

MONSOON

Eye on sky

India Equity Research | Economy



We attended the conference - “Monsoon 2012 prospects and challenges” - organized by SKYMET, a private weather forecasting agency. The key takeaways are: monsoon is likely to be 95% of LPA, not very far from 99% predicted by the IMD. Temporally, Jun-Jul rainfall is likely to be normal which should help the sowing season, though there is a likelihood of unfavourable El Niño conditions developing during Aug-Sept period. This may lead to the emergence of moisture stress. However, full clarity on El Niño is likely to materialize by the end of May.

Highlights:

- **SKYMET predicts normal monsoon in June – September 2012 (95% of Long Period Average or LPA):** This is not far from the IMD’s first official long-range forecast of 99% of LPA. Notably, normal monsoon is realized when the rainfall is in the range of 96%-104% of LPA (89 cm).
- **Most international agencies also expect normal monsoon:** Out of the ten reputed global agencies, five are forecasting normal monsoon, three below normal monsoon and one is in favour of a drought. However, one is expecting an above normal rainfall while none of them is forecasting an excess rainfall.
- **Developing El Niño conditions a key risk:** Presently, there are chances of El Niño emerging (which typically heralds lower rainfall, having led to a major drought in 2009) in the second half of the season, leading to the possibility of relatively weaker rainfall in Aug-Sept period. However, clarity in this regard will emerge only towards the end of May. At this stage, one can say that prospects of a normal rainfall in Jun-Jul period are high and the probability of excess rainfall is virtually nil. This appraisal is in line with that of IMD which assigned ~39% probability to El Niño conditions during the later part of season.
- **IMD’s June forecast turns crucial:** We must be mindful that only by the end of May clarity would emerge on El Niño conditions during the late monsoon season. Accordingly, the June forecast of IMD becomes crucial in order to project whether Aug-Sept would face a below normal rainfall.
- **Expecting a normal sowing season, but moisture stress may emerge later:** As SKYMET predicts a normal rainfall in Jun-Jul, the Kharif sowing season should progress smoothly. However, in case El Niño conditions emerge in Aug- Sept, moisture stress may develop in the latter part of the season.
- **Above average reservoir levels provide a hedge:** In case the Aug-Sept period sees a weaker rainfall, the impact might be moderate since the reservoirs levels are above their long-term average. It is also notable that Aug rainfall is far more crucial than Sept rainfall as far as crop production is concerned.

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