

# Tobacco

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He was referring to the fact that at least two buyers in Lancaster County are done buying and a third plans not to. A neutral observer of the market hinted that talk of falling prices could be an attempt to "shake the rest of the crop loose."

Let anyone get too optimistic, it should be noted, however, that most reports do not follow that line of thinking. One man described the tobacco situation as not being "the healthiest" and that's a statement which many would readily agree with.

Citing reasons for the "unhealthy" conditions presently experienced by Lancaster County tobacco growers, the spokesman said:

1. Purchasers are seeking lower cost areas and have been driven out of this area because of comparatively high production costs.

2. Supplies of burley and fine-cured tobacco are piling up, a factor which is due, in part, to an authorized 10 percent production increase.

3. European countries are not buying much tobacco now, and with exports down, it's more and more of a buyer's market. Exports are reportedly very limited this

year compared to previous years.

Another spokesman flatly stated that "there's not enough buying power here." The words could have been said by others as well, who made similar remarks.

One company representative indicated that his firm was done buying because their needs have been met. He noted that he had gone out to see a number of farmers to offer 58 cents per pound and that many of them had declined to sell. "Considering expenses, tobacco prices should be higher," he acknowledged, "but when compared to shelled corn and what, etc., the tobacco price is pretty good." He was referring to significant drops in prices for those crops when figures for 1974 and 1975 are compared.

"The year's tobacco yield is lacking both in quality and quantity," the farmer-buyer continued. He estimated that cuttings per acre were down by 500 to 700 pounds, on the average and that the weight of tobacco per lathe this year is 1½ to 1¾ pounds, compared to weights which normally exceed two pounds.

"When tobacco buying started, no one wanted to

sell," one man said. That continues to be true, as some farmers indicated they were continuing to hold onto their crop. "But now, since the market is beginning to close, they're calling me and I've had to turn them down," the spokesman continued.

Another observer said that only "limited quantities of tobacco have been moving at 58 cents. There very definitely have been prices offered which are lower than 58 cents," he confirmed. How low? "I hear prices at 50, 55, 58 cents per pound," he answered, "and there are rumors of prices which are even lower than that."

"The top quality tobacco is as good as we've had in any year," the man continued, "but there's not much of it." It has been said by a number of people that the

tobacco market is unlike any other market, and that it's highly unpredictable. This year seems to be an exception as buyers and sellers haggle over prices. Buyers claim that there are some factors within their market over which they have no control and they have to adjust accordingly. The export situation is an example. There is some suspicion among farmers that talk of prices and fulfilled quotas is a game plan to "shake tobacco loose."

In any forecast can be made, the safest, according to our information may be to say that there's evidence that this year's average prices will be lower than prices of recent years, and buying is likely to be a stretched out affair.

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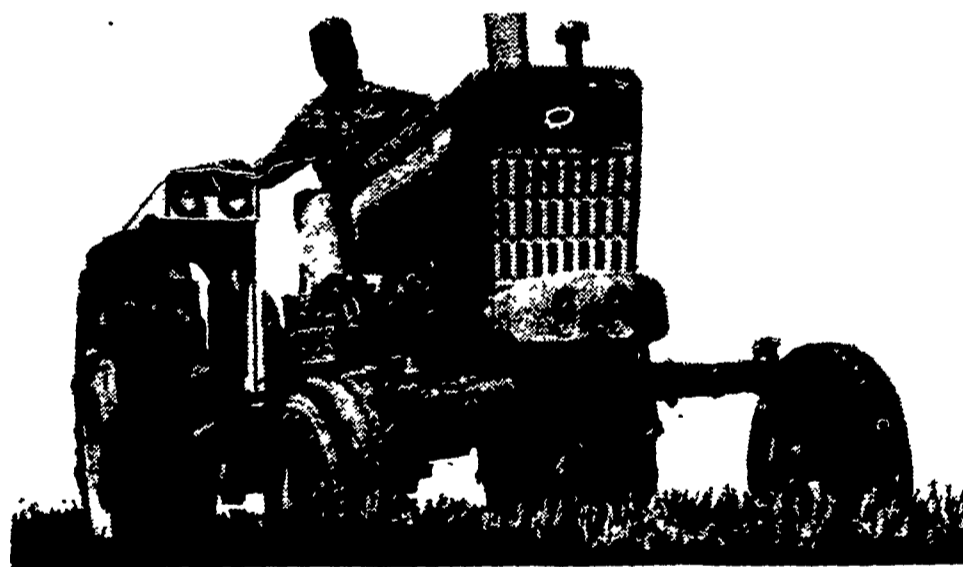
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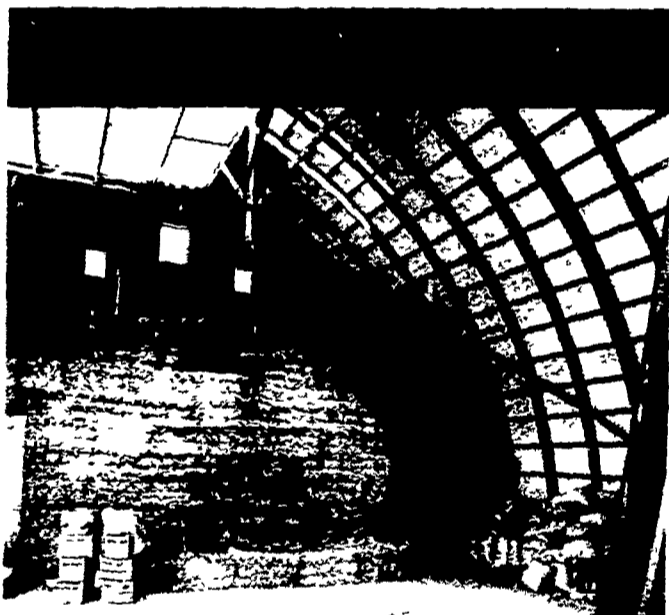
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