

## **COCONUT SEASON STARTS WITH PRICES FIRING UP ON ACCOUNT OF LOW INITIAL ARRIVALS**

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Coconut is a versatile crop grown all over the world except the continents of Europe and Australia. The crop plays a dominant role in the socio-economic and cultural life of the growers. According to FAO Statistics, 2007, global production of coconuts is 61504133 Tonnes with Indonesia, Philippines, India, Brazil and Sri Lanka as the major contributors to coconut production. As per the recent Government of India statistics 2008-09, India has emerged as the largest producer of coconut in the world with a production of 15,840 million nuts. India accounts for 26.9 per cent of the world's production. In India, the four south Indian states namely Kerala, Tamil Nadu, Karnataka and Andhra Pradesh account for around 90 per cent of the coconut production in the country.

The trader's survey of coconut and copra highlighted the following points:

- The price of coconut is shaped by variations in production, global demand and supply situation and price of other vegetable oils
- The period from September to December marks a period of low arrivals of coconut and copra in the domestic market, which creates upward pressure on the prices in the Kerala markets.
- Maximum arrivals of coconut and copra in the markets in Kerala are during the period from January to June. This creates downward pressure on coconut and copra prices during this period.
- The country witnessed a record 9.05 lakh tons of vegetable oil imports in September 2009 against 6.67 lakh tons during the same period in the last year, registering a 35.68 % growth in imports. The trade circles indicated that palm group of oils comprised more than 75 per cent of the total imports, which have a direct bearing on the coconut economy in the country.
- Nil custom duty on the import of crude edible oil is likely result in a surge of imports in these items whenever domestic prices rule higher
- Consumption pattern reveals that only 45% consumers in Kerala depend upon coconut oil as a cooking medium. The Hotels and bakeries segment depend primarily on palm oil due to its lower price.
- The trade circles observe that whenever the coconut oil price falls below Rs. 45/Kg, a shift in use from palm oil to coconut oil is observed among the middle income group of consumers. Thus, palm oil has emerged as a major competitor for coconut oil in Kerala.
- As compared to green husked coconut, the price of partially dehusked coconut is fairly stable.

- The speculations are low on copra price as is evidenced by the low margin being maintained from the current market price till March.

It was under these circumstances that the Agricultural Market Intelligence Centre of Kerala Agricultural University under the ICAR assisted NAIP project analyzed the price of partially dehusked coconut at Thrissur market for a period of 10 years from January 2000 to December 2009 were considered in the analysis. According to the study, the prices will hover around the levels indicated below for the next four months with minor fluctuations as indicated:

Commodity Form	Month	Price Forecasts (Rs/Kg)
Coconut (Partially de-husked)	February 2010	12.50 – 13.00
	March 2010	10.50 – 12.50
	April 2010	9.50-12.00

Since duty free import of palm oil in large quantities is possible, any drastic increase in the domestic prices of coconut oil is not expected. Hence the farmers are advised to not to resort storage and therefore advised to plan their sale of coconut and copra in the coming months before large scale arrivals are expected to reach the market by February end.

