

Monsoon update 2021

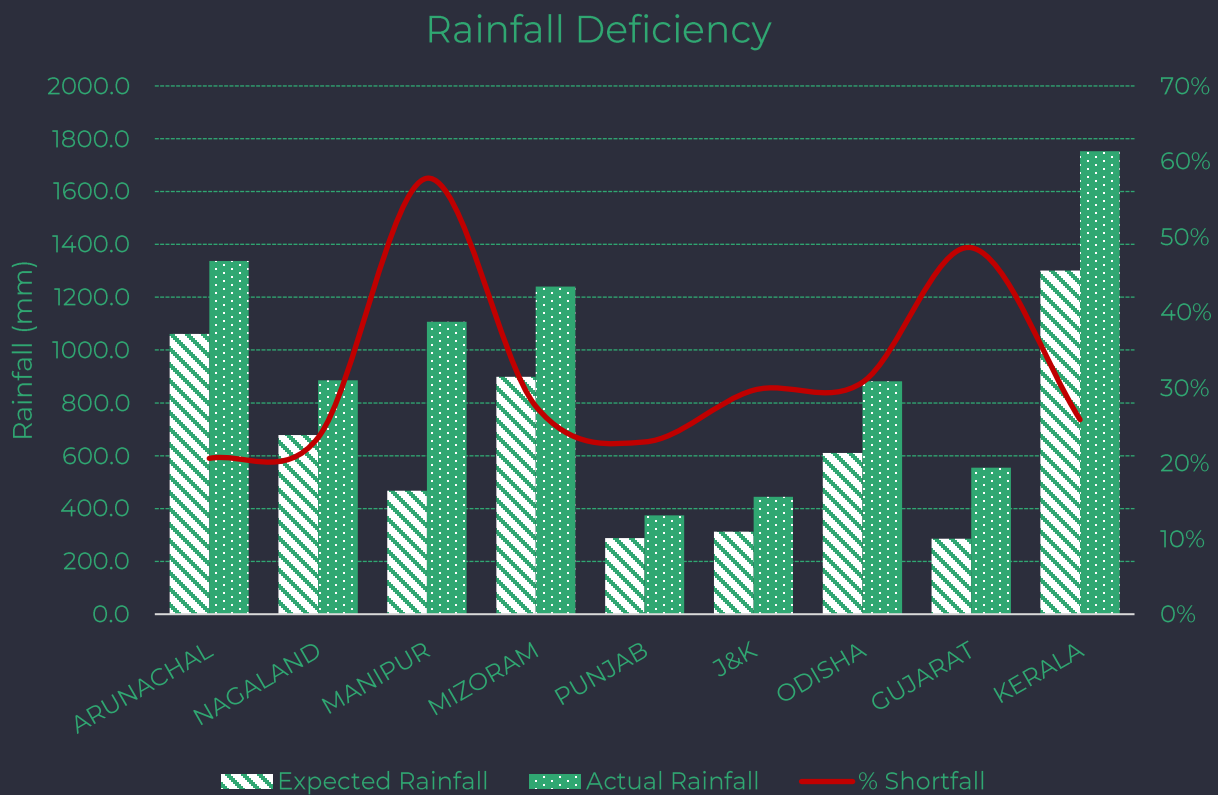
Monsoon Summary 2021

India is staring at a drought with 10% below normal rainfall according to the data from the weather office.

36% of agricultural land in India has not seen rainfall this season and 20-40% of other areas seeing deficient rainfall, as August alone shows a 28% deficit.

Southern states fare better than northern ones

Southern states (except for Kerela) have seen +3% rainfall while Kerela reported a 26% deficiency. The worst hit states are those of Gujarat and Odisha, showing 48% and 31% deficiency respectively.

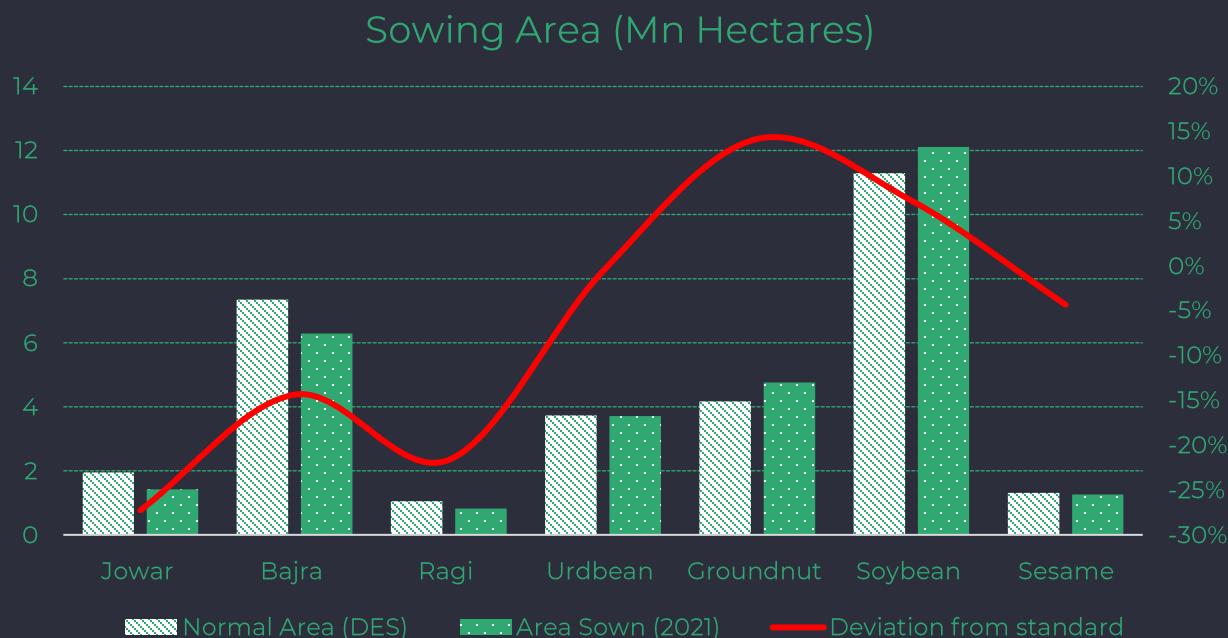


Impact on Crops

As on August 9, 2021 Kharif Crop sowing was down 2% year on year. It is probable that this deficiency has only increased since then.

However, the monsoon is still not over and there may be still time for sowing percentages to improve.

Farmers expect the season to close 1% lower than last year and 3-4% above normal. If rainfall does make a comeback in September or witnesses a lagged withdrawal, it would augur well for moisture levels in soil and in turn Rabi sowing.



Projections & Implications

Given the low possibility of rainfall being up to mark this year, and considering the resurgence in demand, both locally and internationally attributed to the advent of the vaccine we anticipate prices to shoot up.

Spices such as Coriander and Turmeric are expected to exceed \$ 1400 per M. Ton mark international markets. There is also a chance of the F22 crop being plagued with lower arrivals. With the international freight rates rising commodity markets are currently in contango and are expected to remain so for the current year.