1957-58 crop support level will be computed will depend on its supply relationship. The support level of the 1956-57 crop was equal to 89 percent of the October 1, 1956 parity.

Table 18.--Cigar tobacco price support operations, quantities placed under loan, 1946-56 and remaining under loan

Crop year	Ohio, types 42-44	Puerto Rican, type 46	Conn. Valley, type 51	Conn. Valley, type 52	So. Wis., type 54	No. Wis., type 55	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1946	0	10.6	0	0	2.2	0	12.8
1947	0	10.3	0	0	.8	0	11.1
1948	0	12.3	0	0	2.0	3.0	17.3
1949	0	9.3	.1	3.2	.2	.5	13.3
1950	2.6	.3	.1	3.7	1.4	.6	1/11.5
1951	.6	1.1	1.7	2.7	4.8	.1	1/11.0
1952	2/	1.4	2/	2/	2/	2/	1.4
1953	2.7	1.4	3/	1.8	2.4	1.9	1/10.3
1954	1.2	5.1	.8	3.4	1.3	.9	12.7
1955	.8	2.8	7.8	5.2	.4	3.1	20.1
1956	.4	4/1.1	1.7	1.6	.1	.9	5.8
Total	8.3	55.7	12.2	21.6	15.6	11.0	1/127.3
Remaining:							
as of							
May 31,							
1957	2.2	2.5	7.7	6.7	.8	2.7	22.6

1/ Includes 2.8 million pounds of 1950 crop Pennsylvania Seedleaf (type 41) and negligible amounts from the 1950, 1951, and 1953 crops of New York and Pennsylvania Havana Seed (type 53). 2/ Price support not in effect because marketing quotas were disapproved by growers. 3/ Less than 50,000 pounds. 4/ As of May 31 when all marketings not yet completed.

Pennsylvania filler type 41 is not eligible for Government price support, as growers have rejected marketing quotas on 1956, 1957, and 1958 crops.

Continental Filler

Acreage of Pennsylvania type 41 is expected to be about the same this year as last, but Ohio types 42-44 acreage may be down about 7½ percent. Growers of Ohio filler placed 375 acres in the Soil Bank reserve.

If 1957 yields should equal the 1952-56 average, filler production this year would be around 54 million pounds, 6 percent less than in 1956. In the

Pennsylvania area, which has comprised 85 percent or more of continental filler acreage in recent years, yields in 1956 were above those of any previous year.

Stocks of continental filler on October 1, 1957, may be about 125 million pounds, 1 or 2 percent less than last October 1. The 1957-58 total supply--this year's crop plus carryover--may approximate 179 million pounds, 3 percent below 1956-57.

Disappearance of Pennsylvania and Ohio filler in the year ending September 30, 1957 is preliminarily estimated at 59 million pounds, compared with 62 million in 1955-56. Nearly all of the continental cigar filler types are used in domestic cigar manufacture. Indications are that domestic disappearance in the first half of the marketing year was 6 percent below the comparable months of 1955-56. Exports in October 1956-April 1957 were substantially higher than a year earlier, amounting to approximately 465,000 pounds (farm-sales weight). Most of the exports went to Algeria.

Prices for the 1956 crop of Pennsylvania filler averaged 24 cents, one-half cent less than in 1955 and $3\frac{1}{2}$ cents less than the average prices of each of the 1953 and 1954 crops. The average price for the 1956 Ohio filler crop was 22 cents, up a little from 1955 but one-half cent less than in 1954.

Puerto Rican Filler

The Commonwealth Department of Agriculture and Commerce has reduced its estimate of the 1956-57 crop of Puerto Rican filler (type 46), the bulk of which was marketed by late May. The most recent estimate places production at 24 million pounds, 11 percent below the estimate made in January, and 20 percent below the 1955-56 crop. Severe drought conditions resulted in lower harvested acreage and average yields than anticipated earlier.

April 1, 1957, stocks of Puerto Rican tobacco at 54 million pounds were about 10 million lower than a year earlier and about equal to holdings on April 1, 1955. Nearly three-fifths of the stocks were held in the United States and the rest in Puerto Rico.

Prices for the 1955-56 Puerto Rican tobacco crop averaged 25.2 cents, from 10 to 20 percent less than for each of the 5 preceding crops.

Cigar Binder

March 1 intentions of growers indicated a 1957 acreage of combined binder types of 18,000, 6 percent less than harvested in 1956. Indicated acreage in the Connecticut Valley was 5,900, a 17 percent reduction. Indicated acreage of Wisconsin types 54-55 was 12,100, virtually the same as harvested last year. Since the March 1 planting intentions were reported, additional acreage was placed in the Soil Bank. Growers of Connecticut Valley types 51-52 have placed a total of about 7,900 acres in the Soil Bank acreage reserve; growers of Wisconsin types 54-55, about 2,850 acres.

Table 19.--Cigar filler tobacco, types 41-46: Domestic supplies, disappearance, and season average prices, 1947-56

(Farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance ^{1/}			Average price per pound
				Total	Domestic	Exports	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Pennsylvania Seedleaf (type 41)							
1947	52.1	98.5	150.6	50.8	49.3	1.5	30.5
1948	57.4	99.8	157.2	51.2	50.5	.7	26.3
1949	54.2	106.0	160.2	44.4	43.7	.7	26.4
1950	56.0	115.8	171.8	45.6	45.0	.6	26.4
1951	56.2	126.2	182.4	50.0	49.3	.7	19.0
1952	37.9	132.4	170.3	51.2	50.8	.4	25.2
1953	38.2	119.1	157.3	51.6	51.4	.2	27.5
1954	48.8	105.7	154.5	41.5	41.4	.1	27.4
1955	45.7	113.0	158.7	55.0	54.6	.4	24.5
1956 ^{2/}	51.0	103.7	154.7				24.0
Ohio, Miami Valley (types 42-44)							
1947	8.4	23.7	32.1	8.2	8.2		31.0
1948	10.9	23.9	34.8	8.9	8.9		23.0
1949	11.2	25.9	37.1	9.1	9.1		25.0
1950	10.5	28.0	38.5	7.3	7.3		18.6
1951	7.3	31.2	38.5	10.0	10.0		24.4
1952	8.8	28.5	37.3	10.0	10.0		25.0
1953	6.6	27.3	33.9	9.8	9.8		18.5
1954	8.0	24.1	32.1	9.2	9.2		22.5
1955	7.5	22.9	30.4	7.2	7.2		21.8
1956 ^{2/}	6.6	23.2	29.8				22.0
Puerto Rico (type 46)							
1947	26.1	74.0	100.1	32.1	30.6	1.5	27.5
1948	27.0	68.0	95.0	41.8	32.9	8.9	27.0
1949	26.0	53.2	79.2	28.1	25.9	2.2	20.0
1950	25.5	51.1	76.6	28.8	28.5	.3	28.0
1951	28.1	47.8	75.9	34.1	33.8	.3	30.0
1952	34.3	41.8	76.1	28.9	28.6	.3	32.0
1953	34.1	47.2	81.3	32.1	32.0	.1	30.0
1954	34.0	49.2	83.2	23.9	23.8	.1	30.5
1955	30.0	59.3	89.3	31.7	31.6	.1	25.2
1956 ^{2/}	24.0	57.6	81.6				

^{1/} Year beginning October 1. ^{2/} Subject to revision.

Assuming yields per acre equal to the 1952-56 average and acreage equal to intentions as of March 1 (adjusted for subsequent additional acreage placed in the Soil Bank), the 1957 production of the combined binder types would be about $24\frac{1}{2}$ million pounds--28 percent less than harvested last year. A crop of this size would be one of the smallest on record. Stocks of binder leaf on October 1, 1957 may be around 96 million pounds, 13 percent less than last October 1 and a new low. Total 1957-58 supplies of binder leaf--this year's crop plus carryover--are thus indicated at 120 million pounds, down 17 percent from the current season's low level and nearly a third below the average of the 5 marketing years, 1951-55.

The major part of the combined binder crop is used in domestic cigar manufacture but sizable quantities are used in scrap chewing tobacco. A small proportion of the crop is exported, shipments abroad amounting to 5 or 6 percent of production in the past 5 seasons. Indications are that total disappearance of the combined binder types in October 1956-September 1957 will be about 48 million pounds, 4 percent less than in the preceding year. Exports will be larger, but domestic use may be down about 4 million pounds. During the first 7 months of the current marketing year, about the same number of cigars were produced as in the same period of a year earlier but scrap chewing manufacture was 7 percent less. Use of manufactured binder sheet in the making of cigars also has been a factor in lower domestic utilization of natural leaf binder.

In the first 7 months of the current marketing year (October 1956-April 1957), exports of Broadleaf totaled 1.3 million pounds (farm-sales weight), $4\frac{1}{2}$ times as much as was exported in the same period of 1955-56. Most of the exports went to Spain. In the same period, Havana Seed exports were 0.8 million pounds, 12 percent less than a year earlier. Exports to Belgium and West Germany accounted for nearly nine-tenths of the total.

Average prices of 1956 crops of all binder types were higher than in the previous year. Connecticut Valley Broadleaf and Havana Seed crops averaged 59.0 cents and 42.4 cents--about one-third and one-fifth higher, respectively, than in 1955, when storms and floods lowered the quality of some of the Connecticut Valley binder tobacco. The 1956 crop average price for type 54 (Southern Wisconsin) was 26.1 cents, compared with the 1955 crop average of 22.9 cents. The average price of last year's crop of Southern Wisconsin binder was the highest in 10 seasons. Prices for the 1956 crop of Northern Wisconsin (type 55) averaged 30.9 cents, about one-fourth higher than in 1955 but from 1 to 6 percent lower than for each of the four preceding crops.

RECENTLY PUBLISHED

Processed Binders for Cigars: The Effect
on the Market for Binder-Type Tobacco

by C. I. Hendrickson
agricultural economist

Copies of this report may be obtained by writing the Division
of Marketing Information, Agricultural Marketing Service,
United States Department of Agriculture, Washington 25, D. C.

Table 20.- Cigar binder tobacco, types 51-55: Domestic supplies, disappearance, and season average prices, 1947-56

Year	Production	Stocks October 1	Supply	Disappearance 1/			Average price per pound
				Total	Domestic	Exports	
				Million pounds	Million pounds	Million pounds	
(Farm-sales weight)							
Connecticut Valley Broadleaf (type 51)							
1947	15.0	28.6	43.6	13.3			51.0
1948	14.0	30.3	44.3	17.8	13.5	4.3	60.0
1949	14.1	26.5	40.6	12.9	11.8	1.1	53.0
1950	16.4	27.7	44.1	14.3	13.3	1.0	52.0
1951	14.5	29.8	44.3	14.1	13.2	.9	51.0
1952	14.8	30.2	45.0	14.5	13.8	.7	50.0
1953	14.7	30.5	45.2	13.4	12.7	.7	58.4
1954	13.3	31.8	45.1	11.7	11.5	.2	56.5
1955	12.1	33.4	45.5	14.7	14.3	.4	44.9
1956 2/	7.9	30.8	38.7				59.0
Connecticut Valley Havana Seed (type 52)							
1947	15.1	16.5	31.6	12.2			73.3
1948	14.6	19.3	33.9	14.1	9.4	4.7	62.3
1949	14.7	19.8	34.5	9.5	7.4	2.1	41.9
1950	15.2	25.0	40.2	12.9	11.2	1.7	39.8
1951	11.2	27.3	38.5	11.0	9.1	1.9	42.6
1952	9.6	27.5	37.1	12.9	11.5	1.4	48.9
1953	12.0	24.2	36.2	11.9	10.8	1.1	54.9
1954	11.9	24.3	36.2	12.9	12.2	.7	44.0
1955	9.9	23.3	33.2	11.6	10.1	1.5	35.0
1956 2/	5.5	21.6	27.1				42.4
Southern Wisconsin (type 54)							
1947	15.8	37.9	53.7	16.5			22.3
1948	11.9	37.2	49.1	9.3	8.9	.4	22.4
1949	12.6	39.8	52.4	12.3	12.3		22.8
1950	13.2	40.1	53.3	13.0	13.0		23.5
1951	10.4	40.3	50.7	16.0	16.0		25.3
1952	8.3	34.7	43.0	9.7	8.1	1.6	19.5
1953	7.2	33.3	40.5	10.0	10.0		24.3
1954	7.5	30.5	38.0	9.0	8.5	.5	24.3
1955	6.7	29.0	35.7	10.4	10.0	.4	22.9
1956 2/	6.8	25.3	32.1				26.1
Northern Wisconsin (type 55)							
1947	21.5	37.6	59.1	22.9			34.9
1948	18.4	36.2	54.6	19.4	17.7	1.7	23.0
1949	18.8	35.2	54.0	13.2	13.0	.2	28.5
1950	18.7	40.8	59.5	16.4	16.3	.1	28.1
1951	12.9	43.1	56.0	15.6	15.5	.1	31.3
1952	13.6	40.4	54.0	18.6	18.4	.2	31.4
1953	12.8	35.4	48.2	16.4	16.1	.3	31.9
1954	15.4	31.8	47.2	16.3	16.1	.2	32.7
1955	14.3	30.9	45.2	13.4	13.1	.3	24.6
1956 2/	13.8	31.8	45.6				30.9

1/ Year beginning October 1.

2/ Subject to revision.

Shade-Grown Wrapper

The 1957 shade-grown cigar wrapper acreage for harvest in Georgia-Florida may be 4 percent less than in 1956. No change is indicated for the Connecticut Valley. If yields per acre are equal to the 1954-56 average, this year's total wrapper production would be around $16\frac{1}{2}$ million pounds, 4 percent less than in 1956. Cigar wrapper stocks on July 1, 1957 may be around 18 million pounds, about 1 million more than a year earlier. Total supplies for 1957-58--this year's crop plus carryover-- is thus indicated at about $34\frac{1}{2}$ million pounds, up a little from 1956-57.

Total disappearance of wrapper types during July 1956-June 1957 is estimated at about 16 million pounds, slightly less than in 1955-56. Data for the first three-fourths of the season indicate that exports were smaller but domestic use moderately larger than in the comparable period of 1955-56. Exports of wrapper types in the 10 months ending April 30 were 3.2 million pounds (farm-sales weight), 26 percent less than in the same months of a year earlier. West Germany, the leading outlet, took 18 percent less. Exports to the Netherlands and to Belgium were only a fourth and a half as much, respectively, as in July 1955-April 1956. Canada took moderately less than a year earlier.

Table 21.--Cigar wrapper tobacco, types 61-62: Domestic supplies, disappearance, and season average prices, 1947-56

(Farm-sales weight)							
Year	Pro- duction	Stocks July 1	Supply	Disappearance ^{1/}			Average price per pound
				Total	Domestic	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Connecticut Valley Shade-grown (type 61)							
1947	9.3	10.1	19.4	8.7			310.0
1948	9.8	10.7	20.5	8.4			290.0
1949	11.1	12.1	23.2	9.6			205.0
1950	9.1	13.6	22.7	9.7			205.0
1951	8.2	13.0	21.2	8.3			205.0
1952	8.9	12.9	21.8	10.8			210.0
1953	10.3	11.0	21.3	9.9			205.0
1954	9.9	11.4	21.3	10.2			215.0
1955	8.8	11.1	19.9	9.3			215.0
1956 ^{2/}	10.3	10.6	20.9				205.0
Georgia-Florida Shade-grown (type 62)							
1947	4.2	3.2	7.4	3.6			265.0
1948	5.3	3.8	9.1	4.6			245.0
1949	6.2	4.5	10.7	4.8			195.0
1950	6.4	5.9	12.3	5.4			200.0
1951	6.8	6.9	13.7	5.4			180.0
1952	5.8	8.3	14.1	5.8			180.0
1953	4.5	8.3	12.8	6.0			195.0
1954	6.6	6.8	13.4	6.5			195.0
1955	6.8	6.9	13.7	7.3			185.0
1956 ^{2/}	6.8	6.4	13.2				185.0
Total Shade-grown (types 61-62)							
1947	13.5	13.4	26.9	12.4	12.4	0.	295.0
1948	15.1	14.5	29.6	13.0	10.5	2.5	274.0
1949	17.3	16.6	33.9	14.5	10.8	3.7	201.0
1950	15.5	19.4	34.9	14.9	11.3	3.6	203.0
1951	14.9	20.0	34.9	13.7	10.1	3.6	194.0
1952	14.7	21.2	35.9	16.6	12.2	4.4	198.0
1953	14.8	19.3	34.1	15.9	12.2	3.7	202.0
1954	16.4	18.2	34.6	16.6	12.4	4.2	207.0
1955	15.6	18.0	33.6	16.6	11.5	5.1	202.0
1956 ^{2/}	17.2	17.0	34.2				197.0

^{1/} Year beginning July 1.^{2/} Subject to revision.

Table 22.- Tobacco: Acreage in the United States, by types, for specified periods

Period	Cigar								Total 2/
	Flue-cured 11-14	Fire-cured 21-24 1/	Burley 31	Maryland 32	Dark air-cured 35-37	Filler 41-45 1/	Binder 51-56 1/	Wrapper 61-62	
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Average:									
1924-28:	893.7	224.4	322.2	31.2	85.9	68.1	64.0	9.6	1,700.3
1929-33:	949.5	204.3	460.9	36.1	64.5	65.3	56.3	9.0	1,847.3
1934-38:	863.2	135.2	347.2	36.7	42.0	38.7	29.2	8.9	1,501.3
1939	1,269.9	114.5	424.7	40.0	48.7	48.8	41.2	10.9	1,999.7
1940	741.0	119.9	360.3	38.4	47.0	48.4	44.4	10.3	1,410.2
1941	717.6	74.5	341.9	40.3	32.6	47.6	41.0	10.8	1,306.5
1942	792.7	72.8	350.6	38.0	34.0	43.1	36.3	9.6	1,377.3
1943	842.8	68.8	399.3	35.3	30.9	37.9	33.1	9.6	1,458.0
1944	1,017.3	64.7	496.6	45.0	40.2	37.9	37.3	10.5	1,749.9
1945	1,078.7	61.3	512.3	35.0	44.1	36.0	41.8	11.2	1,820.7
1946	1,188.8	91.6	489.0	50.0	40.8	39.0	48.8	12.5	1,960.8
1947	1,161.2	83.8	420.5	47.5	35.3	42.7	46.4	13.6	1,851.6
1948	883.8	62.6	432.0	46.6	29.9	43.6	39.7	15.1	1,553.6
1949	935.4	60.7	447.4	50.0	31.9	42.4	39.5	15.6	1,623.2
1950	958.4	52.9	408.3	50.0	28.7	44.6	42.0	13.7	1,599.0
1951	1,110.1	49.0	456.1	53.0	26.5	39.5	31.7	13.6	1,779.9
1952	1,111.3	47.4	463.5	50.0	26.3	28.7	30.7	13.1	1,771.4
1953	1,021.8	48.3	419.7	45.0	26.0	30.2	29.3	12.3	1,632.9
1954	1,042.2	52.0	420.9	50.0	25.9	33.6	29.6	13.0	1,667.5
1955	990.7	48.2	310.6	47.0	24.2	33.9	27.7	12.9	1,495.4
1956 3/	875.2	47.0	309.8	44.0	22.4	34.0	19.1	13.3	1,365.1
1957 4/	662.9	38.0	307.0	40.0	18.7	33.7	16.0	13.1	1,129.6
Percentage Decrease									
Average:									
1947-49:									
to 1957:	33.3	44.9	29.1	16.7	42.3	21.4	61.8	11.5	32.6
1956 to:									
1957	24.3	19.1	.9	9.1	16.5	.9	16.2	1.5	17.3

1/ Types 45, 56, and 24 ended in 1939, 1948, and 1949, respectively. 2/ Includes relatively small acreage of Louisiana Perique, type 72. 3/ Subject to revision. 4/ Farmers' intentions as of March 1 except binder, which reflects an approximate adjustment for acreage subsequently placed in the Soil Bank Program.

Table 23.- Tobacco: Yield per acre in the United States, by types, for specified periods with percentages

Period	Flue-	Fire-	Burley:	Mary-	Dark	Cigar			All types
	cured	cured:	31	land	air-	Filler	Binder	Wrapper:	
	11-14	21-24		32	cured	41-45	51-56	61-62	
		1/			35-37	1/	1/		
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
Average:									
1924-28	676	767	807	781	784	1,340	1,256	1,041	765
1929-33	707	777	777	683	803	1,035	1,350	1,039	770
1934-38	856	811	819	749	837	1,266	1,465	954	865
1939	922	868	931	820	908	1,292	1,536	1,044	940
1940	1,025	888	1,045	850	905	1,337	1,530	922	1,036
1941	905	935	985	775	967	1,497	1,503	939	966
1942	1,024	982	980	740	1,037	1,249	1,520	963	1,023
1943	938	943	982	590	972	1,241	1,540	1,044	964
1944	1,069	1,022	1,189	850	1,116	1,440	1,548	1,075	1,115
1945	1,088	951	1,127	525	988	1,261	1,518	1,001	1,094
1946	1,137	1,189	1,256	925	1,215	1,469	1,519	1,000	1,181
1947	1,135	1,031	1,153	795	1,054	1,419	1,495	992	1,138
1948	1,233	1,170	1,396	750	1,165	1,566	1,524	998	1,274
1949	1,191	1,189	1,253	825	1,133	1,542	1,561	1,108	1,213
1950	1,312	1,102	1,222	800	998	1,474	1,547	1,130	1,269
1951	1,309	1,215	1,355	785	1,197	1,594	1,572	1,098	1,310
1952	1,229	1,228	1,403	805	1,286	1,550	1,532	1,124	1,273
1953	1,245	1,013	1,345	900	1,022	1,468	1,617	1,203	1,261
1954	1,261	1,197	1,586	875	1,317	1,664	1,611	1,264	1,345
1955	1,497	1,353	1,513	670	1,284	1,569	1,553	1,213	1,466
1956 ^{2/}	1,625	1,501	1,635	875	1,514	1,694	1,778	1,290	1,598
Percentage Increase									
Average	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1947-49 to 1956	37.0	32.8	29.0	10.8	35.5	12.3	16.4	24.9	32.3
1955 to 1956	8.6	10.9	8.1	30.6	17.9	8.0	14.5	6.3	9.0

^{1/} Types 45, 56 and 24 ended in 1939, 1948, and 1949, respectively.

^{2/} Subject to revision.

Table 24.--Cash receipts from tobacco compared with total cash receipts from all farm commodities, selected States and United States, average 1950-54, annual 1955-56

State	Average 1950-54			1955			1956		
	Cash receipts	Tobacco	as per-centage of total	Cash receipts	Tobacco	as per-centage of total	Cash receipts	Tobacco	as per-centage of total
	Mil. dol.	Mil. dol.	Pct.	Mil. dol.	Mil. dol.	Pct.	Mil. dol.	Mil. dol.	Pct.
N. C.	908	487	53.6	935	534	57.1	950	507	53.4
Ky.	557	217	39.0	522	239	45.8	528	229	43.4
S. C.	354	86	24.3	347	107	30.8	332	91	27.4
Va.	469	84	17.9	431	87	20.2	461	89	19.3
Tenn.	481	69	14.3	431	63	14.6	471	78	16.6
Ga.	609	61	10.0	656	72	11.0	655	65	9.9
Conn.	169	24	14.2	171	24	14.0	166	21	12.7
Md.	252	20	7.9	231	16	6.9	244	17	7.0
Fla.	531	22	4.1	626	23	3.7	678	21	3.1
Pa.	773	12	1.6	735	13	1.8	742	11	1.5
Mass.	194	9	4.6	171	8	4.7	173	7	4.0
Wis.	1,055	7	.7	974	7	.7	1,020	5	.5
Ohio	1,021	11	1.1	986	15	1.5	1,012	11	1.1
Ind.	1,074	6	.6	991	10	1.0	1,017	7	.7
Subtotal	8,447	1,115	13.2	8,207	1,218	14.8	8,449	1,159	13.7
U. S. 1/	30,947	1,119	3.6	29,264	1,225	4.2	29,999	1,163	3.9

1/ Other States with relatively small cash receipts from tobacco are Alabama, Kansas, Louisiana, Minnesota, Missouri, New York, and West Virginia.

Table 25.--Tobacco manufactures: Net sales, net income, and profit ratios, annual 1947-56, by quarters 1954-56

Year and quarter	Net sales	Net income		Profit			
		Before Federal tax	After Federal tax	Per dollar of sales		As percentage of stockholders' equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
Million dollars	Million dollars	Million dollars	Cents	Cents	Percent	Percent	
1947	2,641	178	109	6.7	4.1	16.6	10.1
1948	3,081	257	159	8.3	5.2	22.0	13.7
1949	3,061	250	156	8.2	5.1	20.2	12.6
1950	3,129	281	152	9.0	4.9	21.3	11.5
1951	3,329	294	129	8.8	3.9	21.8	9.6
Current series 1/							
1951	3,378	295	129	8.7	3.8	21.7	9.5
1952	3,702	285	120	7.7	3.2	19.8	8.4
1953	3,768	338	138	9.0	3.7	22.9	9.4
1954	3,672	329	156	9.0	4.2	21.5	10.2
1955	3,796	388	183	10.2	4.8	24.2	11.4
1956	3,955	412	197	10.4	5.0	24.5	11.7
1954							
1	846	72	34	8.5	4.0	19.1	9.0
2	932	81	38	8.7	4.1	21.3	10.0
3	970	93	44	9.6	4.5	24.1	11.4
4	924	83	40	9.0	4.3	21.3	10.2
1955							
1	860	74	35	8.6	4.1	18.8	8.9
2	975	98	47	10.1	4.8	24.6	11.8
3	994	110	53	11.1	5.3	27.3	13.1
4	967	106	48	11.0	5.0	26.0	11.8
1956							
1	900	87	41	9.7	4.5	21.4	10.0
2	1,002	105	50	10.5	5.0	25.2	12.0
3	1,026	111	54	10.8	5.3	26.2	12.7
4	1,027	109	52	10.6	5.1	25.4	12.1

1/ Not strictly comparable to the series previously published for 1947-51, but differences in the current and previous series for 1951 are relatively minor.

Compiled and adapted from Quarterly Financial Report for Manufacturing Corporations, Federal Trade Commission--Securities and Exchange Commission.

TOBACCO:
DIFFERENCES BETWEEN EARLY-SEASON AND FINAL ESTIMATES
OF SUPPLY AND DEMAND FACTORS USED IN
MAKING OUTLOOK FORECASTS 1/

by
Hyman Weingarten

SUMMARY

It is well known that the size of farm crops produced each year cannot be estimated as precisely early in the season as it can be later. During later months many unpredictable factors, such as hail, excessive rain, and drought, may cause final production to differ from that expected earlier. As these events cannot be predicted, the best assumption to make is that conditions during the remainder of the season will be average.

In assessing a situation, the economic analyst wants at hand the best estimate of the crop under consideration based on what is known about the marketing season thus far. Assuming no consistent statistical bias in the forecasts, the best indication of actual production to a given date is the figure contained in the report released by the Crop Reporting Board. The economic analyst wants also some measure of the reliability of these forecasts. He wishes to know (1) what proportion of the factors that affect final production is known, on the average, at a given date, and therefore are reflected in the forecast of the Crop Reporting Board, and (2) what proportion is unknown and hence may affect the final outturn during the remainder of the season. The basic research report provides measures of this type, both for the estimates of the Board and for certain other factors, such as disposable income, that are taken as "given" in price analysis work.

This article summarizes a phase of the research project that was designed to learn (1) how much successive monthly forecasts of harvests of several tobacco types differ from the final estimate, and (2) whether early-season forecasts are statistically biased. Similar analyses were made for (1) disposable income and (2) forecasts of stocks and disappearance of leaf tobacco and products.

1/ The complete report may be obtained by writing the Division of Marketing Information, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

No statistical bias was found in early-season forecasts. As would be expected, differences between early-season and final figures, on the average, diminish steadily as the season advances (fig. 1). Figure 2 shows the percentage of year-to-year change in the estimate published in May of the following year that, on the average, can be forecast by making use of each of the monthly forecasts issued by the Crop Reporting Board in the preceding year. Only for flue-cured tobacco are year-to-year indications based on the estimate issued in December closely associated with year-to-year changes in the estimate issued the following May. The December estimate of production of flue-cured tobacco accounts for more than 99 percent of the year-to-year variation in the following May estimate. Percentages of variation for other tobacco types average about 90 percent in December.

Forecasts of stocks of leaf tobacco as of the start of the crop year and total disappearance appear in certain issues of The Tobacco Situation. The crop year begins in October for most types of leaf tobacco, but in July for flue-cured and cigar wrapper tobaccos. As in forecasts for crop harvests, differences between early-season and final figures at the end of the crop year, on the average, diminish steadily as the season progresses. With the exception of Maryland, dark air-cured, and cigar binder tobaccos, changes in estimates of stocks at the beginning of the respective crop years are associated with at least 97 percent of the changes in actual data for the 1946-54 period. For total disappearance, however, relationships based on estimates issued near the close of the crop year indicate that a percentage of variation of at least 97 percent occurs only for flue-cured and cigar wrapper types.

Irrespective of the particular months involved in the crop year, advance forecasts of probable changes in the level of disposable income from the preceding crop year account for 85 to 90 percent of the actual variation.

Season average prices for tobacco, by types, are not issued in advance. Estimates are published by the Crop Reporting Board in the following May and again in the following December after the receipt of marketing data. No analyses were made of these prices because differences between these successive estimates are negligible.

Production Forecasts for Tobacco

The first forecast of production is published by the Crop Reporting Board in July; similar forecasts are issued monthly thereafter through November. These forecasts are based on estimated acreage and the condition of the crop or the probable yield expected by producers on the first of the month, assuming average weather, disease and insect conditions during the remainder of the growing season. The estimate of production issued in the December

annual summary report may be considered preliminary for flue-cured tobacco (types 11-14) and type 62 of the cigar wrapper tobaccos only. The major part of each of these crops is marketed by December. Marketing for most other types is far from complete in this month. Consequently, another estimate is published for all types of leaf tobacco in the following May. With the exception of type 32, the May figure is the first one to be issued for most tobacco types based on fairly complete marketings; thus it was selected as the basis for computation. A revised estimate is published in the report the following December and a further revision, based on census benchmark data every 5 years, is made as soon as possible after such data become available.

One way differences between early-season forecasts and final production estimates may be studied is in terms of the standard deviations of such differences. With the kind of data analyzed in this study, the size of the standard deviation directly indicates the size of the differences between any given monthly forecast and the following May estimate. ^{2/} On the average, differences that are greater than the computed standard deviation occur approximately a third of the time and, in 1 year out of 20, differences are expected to exceed two standard deviations; differences greater than three standard deviations are rare.

A July forecast of flue-cured tobacco, for example, was first published in 1932. Based on data for 1932-54, the computed standard deviation of the difference between this forecast and the following May estimate is 74 million pounds. In 10 out of 23 years, the actual differences (plus or minus) were greater than 74 million pounds; they were less in the remaining 13 years. In only 1 out of 23 years was the actual difference greater than 148 million pounds--two standard deviations. In no case was the actual difference greater than three standard deviations. Thus, empirical results for flue-cured tobacco roughly approximate what is expected from statistical theory.

For the August forecast of flue-cured tobacco, the standard deviation of its difference from the following May estimate is 51 million pounds. This declines to 45 million pounds in September, to 42 million pounds in October, to 35 million pounds in November, and to 16 million pounds in December. Figure 1 shows standard deviations in million pounds for the periods 1932-54 and 1946-54. Differences between the two lines do not appear to be statistically significant.

^{2/} A standard deviation is a measure of the amount of scatter or dispersion about an average. It is characteristic of a normal distribution that the average plus or minus one standard deviation ordinarily includes about two-thirds of the observations. In this study, the average difference over a long period of time is assumed to be zero.

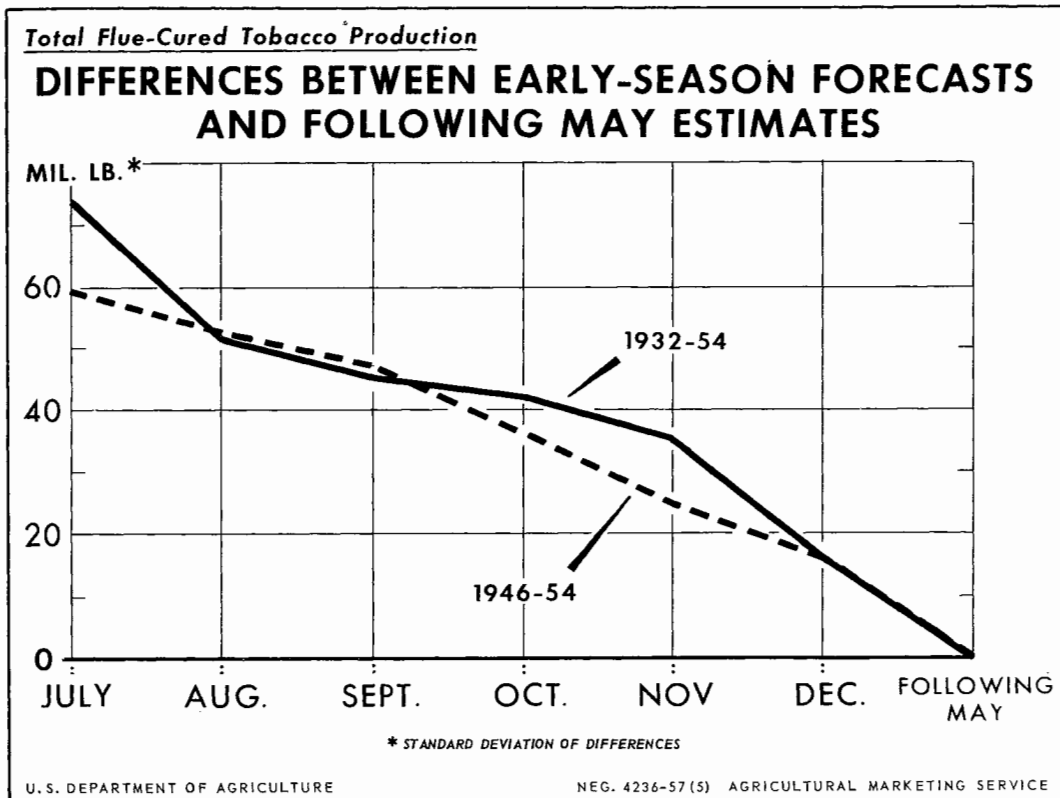


Figure 1

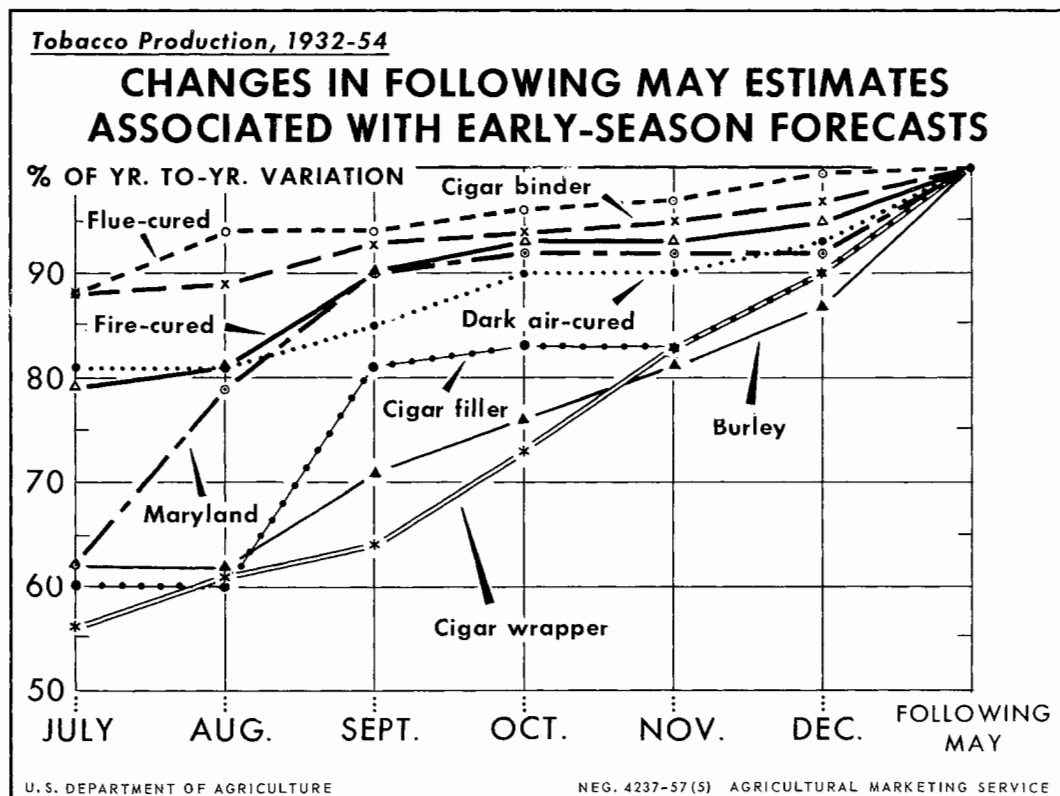


Figure 2

The usefulness of early-season production forecasts in connection with price or utilization forecasts may be studied in another way. At any point in time, some of the factors that affect production are known and may be included in the forecast. Other factors, such as future weather, are unpredictable and may cause the final production figure to differ from that expected in earlier months. By studying early-season forecasts in terms of percentages of variation explained, an analyst is provided with knowledge of known proportions of such factors that are reflected in the forecast. In these analyses, percentages of variation are based on year-to-year changes. These percentages are shown in figure 2 using a consistent time period for the various types.

Using monthly forecasts of production for 1932-54, 88 percent of the year-to-year variation in the following May estimate of production of total flue-cured tobacco (types 11-14) is associated with the July forecast, but this percentage increases to 94 in August, 96 in October, 97 in November, and more than 99 percent in December. The analyses for total fire-cured tobacco (types 21-23) show that the first forecast in July is associated with 79 percent of the year-to-year changes in the May production estimate. This increases to 81 in August, 90 in September, 93 in October and 95 in December. For burley tobacco (type 31), the July forecast is associated only with 62 percent of the year-to-year variation in the following May figure; this increases to 76 by October and to 87 percent by December. The July forecast of production of Maryland tobacco (type 32) is associated also with 62 percent of the year-to-year variation in the following May estimate. However, this percentage increases to 92 percent by October and remains approximately at this level through December. Analyses of total dark air-cured tobacco (types 35-37) for July indicate that it is associated with 81 percent of the variation in the following May figure. This increases to 90 percent in October and to 93 percent in December. Percentage adjustments after the following May estimate have been 1 percent or less, with the exception of Maryland and total dark air-cured tobaccos. An average adjustment of 5 percent was made with the publication of the revised December figure for Maryland tobacco, and of 2 percent in the figure for total dark air-cured tobacco when census data became available.

About 60 percent of the variation in July is associated with the following May figure for cigar filler tobacco (types 41-45). This percentage rises to 83 percent in October and to 90 percent by December. The first estimate in July for cigar binder tobacco (types 51-55) is associated with 88 percent of the year-to-year variation in its May estimate; this increases to 94 by October and to 97 percent in December. Analysis of cigar wrapper tobacco (types 61-62) shows that only 56 percent of the year-to-year variation in the following May figure is associated with the July forecast, but the percentage increases to 73 percent in October, 83 percent in November, and 90 percent by December. For cigar tobaccos, percentage adjustments after release of the following May estimate have been 5 percent or less.

Disposable Income

The Farm Income Branch of the Agricultural Marketing Service usually prepares for internal use forecasts of disposable income by quarters for about a year ahead. These forecasts are intended for use by commodity analysts and other research workers within the Agricultural Economics Division of AMS who prepare outlook and situation reports. Analyses may be made either for crop years or for individual quarters.

Crop years for flue-cured and cigar wrapper types begin July 1; all other types, October 1. The fall forecast of disposable income, usually made in October, is regarded as an early-season forecast when data are compiled on a crop-year basis for either group. Between 85 and 90 percent of the variation in year-to-year changes in the revised estimate for the crop year was associated with the fall forecast. For analyses of individual quarters, the percentage of variation in year-to-year changes in revised estimates associated with the forecast change from the preceding year was more than 99 percent for those forecasts made 1 quarter in advance, approximately 90 percent for those 2 quarters in advance, and about 80 percent for forecasts 3 and 4 quarters in advance.

Stocks and Disappearance of Leaf Tobacco and Products

Although timing of release dates for The Tobacco Situation has varied, four publications are issued each calendar year. The most recent change occurred in 1954 and, currently, Situations are issued in March, June, September, and December. Because of such changes, data for these analyses were compiled on the basis of the first, second, third and fourth issue of the publication. The recent period, 1946-54, was selected for study.

Methodology for these analyses differs slightly from that given earlier, as early-season forecasts are compared directly with the final estimate; in the studies referred to previously, advance forecasts were compared with the following May estimate. In all cases, however, the most recently revised data as of the time of these analyses are taken as the final estimate for the respective series.

Two factors reported regularly in Situation issues in the nine years under study are stocks as of the start of the crop year and total disappearance of leaf tobacco. These are found in the tables on supply and disappearance for each type. Domestic consumption of leaf tobacco is listed also, but the period for which data are available is shorter. Calendar and fiscal estimates relating to various tobacco products also appear regularly now, but these data are not available for long periods either. They include total output, domestic consumption, and total tax-free removals of cigarettes; total output, total tax-paid removals, and total tax-free removals of cigars; and total output of smoking tobacco, chewing tobacco, and snuff. Analyses reported here are based on relatively few observations, and for this reason they provide only a general notion as to the actual relationships existing between the variables studied.

Beginning with the third issue of each Situation, forecasts of stocks of leaf tobacco, as of the start of the crop year, are given in tables for individual types. All forecasts before 1954 were made in July or August. These data are therefore assumed to represent estimations made before the start of each crop year for all types normally on an October-September year. For total flue-cured, however, early forecasts represent advance estimation before release of official stock reports only for the first 3 years of the series. Beginning in 1949, Situations were issued after the release of the stock report. Consequently, the flue-cured figure reported in the Situation in the remaining 6 years was known as of the publication date. Subsequent paragraphs indicate that this timing arrangement accounts for almost perfect associations in the analyses for types 11-14.

The first forecast of total disappearance of leaf tobacco is made just before the end of the crop year. It appears in the third Situation report (July or August) for the following calendar year.

In percentage terms, the standard deviations of differences between the first forecast and final estimate for stocks are moderately large for Maryland dark air-cured, and cigar binder tobaccos. For the total disappearance series, differences are large for Maryland, dark air-cured, cigar filler and cigar binder tobacco types. Nevertheless, standard deviations of differences stay within the range of normal year-to-year fluctuation in all cases. A similar pattern exists for the various short series referred to above. Standard deviations as a percentage of averages are large in some cases but none exceed normal year-to-year variation.

Early-season forecasts on stocks and total disappearance were studied also in terms of the percentage of variation of year-to-year changes in each series that can be forecast by making use of such early estimates. As expected, the degree of association was more than 99 percent for stocks of total flue-cured tobacco at the start of the crop year in July. Analyses of total fire-cured, burley, cigar filler and cigar wrapper tobacco types also suggest that the first tabular estimate of stocks in each case is a good forecaster of respective final estimates. Associated variation was found to be 97 percent or more for each of these four tobacco types. On the other hand, year-to-year changes in the first forecast of stocks made before the start of the crop year for Maryland tobacco are associated with 84 percent of the year-to-year changes in its final figure; for total dark air-cured tobacco, only 75 percent; and cigar binder, 82 percent. Second estimates in the September or October issue of the Situation, after the start of the respective crop years, generally improve these associations. Estimates of stocks given in the next issue of the Situation in the following January or February are actually tabulated totals and, as such, differ negligibly from the final figure in all cases.

Data used in the analyses of total disappearance begin with an estimate made in July or August of the following calendar year; this is a few months before the end of the crop year for most types. For total flue-cured

tobacco, however, estimates represent data collected just as its season is drawing to a close. Consequently, more than 99 percent of the year-to-year variation is associated with the first tabular estimate of flue-cured. For a similar crop-year period, the first estimate for cigar wrapper types accounts for 95 percent of the variation in its final figure; the next estimate accounts for 97 percent. Results for the remaining types are not as close. For example, these analyses indicate that the first estimate for total fire-cured tobacco accounted for 89 percent of the variation in the final figure. The second estimate increases this to 91 percent. Associations between changes in the first tabular estimate and changes in the final figure for other types range between 48 and 74 percent. However, some improvement in these percentages occurs when the second estimate is made.

Currently, estimates of domestic consumption of most classes of leaf tobacco are made at the same time as estimates of total disappearance. Once again extremely close results are indicated for total flue-cured tobacco, as more than 99 percent of the year-to-year changes in the final estimate is associated with changes in the first estimate. For other types, an average of about 75 percent of the variation in the final estimate is associated with the first estimate. The second estimate slightly increases these percentages. Estimates of domestic consumption of the cigar types are not available for the full period studied.

Calendar-year estimates for cigarette data (output, domestic consumption, and tax-free removals) are reported for the first time in tabular form prior to the end of the year. About 90 percent of the year-to-year variation in the final figure is associated with the first estimate of total output and domestic consumption, and about 80 percent is associated with the first estimate of total tax-free removals. The second estimate increases these percentages to 99 percent or more for each series. First estimates account for about 65 percent of the year-to-year variation in the final estimate for smoking tobacco, about 85 percent for chewing tobacco, but less than 50 percent for snuff. The revision in the following year increases these percentages to more than 99 percent for smoking tobacco and snuff; chewing tobacco remains at a level of 85 percent, as in the first estimate. No analyses for cigars were conducted because of insufficient data.

Fiscal-year estimates are made also for the above series. The first estimate appears in the Situation issued just before the end of the fiscal year. These estimates indicate that year-to-year changes are associated with approximately 95 percent of the year-to-year variation in the final figure for total output and total tax-free removals of cigarettes, and about 90 percent in the case of domestic consumption of cigarettes. The first estimate for smoking tobacco is associated with approximately 95 percent of the variation in its final figure. Each of these associations increases to more than 99 percent when revisions are published after the close of the fiscal year. Insufficient data prevent the study of other series.

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