

# MONSOON WATCH

India Meteorological Department on Tuesday revised down this year's monsoon forecast to 88 per cent of the long-period average. A below-normal monsoon could push up retail inflation by 30 basis points (bps) and bring down GDP growth by 30-40 bps to 7.4-7.5% in FY16, says a new report from ICICI Securities

## EL NIÑO DOESN'T SPELL BAD NEWS ALWAYS

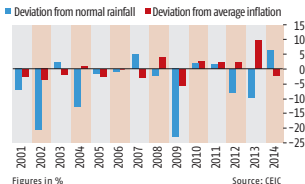
While El Niño is typically associated with weak monsoon in India, during which some parts of the country are drier than others, not all El Niño years are drought years. As the table below shows, 1992, 1994, 1997 were El Niño years but rainfall in all those years was either normal or surplus

Year	El Niño	Monsoon
1982	Strong	Drought
1986	Moderate	Drought
1992	Moderate	Normal
1994	Moderate	Surplus rain
1997	Strong	Surplus rain
2004	Weak	Drought
2006	Weak	Normal
2009	Strong	Drought
2014	Weak	Drought

Source: Golden Gate Weather Services, Desk Research

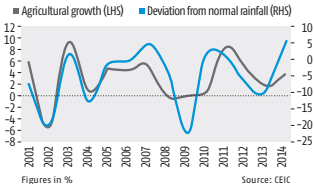
## RAINFALL AND INFLATION

Broadly, agri growth does track rainfall closely the relationship between monsoon and inflation is not as straightforward.



## RAINFALL AND AGRICULTURE GROWTH

Below-normal rainfall could push up food prices, especially of fruit & vegetables, milk & milk products and meat, fish & eggs, leading to higher protein inflation. But cereal prices are likely to remain muted



## GOOD VS BAD MONSOON YEARS

A deficient monsoon is likely to have a significant impact on sales in a majority of sectors. Fertiliser is arguably the most sensitive sector to rainfall

