

# Tobacco crop failure in Indonesia, Brazil triggers Andhra price surge

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## PRICES SET TO GO UP FURTHER

➤ Trade analysts put **expected crop size at 160-170 million kg**

➤ **Production up 20%**, growers sowed a second time after crop damage in Dec's Michung cyclone

➤ **Prices in local auctions touch ₹280-290/kg**, against anticipated ₹220-230/kg, may continue to rise further



➤ **AP stocks fetching better prices than K'taka premium crop** due to dip in global production

➤ Production in **Zimbabwe, Indonesia, Brazil down 20-30%**, say reports

➤ **China's decision to restrict exports** may have also led to triggering of prices

**Vijayawada:** Tobacco growers in Andhra Pradesh are set to reap the fallout of a substantial drop in crop output in key producing countries like Brazil, Zimbabwe and Indonesia because of weather extremes, such as drought and unseasonable rain.

Prices soared at local auctions to nearly all-time highs and are projected to climb further in the coming weeks. Currently, prices have reached Rs 280 to Rs 290 a kg and are anticipated to exceed Rs 300 a kg, representing a 30% increase from farmers' expectations.

The influx of local and small players offering competitive bids has spurred the sud-

den price surge in auctions. Despite concerns that they might face challenges due to production surpassing Indian Tobacco Board's target of 140m kg, farmers in Andhra are poised to benefit, with the

board anticipating total production to reach 160m-170m kg. Trade analysts attribute the rise in price to crop damage in Brazil and Zimbabwe.

► **High tobacco prices, P 11**

## High tobacco prices likely for another year

► **Continued from P 1**

**B**razil's output dwindled to 440m kg from an estimated 550m kg, while Zimbabwe's crop shrank to around 245m kg from an expected 300m kg. Drought in Indonesia, another tobacco-producing nation, has led to crop failures.

China, another major producer, imposed restrictions on tobacco exports to safeguard its local cigarette industry amid reports of global stock shortages. This restriction has further fuelled price hikes in tobacco-producing countries, as exporters and cigarette manufacturers scram-

**The high prices may benefit Indian growers and they are participating in auctions more, an exporter said**

ble for stocks.

According to a leading tobacco exporter, the imbalance between demand and production is likely to sustain price increases for another year.

"This is likely to benefit Indian growers," he said, adding that local players have intensified their participation in auctions, aiming to capitalise on opportunities in the global market.