Tea Industry sector outlook H1 2021 – Snapshot

Current Standing

- As at 9th December 2020 auction prices for low grown, middle grown and high grown were Rs.659.86, Rs.582.75 & Rs.650.92 respectively (Per 1Kg).
- Latest tea auction quantity for low grown, middle grown and high grown are 3,325Kg, 789Kg & 705Kg respectively.
- For the month of November 2020 export volume was 20,223,525Kg and value is Rs.17,776,668,243.
- Cumulative exports volume climbed up to 241,638,758Kg for the period November 2020 which is 27,282,618Kg Less than for the same period in 2019.
- Total export value for the period Jan-Nov 2020 is Rs.209,023,741,869, which is Rs.12,435,361,175 less than Jan-Nov 2019 period.
- Main export destinations are Russian Federation, Turkey, the Middle East, Europe, African Region, United states, Japan, Australia and China for Ceylon Tea.
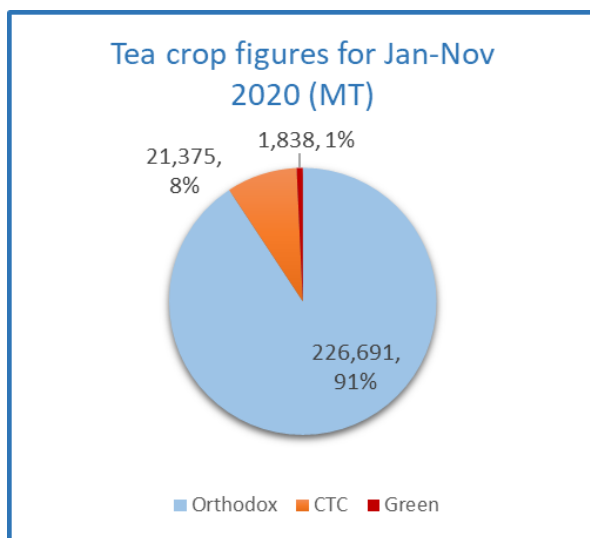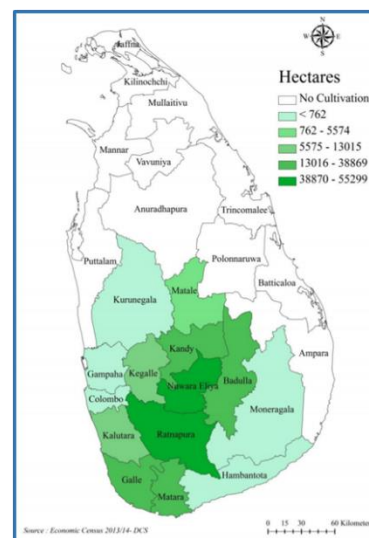
Quantitative Factors

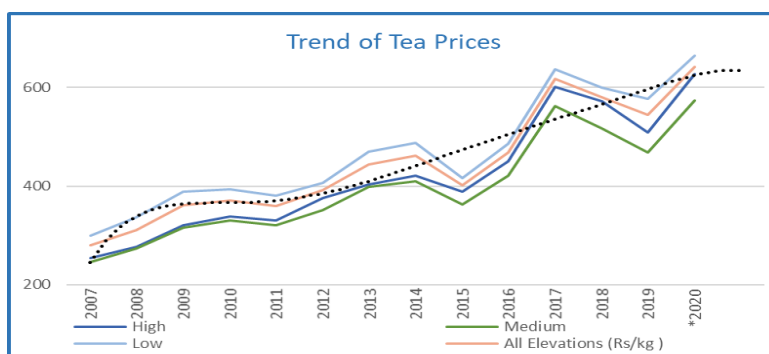Figure 1: Product Categories

Figure 2: Tea distribution sri Lanka
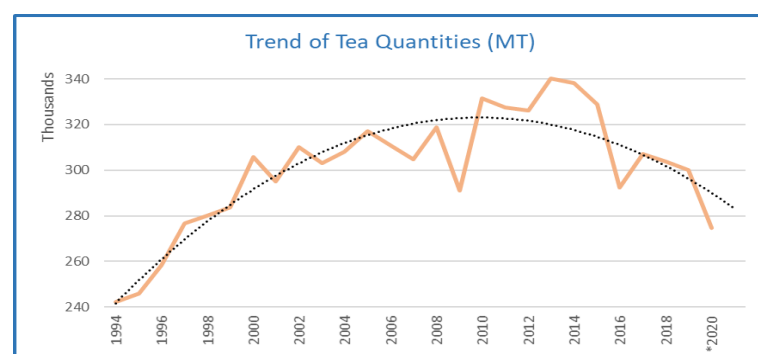

Figure 3: Trend analysis of tea prices(Rs)
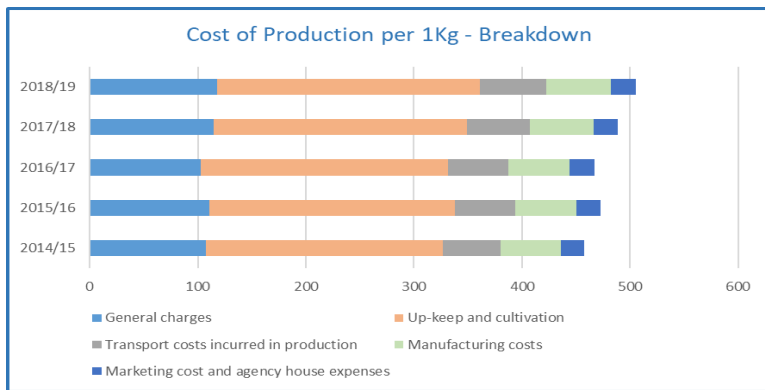

Figure 4: Trend analysis of tea quantities

Figure 5: Cost of production Breakdown (Rs)

Figure 6: Tea Land extent

Qualitative factors

- Pandemic will create both opportunities and barriers for the industry
- Above normal rain is forecasted for the period ahead
- Suggested salary increment will affect the bottom line negatively in the short run
- Tea production will be low as there is no plan for replantation and most of tea estates are very old
- New government policies will be favorable for the sector (New budget initiatives)

Outlook for H1 2021

From the Quantitative factors it suggests that most probably tea prices will increase, however tea production will be decreased and cost of production will be increased. Hence there are mixed signals and Neutral Outlook can be suggested for the H1 2021.

From the Qualitative factors also, it suggests that there will be neutral signals as there are both favorable and unfavorable factors. Hence Neutral outlook can be suggested for the 2021 H1. However, the industry sector is expecting to grow better than H1 2020.

By considering all the factors for Tea industry it can be suggested between Neutral to Positive Outlook for the H1 2021.

This document is only a Snapshot of detailed Tea industry Sector outlook.

Based on industry specific variables we have developed two models to predict tea quantity and tea price for the future periods.

As tea industry consist with different kind of stakeholders, we have done detailed analysis for separate subgroups such as Growers outlook, Tea brokers outlook, Tea factories outlook etc.