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# Tobacco outlook

By RICHARD DAVIS

**C**ONTRACT prices are going up by an estimated 5 to 8 cents per pound in 2008. Still, that is not as much as farmers hoped or expected — and not as much as input costs have gone up. That was the takeaway message from Blake Brown's recent presentation on the "Flue-Cured Tobacco Outlook and Situation."

The North Carolina State University economist's presentation is one of the eagerly awaited features of the annual Tobacco Day, which was held Dec. 6 at the Johnston County Agricultural Center near Smithfield.

Brown began by looking at the flue-cured supply. Production went up in 2007, he said, even though flue-cured producers labored under a severe drought. According to USDA's National Agricultural Statistics Service, flue-cured tobacco growers produced 455 million pounds of tobacco in 2007, up from 446 million pounds in 2006.

"I think we probably would have had a 500 million-pound crop this year had we not had the drought," Brown noted. "Maybe we would have had a little over that."

Production in North Carolina was also up, again despite the drought. Brown said he believed that increase reflected the shift in production to this part of the flue-cured growing region.

Of the 455 million pounds of flue-cured tobacco produced

### Key Points

- U.S. tobacco growers had respectable production in 2007.
- Tobacco demand appears to be relatively weak.
- Best-guess puts flue-cured prices around \$1.60 in 2008.

in the U.S. in 2007, 330 million pounds were produced in the Tar Heel State, up from 324 million pounds in 2006 and 272 million pounds in 2005.

South Carolina's production is also up. South Carolina growers turned out 49.5 million pounds of flue-cured tobacco in 2007, up 1.2 million pounds from the 48.3 million pounds they produced in 2006. Impressively, that is up nearly 10 million pounds from the 39.9 million pounds South Carolina growers produced in 2005.

Flue-cured production in Brazil continues to decline, if only slightly. Looking at numbers from Universal Leaf Tobacco Co., the 2008 estimate is for Brazil's production to again be down.

"We don't see other countries, at least in terms of traditional quality exporters, stepping up to increase that amount," Brown said.

"Now, maybe if we looked around the world, we would find there are some other places fulfilling some of that increase, but I've got a feeling that part



## Truffles, anyone?



of this has to do with the decline in overall demand for tobacco in this style, because we certainly don't see an increase coming in the U.S. — other than, maybe, yields returning to normal," he continued.

Brown noted that even though conditions in Zimbabwe seem to have stabilized, there does not appear to be any great potential for increase there.

**S**USAN Rice, founder and president of Black Diamond French Truffles in Vass, N.C., is determined to make North Carolina famous for the exotic fungus. She says North Carolina can be the Napa Valley of truffles in the U.S. The orchard she is currently establishing will be one of the largest, if not the largest truffle orchard in the U.S., she says.

The state is one of the few places in the world where black truffles can be grown.

Though risks for new ventures like this are high, the profit potential is just as big. Truffles bring from \$350 to \$2,200 per pound on the market. This year, some markets paid \$2,200. Rice purchased two truffles, including the one above, for \$500. The truffle pictured cost about \$200. Read more beginning on Page 4.

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