

2014 Kentucky Farm Business Management Tobacco Summary

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There were 271 farms represented in the final analysis of the Kentucky Farm Business Management Program for 2014. Of these 271 farms, 60 farms (22% of total) had 3,729 operator acres¹ of burley tobacco, 42 farms (15.5% of total) had 693 operator acres of dark air-cured tobacco, and 38 farms (14% of total) grew 1,830 operator acres of dark fire-cured tobacco. Average production from all types of tobacco was among the highest over the last five years. This was a rebound from 2013 levels which were the lowest in at least four years. Of the five regions reporting burley tobacco production, the Pennyroyal region reported the most farms (and acres) of burley production and the Ohio Valley region reported the highest average yields for burley and dark air production. (Table 1)

Table 1. KFBM Summary of State and Region Tobacco Production and Sales						
	Kentucky	Pennyroyal	Ohio Valley	Central KY	Lincoln Trail	Bluegrass
Number of Farms	271	155	63	34	28	11
Number of Farms with Tobacco Type						
Burley	60	40	12	8	6	5
Dark Air Cured	42	37	9			
Dark Fire Cured	38	37				
Total Operator Acres Planted						
Burley	3,729	2,023	915	791	676	662
Dark Air Cured	693	585	106			
Dark Fire Cured	1,830	1,811				
Crop Yields						
Burley	2,391	2,402	2,540	2,188	2,101	2,185
Dark Air Cured	2,784	2,761	2,931			
Dark Fire Cured	3,178	3,180				
Price Received - Old Crop (pre-2014 crop sold in 2014)						
Burley	2.06	2.06	2.05	2.06	2.06	2.06
Dark Air Cured	2.34	2.32	2.53			
Dark Fire Cured	2.55	2.55				
Price Received - New Crop (2014 crop sold in 2014)						
Burley	2.02	2.03	1.96	2.04	2.05	2.01
Dark Air Cured	2.37	2.37	2.43			
Dark Fire Cured	2.58	2.58				
<i>*Data for Purchase Area tobacco were omitted due to limited data.</i>						

Although the weather cooperated for grain crops in 2013, the year was too wet for optimal tobacco production. 2014 saw a wet spring and fall, but the drier summer helped improve tobacco yields over those in 2013. Average KFBM tobacco yields in 2014 were as follows: 2,391 pounds/acre of burley (up from 2,103 pounds in 2013); 2,784 pounds/acre of dark air cured (up from 2,398 pounds in 2013); and 3,178 pounds/acre of dark fire cured (compared to 2,836 pounds in 2013). 2014 yields were at their highest levels over the last five years, with the exception of dark air-cured. (Table 2)

¹ Operator Acres is owned and cash rented acres plus the operator's share of tillable acres under crop share leases.

	2010	2011	2012	2013	2014
Burley	2,223	2,228	2,268	2,103	2,391
Dark Air Cured	2,804	2,723	2,771	2,398	2,784
Dark Fire Cured	3,088	2,990	3,125	2,836	3,178

While dark air-cured tobacco saw a relatively modest increase in average prices in 2014, new crop² burley prices decreased slightly and dark fired average prices stayed flat. Average price for old crop³ burley was \$2.06 per pound, while 2014 burley saw an average price of \$2.02 per pound. Dark air-cured prices averaged \$2.34 per pound for old crop and \$2.37 per pound for new crop. Dark fire-cured prices averaged \$2.55 per pound for old crop and \$2.58 per pound for new crop. Looking at new crop prices, burley tobacco prices have increased 18.8% since 2010 while dark air-cured and fire-cured prices increased 3.4% and 8.4%, respectively over the same time period. (Table 3)

		2010	2011	2012	2013	2014
Burley	Old Crop	1.82	1.70	1.79	2.05	2.06
	New Crop	1.70	1.77	1.97	2.07	2.02
Air Cured	Old Crop	2.15	2.17	2.22	2.24	2.34
	New Crop	2.29	2.18	2.22	2.31	2.37
Fire Cured	Old Crop	2.43	2.44	2.44	2.49	2.55
	New Crop	2.38	2.38	2.35	2.58	2.58

Farms in the KFBM database are categorized as grain, beef, dairy, or hog farms. There were 227 grain farms in 2014 (84% of the total). Table 4 summarizes the tobacco production on these farms. Although not all of the grain farms produced tobacco and not all tobacco was produced within the “Grain” category, 97% of the burley acres, 98% of the dark air cured acres, and 99% of the dark fire cured acres are represented in the “Grain” category. (Table 4)

The highest yields for burley tobacco were recognized on the mid-sized farms (1000-1999 acres). The smaller farms (0-999 operator acres in total production) produced the highest yielding dark air and dark fire-cured tobacco. (In 2013 the smaller farms had the highest average yields for burley and dark air-cured while the largest farms had the highest yields for dark fire-cured.) Over the last three years, the only time the largest farms averaged the highest yields for any tobacco type was dark fired producers in 2013.

Prices on old crop for all three types of tobacco decreased as the size of the farm increased. New crop prices showed mixed results. New price trends were similar with burley and dark air-cured tobaccos (smaller farms observed the lowest price and the mid-sized farms had the best price). For dark fire-cured tobacco, the largest farms had the lowest price and the mid-sized farms again had the best price.

Crop value is gross sales of the crop in the current year (old or new crop) and change in inventory value. Among all types of tobacco and sizes of farms, it was the smaller farms with dark fired tobacco that

² *New Crop* is any crop that was produced in the current year.

³ *Old Crop* is any crop that was produced in a prior year, but inventoried and held for sell in the current year.

reported the highest tobacco crop value per acre. The lowest crop value among all types of tobacco and farm sizes went to the largest farms with burley. For all types of tobacco, the size of farm that had the highest average yields also had the highest crop value per acre. However, average yields did not always correlate with ranking of crop value, as old crop sales are included in the calculation for crop value per acres, but yields reported here are only for 2014 production.

Table 4. Tobacco Production on Grain Farms, by Size of Farm in Acres			
Acre Range	0-999	1000-1999	2000+
Number of Farms	64	64	99
Number of Farms with Tobacco Type			
Burley	20	17	18
Dark Air Cured	12	11	17
Dark Fire Cured	9	12	15
Total Operator Acres Planted			
Burley	773	1,124	1,718
Dark Air Cured	111	149	418
Dark Fire Cured	444	265	1,111
Crop Yields			
Burley	2,281	2,596	2,327
Dark Air Cured	2,922	2,765	2,766
Dark Fire Cured	3,348	3,124	3,128
Price Received - Old Crop			
Burley	2.08	2.06	2.05
Dark Air Cured	2.45	2.36	2.30
Dark Fire Cured	2.67	2.62	2.52
Price Received - New Crop			
Burley	1.96	2.04	2.02
Dark Air Cured	2.32	2.37	2.39
Dark Fire Cured	2.60	2.66	2.54
Crop Value Per Acre			
Burley	4,645	5,243	4,633
Dark Air Cured	6,807	6,500	6,695
Dark Fire Cured	8,484	8,146	7,877