

Price Forecast of Coconut for November, December 2015 and January 2016

Coconut prices to remain stable with a slight upward movement

Coconut is a versatile crop grown all over the world and it plays a dominant role in the socio-economic life of the growers. In India, coconut is grown in 18 states and three Union Territories under different agro-climatic conditions. It is the third largest producer of coconut, copra and coconut oil in the world and accounts for 18 percent of the global coconut production. As per Coconut Development Board estimates, the total production of coconut in India was 22.5 billion nuts in Triennium Ending (TE) 2013-14. Kerala, Tamil Nadu, Karnataka and Andhra Pradesh together account for 91.2 per cent of the total production of coconut in India. The coconut production in the major growing states has not shown any significant increase in 2014-15 in comparison with the previous year. While Kerala is accounting for about 37 per cent of the area and 28 per cent of the production in the country, Tamil Nadu accounts for about 22 per cent of the area and 32 per cent of the production respectively. Coconut products are gaining significance as the export potential of products like activated carbon and virgin coconut oil are on the rise. The exports of these products showed a significant increase of 6.5 per cent during the period from April- August 2015.

The analysis of coconut oil prices during the last 30 years revealed that with the exception of few years, there is a tendency for prices to rise in November, which in term could lead to rise in prices of coconut. Recently, import duty on crude edible oil was hiked from 7.5 per cent to 12.5 per cent and that of refined edible oil from 15 per cent to 20 per cent. This is expected to bring down edible oil import which could in turn lead to rise in demand for coconut oil, consequently resulting in increase in prices of coconut oil and coconut.

The peak season for coconut harvest is over and hence the arrivals in the market have reduced. Due to poor monsoon received during this year, there was decline in production of coconut in southern states. The demand for coconut is expected to rise with the Sabarimala pilgrimage season starting by mid-November but this may not have an effect on the prices in a big way. Traders opined that the market price had fallen due to reduction in the purchase of copra, mainly due to the lower demand from oil mills. The survey of coconut and copra traders

highlighted that the price of coconut is ruling around ₹ 20-25 per kg in Kerala. The declining trend in prices of both copra and coconut oil is still continuing, leaving corporates to stay away from the market at this lower price level.

Minimum Support Prices of ₹ 5550 per Quintal and ₹ 5850 per Quintal were announced for milling and ball copra for the year 2014-15 by the Government of India. With the available coconut being sold as raw coconut for industries and increasing demand for coconut, copra and other coconut products in the domestic as well as export markets, the price of coconut is likely to remain stable with a slight upward movement during the months of November, December 2015 and January 2016

The “ICAR-Network Project on Market Intelligence” views that the price of coconut will remain stable with a slight upward movement during the last quarter of 2015 and January 2016. This prediction is based on the econometric analysis of monthly price data at Alappuzha market for partially dehusked coconut (for a period of 11 years from 2004) and traders’ survey. As this forecast will prevail only with the above market sentiments, the farmers are advised to take suitable selling decisions.

The range of forecasted prices are as follows:

Months	Forecasted Price (₹ per 1000 nuts)
November2015	8500-9500
December 2015	9000-9500
January 2016	10000-10500

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