

Price Forecast of Coconut for August, September and October 2014

Coconut prices to remain stable with slight increase

Coconut is a versatile crop grown all over the world with the exception of Europe and Australia and the crop plays a dominant role in the socio-economic and cultural life of the growers. During the period from 2008-09 to 2011-12, coconut production in India increased by 39 per cent from 15729.75 million nuts to 21892.16 million nuts. Kerala is the main coconut producing state, accounting for 35.92 per cent of the area and 25.89 per cent of the production in the country, followed by Tamil Nadu, which accounts for 21.81 per cent of the area and 31.02 per cent of the production. The total production of coconut in Kerala was estimated at 5,200 million nuts in 2013-14 in comparison to 5,799 million nuts in the previous year, as per a survey conducted by the Coconut Development Board which indicates a fall in annual production in Kerala by 10 per cent.

The period from September to December is characterized by low arrivals of coconut and copra in Kerala, which creates upward pressure on prices in the domestic markets. The lower production of raw nuts in Karnataka and Tamil Nadu resulting in reduced arrivals of coconut and copra from those states, increased corporate demand and local demand due to festivals, have all caused the coconut prices to rise sharply. On account of lower availability of copra, leading corporates were forced to purchase the commodity by paying higher price. Copra prices are now ruling at ₹10,200 a quintal in Kerala and ₹10,000 in Tamil Nadu, as traders were holding stocks due to rains.

Traders opined that the market price was rising due to short supply of copra. Though the market is ruling steady, there has been a considerable shift by consumers from coconut oil to other edible oils especially, cheaper sunflower oil. Estimates put the drop in local consumption at 30-40 per cent in Kerala. The demand for coconut oil would go up in the next two months, especially in Kerala, on account of Ramzan and the Onam festival season, which may in-turn translate into higher demand and prices of coconut. Traders were not expecting any change in this price trend and it is expected to go up for the entire season in 2014. Farmers' survey reveals that lower production and the dearth of climbers had led to reduced supply of coconut in all major production centres of Kerala. The survey of coconut and copra traders highlighted that the price of coconut is ruling around ₹29 per kg in Kerala. The price is prevailing high due to the MSP of ₹28 per kg of copra announced by the Govt. of India. The ICAR - "Network project on market intelligence" views that there will be slight increase in the price of coconut over the months. The prediction is based on the monthly price data at

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Alappuzha market for partially dehusked coconut (for a period of 19 years from 1995).As this forecast will prevail only with the above market sentiments and could vary with changes in the market situation, the farmers are advised to take suitable selling decisions.

The ranges of prices predicted are as follows:

Months	Forecasted Price (₹ per 1000 nuts)
Aug'14	13500-13790
Sep'14	13600-13900
Oct'14	13500-13950

Research Team

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