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Price Behavior of Selected Sawn Timbers in Sri Lanka

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Abstract

This study attempted to analyze the price behaviour of sawn wood in the recent past of Sri Lanka Forecasting of timber is important for all the parties such as consumer, timber growers, marketers and policy makers. Common timber species such as Teak (*Tectona grandis*), Jack (*Artocarpus heterophyllus*), Nadun (*Pericopsis mooniana*), Mahogany (*Swietenia macrophylla*), Burutha (*Chloroxylon swietenia*), Halmilla (*Berrya cordifolia*) Milla (*Vitex pinnata*), Blue gum (*Eucalyptus globules lahill*), Kumbuk (*Terminalia arjuna*), Sooriyamara (*Albizia odoratissima*), Hora (*Dipterocarpus zelanicus*), Coconut (*Cocos nucifera*) and Rubber (*Hevea brasiliensis*) were selected for this study. Real Market Price (RMP) was analyzed with the time. Colombo consumer price index (CCPI) (1952=100) was used to calculate the RMP. Price behaviour of selected sawn timbers were tested using different models; linear, quadratic and compound growth rate models with the time factor. The goodness of fit of model was tested by using coefficients of determination (R^2).

Compared to the 1996 price, Teak, Kumbuk, and Rubber real prices have increased by 6%, 22% and 1%, respectively. Real price of all the other timbers have decreased. Real price of Halmilla (1009%), Sooriyamara (266%), Milla (61%), Burutha (49%), Mahogani (45%), Nedun (42%), Hora (39%), Eucalypts (36%), Jak (36%), Coconut (20%) and Microcorys (22%), has decreased significantly. This result however, was not aligned with the past research results related to price forecasting of timber and other commodities. This result clearly illustrates the exploitation of timber like natural resources. Otherwise, real price of the timber like natural resources should be increased drastically with the limited supply. Policy makers therefore this situation should be carefully taken into consideration for taking appropriate decision to protect the natural resources like timber because real prices of timber should increase with their low supply.

***Keywords*:** Price, Price forecasting, Price behaviour