

Price Forecast of Coconut for February, March and April 2016

Coconut Prices likely to fall and then marginally increase

Coconut is predominantly cultivated in small and marginal holdings and it provides livelihood security to several millions of people across the world. India has produced 20,440 million nuts in 2014-15 from an area of 1.97 million ha with a productivity of 10,345 nuts per hectare (CDB, 2015). In India, coconut is grown in 18 states and three Union Territories under different agro-climatic conditions and the country accounts for about 18 percent of the global production. Kerala, Tamil Nadu, Karnataka and Andhra Pradesh together account for about 91 per cent of the total production of coconut in India. In 2014-15, 4896.61 million nuts were produced in Kerala. Even though the production in Kerala in 2015-16 is expected to increase by 8.37 per cent over the previous year, production is expected to fall in Kasaragod, Malappuram, Idukki and Kottayam districts.

The export of coconut and coconut products increased by 8.73 per cent during the period from April 2015 to January 2016 and the total value of exports during this period was ₹1188.27 crore. Activated carbon accounted for 45 per cent of the export earnings. Other major items of export include virgin coconut oil, fresh coconut, coconut oil, dry and desiccated coconut, copra, coconut shell and charcoal. GCC countries form the major export market for fresh coconut.

The peak harvesting period of coconut in Kerala, accounting for about 60 per cent of the total production, is from January to June. The arrivals into the market have started increasing after January 2016 from all the production centres. There are reports that the leading corporate and upcountry buyers have reduced their purchase from the market and are now resorting to online purchase only for the required quantity to meet their production requirements.

The per unit price of coconut has declined from about ₹ 14 in September 2014 to ₹ 10 in June 2015 and further down to ₹ 8 in January 2016. The study on monthly prices in the past few years have shown that prices usually decline in March as compared to February and then increase during April and May. Minimum Support Prices of ₹ 5950 per Quintal and ₹ 6240 per Quintal were announced for milling and ball copra for the year 2015-16 by the Government of India. This in turn is expected to increase coconut prices in Kerala.

Traders have opined that the market price had fallen due to reduction in the purchase of milling copra by large buyers, even when the stocks available with them are limited. The survey of coconut and copra traders highlighted that the price of coconut is ruling around ₹16-18 per kg in Kerala. The declining trend in prices of both copra and coconut oil is still continuing, leaving corporate buyers to stay away from the market at this lower price level. With increased use of coconut for value added products, rising export demand for value added products, increased tapping of neera and rising domestic demand for tender coconut during summer months, the arrivals of fresh coconut in the market are expected to decline in the coming months. Hence the prices are expected to increase towards the end of March 2016. With the available coconut being sold as raw coconut for industries and increasing demand for coconut, copra and other coconut products, the price of coconut is likely to increase from April 2016.

The “ICAR-Network Project on Market Intelligence” views that the price of coconut is likely to fall marginally during February 2016 and then increase moderately towards the end of March 2016. This prediction is based on the econometric analysis of monthly price data at Alappuzha market for partially dehusked coconut (for a period of 12 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 forecasted prices are as follows:

| Months | Forecasted Price (₹ per Kilogram) |
|---------------|--|
| February 2016 | 8000-8400 |
| March 2016 | 8300-8800 |
| April 2016 | 9000-9500 |

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