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TRENDS IN PRICES OF SRI LANKAN TEA GRADES GROWN AT DIFFERENT ELEVATIONS

J. W. C. P. Jayawardhane¹, A. J. Mohotti¹, E. A. J. K. Edirisinghe²

¹*Department of Crop Science, Faculty of Agriculture, University of Peradeniya*

²*Tea Commissioner's Division, Sri Lanka Tea Board, Colombo*

Price fluctuations of the main- and off grades of tea can be seen throughout the year due to differences in response to elevation, weather, management practices and market conditions. The objectives of the study were to analyse the market prices of different tea grades in order to identify the seasonal variation of tea prices and predict the future price trends through forecasting.

Price fluctuation trends of different Sri Lankan tea grades in high, mid, low elevations and Uva were examined using monthly average prices of each tea grade and forecasting was done through time series analysis with high precision with the support of seasonal indices. Prices of both main grades and off grades had a long term, consistent, linear increasing trends. This was true for each tea grade in all tea growing regions. Price increasing rates ranged from 0.0126 to 0.0277 US dollars per month, when all the data were considered. These rates for main grades ranged from 0.0153 to 0.0277 US dollars, and for off grade from 0.0126 to 0.0204 US dollars across all elevations. Each tea grade in all tea growing regions in the country except Uva high showed high prices in the 1st half of the year. Uva teas achieved maximum prices of the year in mid and latter months of the year. Prices of off grades were lower than the prices of main grades, except in grades such as Pekoe dust.

In general, low elevation prices of all grades were higher compared to the prices of the same grade in other tea growing regions of the country.