

RESEARCH
BOB Economics Research | Monsoon Update

Monsoon and sowing draw to a close

SUMMARY
India Economics: Monsoon Update

For the cumulative period, South West Monsoon has been above normal and stands at 6% above LPA at the end of the monsoon period for this year (2022). Out of 36 subdivisions, 6 are in the deficient zone at the end of South-West Monsoon, including regions like Gangetic West Bengal, Bihar, Jharkhand Uttar Pradesh and North East Region. With the end of South-West monsoon, total Kharif sowing is tad lower from the last year levels. This is largely on account of deficient rainfall in the Eastern region, resulting in lower sowing for rice and pulses. This is expected to feed in to the inflation print in the coming months.

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Daily macro indicators

Indicator	30-Sep	03-Oct	Chg (%)
US 10Y yield (%)	3.83	3.64	(19bps)
India 10Y yield (%)	7.40	7.47	7bps
USD/INR	81.35	81.88	(0.6)
Brent Crude (US\$/bbl)	88.0	88.9	1.0
Dow	28,726	29,491	2.7
Hang Seng	17,223	17,080	(0.8)
Sensex	57,427	56,789	(1.1)
India FII (US\$ mn)	29-Sep	30-Sep	Chg (\$ mn)
FII-D	(97.5)	(310.3)	(212.8)
FII-E	(473.2)	(186.7)	286.5

Source: Bank of Baroda Economics Research

BOBCAPS Research

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MONSOON UPDATE

04 October 2022

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Jahnvi Prabhakar

Economist

Also, the government had recently announced extension of the PMKGY scheme till Dec'22. The Government had reiterated that it remains prepared to proactively deal with any price rise through possible steps like export restrictions. Notably, both wheat (24.1mt against 20.5 mt buffer) and rice (22.5 mt against 10.3 mt buffer) stocks as of 16 September in the central pool remains above the buffer norm for 1 October. On the other hand, higher reservoir level bodes well for winter crops.

Where does Kharif sowing stand?

For the week ended 30th Sep 2022, overall kharif acreage has declined by 0.8% compared with last year. Sowing area of rice and pulses continue to remain deficient, down by 4.8% and 4% respectively. Amongst pulses, Arhar (4.4%), Moong (4%) and Urad (3.8%) have registered lower sowing. Area sown for oilseeds (1%) and jute & mesta (0.1%) remain lower compared with last year levels. On the other hand, sowing area of cotton (7.5%) and sugarcane (0.9%) have registered an improvement.

Table 1: Kharif Sowing

	Area sown in 2022-23 (mn ha)	Area sown in 2021-22 (mn ha)	Growth (YoY %)
Foodgrains	72.0	73.7	(2.3)
Rice	40.3	42.3	(4.8)
Pulses	13.4	13.9	(4.0)
Oilseeds	19.2	19.4	(1.0)
Cotton	12.8	11.9	7.5
Sugarcane	5.6	5.5	0.9
Jute and Mesta	0.7	0.7	(0.1)
Total	110.28	111.2	(0.8)

Source: CEIC, Bank of Baroda | Data as of 30 Sep 2022.



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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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