

FIRST LIGHT

RESEARCH

BOB Economics Research | Monsoon Update

Monsoon and sowing progress

SUMMARY

India Economics: Monsoon Update

IMD had predicted the second half of the South-West monsoon will continue to receive normal rainfall, same as the first half. However, it seems the second half will also be erratic and there will be wide regional disparities seen with respect to distribution of rainfall. For the cumulative period, rainfall is 8% above LPA as of 19Aug 2022. The actual rainfall (weekly distribution) for this period is also higher than the past year levels. Yet, the Eastern region continues to receive scanty rainfall compared to other regions. The impact is prevalent with lower sowing area. Acreage of pulses and rice are much lower compared with last year levels. Out of 36 subdivisions, 7 are in the deficient zone during this period along with 8 states (Uttar Pradesh, Kerala, West Bengal, Jharkhand, and Bihar amongst other states). On storage levels, the Southern region continues to record highest level. These storage levels bodes well for rabi sowing.

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Daily macro indicators

Indicator	18-Aug	19-Aug	Chg (%)
US 10Y yield (%)	2.88	2.97	9bps
India 10Y yield (%)	7.24	7.26	2bps
USD/INR	79.68	79.78	(0.1)
Brent Crude (US\$/bbl)	96.6	96.7	0.1
Dow	33,999	33,707	(0.9)
Hang Seng	19,764	19,773	0.0
Sensex	60,298	59,646	(1.1)
India FII (US\$ mn)	17-Aug	18-Aug	Chg (\$ mn)
FII-D	1.7	11.2	9.5
FII-E	542.4	434.0	(108.4)

Source: Bank of Baroda Economics Research

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MONSOON UPDATE

20 August 2022

Monsoon and sowing progress

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Jahnvi Prabhakar

Economist

Where does Kharif sowing stand?

As of 20th Aug 2022, sown area of pulses (5.3%) has declined compared with last year. Within pulses, significant drop in acreage has been registered in Arhar (7.2%), Urad (5.1%) and Moong (4.6%). Area sown for rice (12.4%), oilseeds (1.3%) and sugarcane (1.2%) continues to remain low compared with last year levels. On the other hand, acreage of cotton has improved further to 6% on a YoY basis from 5.3% in the corresponding period last week.

Table 1: Kharif Sowing

	Area sown in 2022-23 (mn ha)	Area sown in 2021-22 (mn ha)	Growth (YoY %)
Cereals	47.6	51.5	(7.5)
Rice	31.0	35.4	(12.4)
Pulses*	12.6	13.3	(5.3)
Oilseeds	18.4	18.2	(1.3)
Cotton*	12.3	11.6	6.0
Sugarcane	5.5	5.5	(1.2)
Jute and Mesta*	0.7	0.7	0

Source: CEIC, Bank of Baroda | *Data as of 20 Aug 2022. For others, data as of 12 Aug 2022

Monsoon:

For the period 1 Jun 2022 to 19 Aug 2022, South West Monsoon is 8% above LPA compared with last year.

- For Fig 1, states in the Western Region including Gujarat, Rajasthan, Maharashtra and Karnataka continue to receive excessive rainfall. Additionally, Telangana and Tamil Nadu too have been on the receiving end of heavy rainfall.



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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