

Price Forecast of Coconut for May, June and July 2015

Stability in prices expected for` coconut

India is the largest producer of coconut after Indonesia and Philippines and it accounts for 18 percent of the global coconut production. Kerala, Tamil Nadu, Karnataka and Andhra Pradesh together account for more than 90 per cent of the total production of coconut in India. The coconut production in India has decreased by 10 per cent in 2014-15 over the previous year. Kerala is accounting for about 37 per cent of the area and 28 per cent of the production in the country. The production of coconut in Kerala was 5,921 million nuts in 2013-14 and the estimate for 2014-15 is 4,886 million nuts, exhibiting a decline of 17.48 per cent. While Idukki, Kottayam and Kollam districts exhibited substantial decline in production, significant growth in production was observed in Alappuzha district. Even though Kerala has the largest area under coconut cultivation in the country, the productivity is only 6042 nuts per hectare because of predominance of old and senile trees in homesteads, high incidence of diseases, mite attack and deficient rainfall.

The peak harvesting period of coconut in Kerala is from January to June accounting for about 60 per cent of the total production. About 45 percent of the production is used as mature nuts, 37 percent for milling copra, eight percent for ball copra and 10 percent is consumed in tender form. With the commencement of the peak season in 2015 there has been good demand for raw nuts both from upcountry and overseas markets but there was no sizeable increase in market arrivals. The lower production of raw nuts due to drought and reduced availability of coconut for ball copra production in Karnataka have caused the coconut prices to rise sharply. Several companies in Karnataka were also purchasing dehusked coconut from Kasaragod at ₹ 32 per kg for converting it into copra. The price of copra is dependent on the demand for and prices of coconut oil. Traders have opined that the market price of coconut was rising due to short supply of copra resulting from higher demand for coconut by-products such as coconut powder, virgin coconut oil, desiccated coconut etc. The increase in demand for tender coconut in summer months and the rising prices of tender coconut due to low arrivals have in turn reduced the supply of coconut for copra making. The average market arrivals of copra in Kerala decreased by 33 per cent in 2014-15 and the pressure on copra prices is unlikely to ease much in Kerala mainly because of lower production in Kerala. It is also expected that the restrictions on the entry of adulterated coconut oil into Kerala could drive the coconut prices up in the upcoming months.

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The survey of coconut and copra traders highlighted that the price of coconut is ruling around ₹ 30 to 32 per kg in Kerala. 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. The procurement price of coconut in Kerala has been increased from ₹ 25 per kg to ₹ 28 per kg. Global trends have limited impact on domestic market as the entire production is absorbed domestically and the share in global trade is negligible. With the increasing demand for raw as well as tender coconut, copra and other coconut products, the price of coconut is likely to remain stable in the second quarter of 2015.

The “ICAR-Network Project on Market Intelligence” views that the price of coconut will remain stable with a chance for slight revival during the second quarter of 2015. 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 ranges of prices predicted are as follows:

Months	Forecasted Price (₹ per 1000 nuts)
May 2015	11150-11250
June 2015	11110-11210
July 2015	11070-11170

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