

Monsoon passes 2009 level, crop risks remain

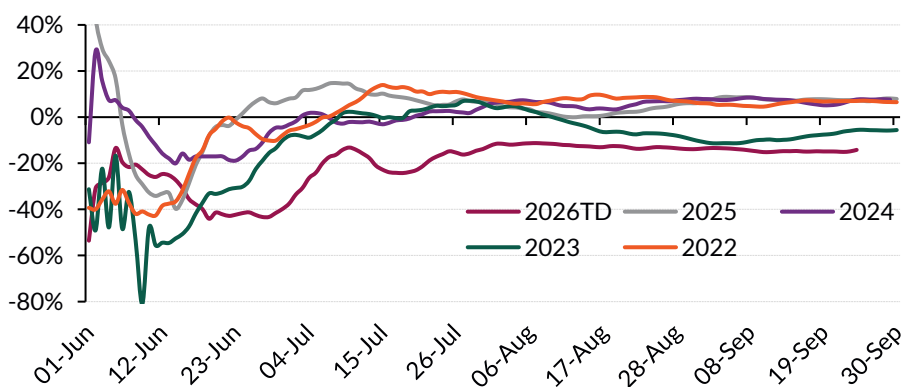
The monsoon is coming to a close with a modest temporal deficit better than 2009 levels, while spatial distribution has improved considerably. Sowing has recovered with this, but risks to yields from warm/dry weather do exist. Also, risks to Rabi wheat output exist from low reservoir levels when stocks are middling and global prices are high. Already, we see some food prices (onion, sugar, wheat, edible oils) run considerably above previous year levels. While these are outliers, the low base of last year makes some inflation pickup likely. We continue to see FY27 inflation at 5.2% with pump prices posing upside risk.

September 25, 2026

Monsoon

Weekly update

Exhibit 1 - Monsoon deficit stable, currently at 14.2%



Source: IMD, Axis Bank Research

Spatial distribution has improved despite an aggregate rainfall shortfall

All-India rainfall is at a deficit of 14.2% (Fig 1), with rains now better than in 2009, but unlikely to rise above 2014 (Fig 2). These were El-Nino years and provide a blueprint for agri growth (Fig 3). Even at the end of the season, El Niño trends have not eased (Figs 4-5). Encouragingly, 52% of districts now have normal or surplus rain, concentrated in central India (Figs 8-9), important for Kharif crops.

Sowing has normalised, limiting immediate production concerns

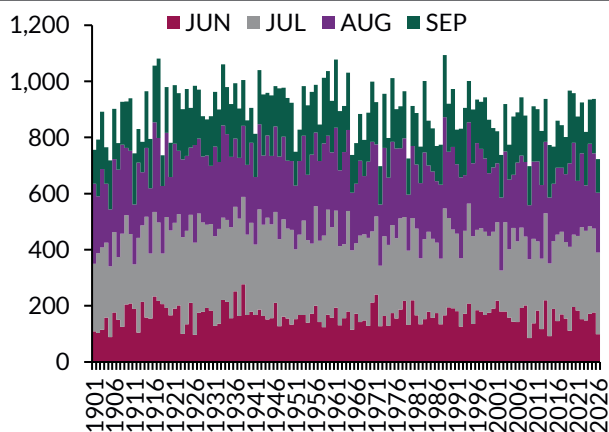
The improvement in rainfall has supported kharif sowing activity, with acreage is now comparable to last year, with only mild shortfalls in rice (Fig 10). While this reduces some risks to output, the combination of higher average temperatures (Fig 11) and weaker soil moisture adequacy in around half the country (Figs 12-13) suggests that risks to yields of sown crop still might exist. Wheat might be the proximate issue – even though current stockpiles are adequate (Fig 9), an early peak to reservoir levels comparable to 2023 (Fig 10) and soil moisture might hurt Rabi output while global prices are high.

Food price pressures are becoming more crop-specific

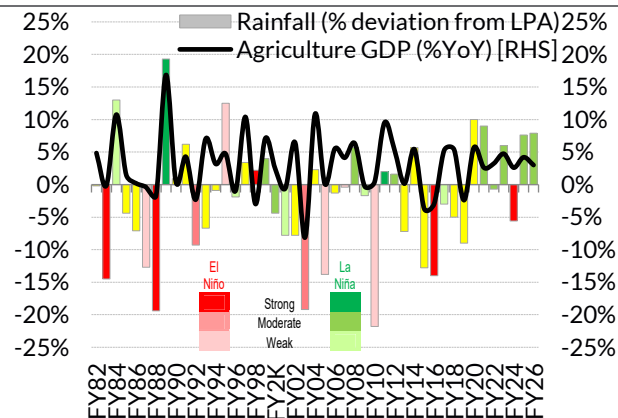
Recent wholesale price trends show that broad food risks remain contained, but individual commodities warrant close monitoring. Sugar prices have not fallen despite increase in imports (Fig 14), while palm oil prices risen with global trends (Fig 15). Wheat prices have been along seasonal trends, but are well above previous year levels (Fig 16). In vegetables, tomato prices experienced seasonal spikes but have since moderated significantly (Fig 17). At the same time, prices of onions have spiked (Fig 18), while potatoes are low (Fig 19). Despite this, some level of inflation is likely in food given the low base of last year. We continue to see inflation at 5.2% in FY26 with upside risks of a pump price hike.

Tanay Dalal

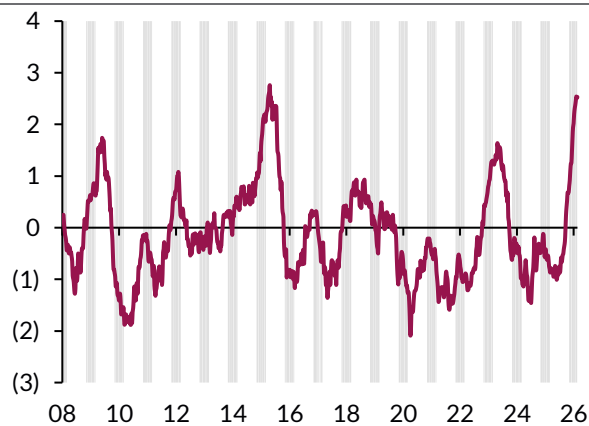
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Exhibit 2 - Monsoon close to El-Nino years of 2009,2014


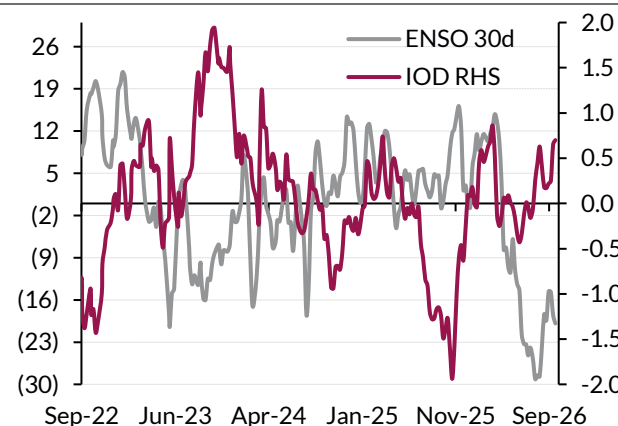
Source: IMD, Axis Bank Research

Exhibit 3 - Monsoon rains according to El-Niño – there is a notable agri impact


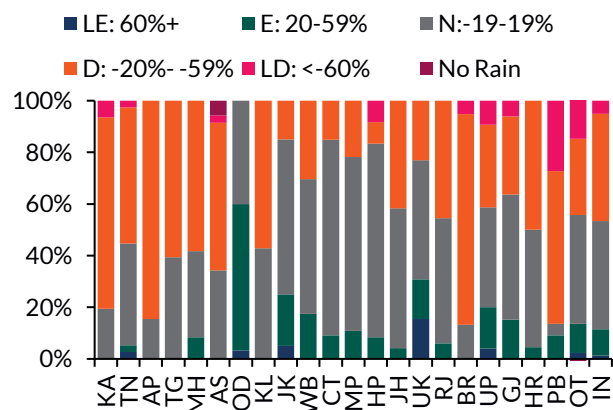
Source: IMD, Australia Met, Axis Bank Research

Exhibit 4 - Relative Niño 3.4 index – level well past the 2°C threshold within the season


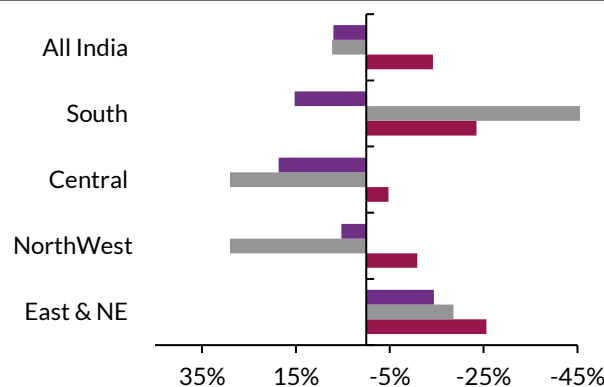
Source: Australia Met, Axis Bank Research

Exhibit 5 - El-Niño seasonal oscillator has improved, but too late


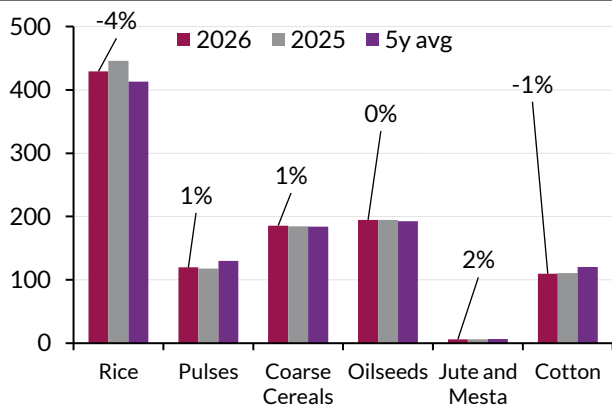
Source: Australia Met, Axis Bank Research

Exhibit 6 - Central India has fewer deficient districts


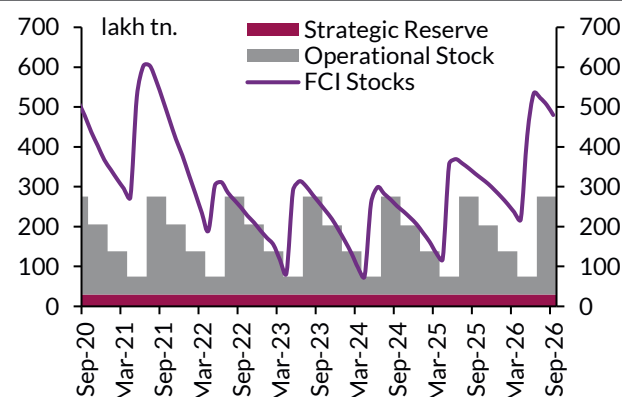
Source: IMD, Axis Bank Research

Exhibit 7 - With the monsoon actually in surplus here


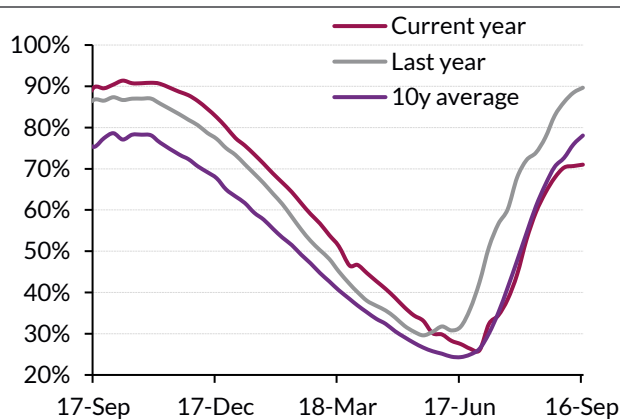
Source: IMD, Axis Bank Research

Exhibit 8 - Kharif area sown is only mildly below 2025 levels, largely in rice


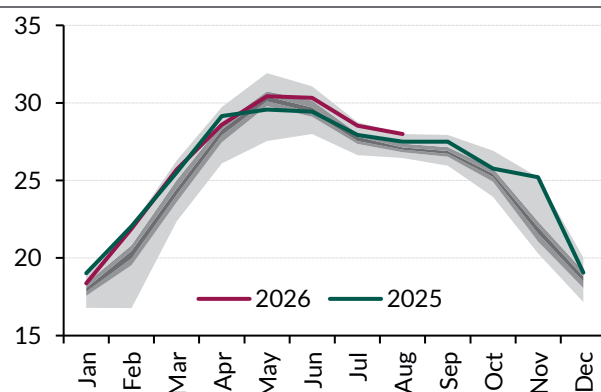
Source: UPAG, Axis Bank Research

Exhibit 9 - Central pool wheat stocks are falling at normal rates


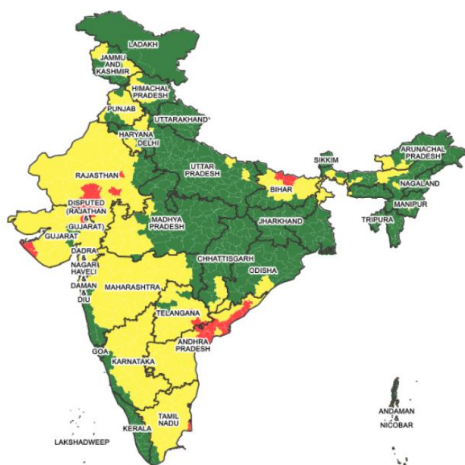
Source: FCI, Axis Bank Research

Exhibit 10 - Reservoir levels are peaking early


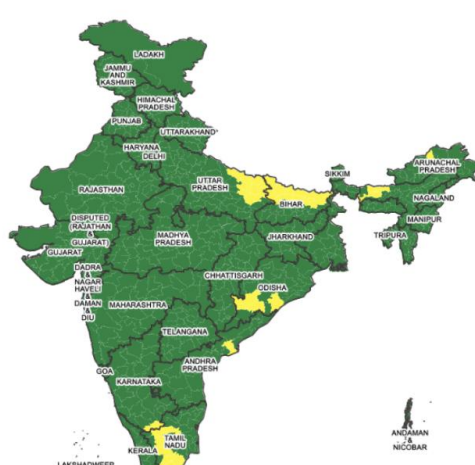
Source: CWCT, Axis Bank Research

Exhibit 11 - India mean temperature is higher than normal


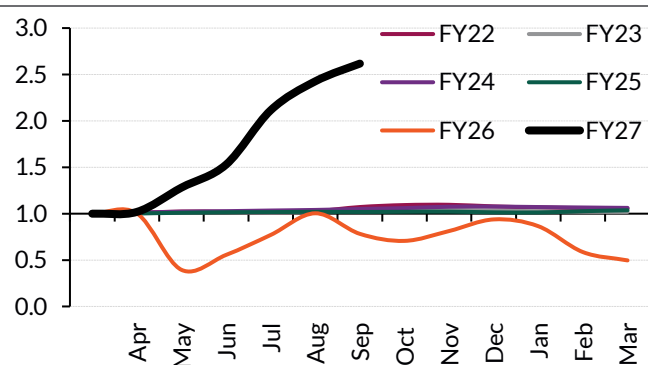
Source: IMD, Axis Bank Research

Exhibit 12 - Soil moisture deviation from normal - around half of mainland India


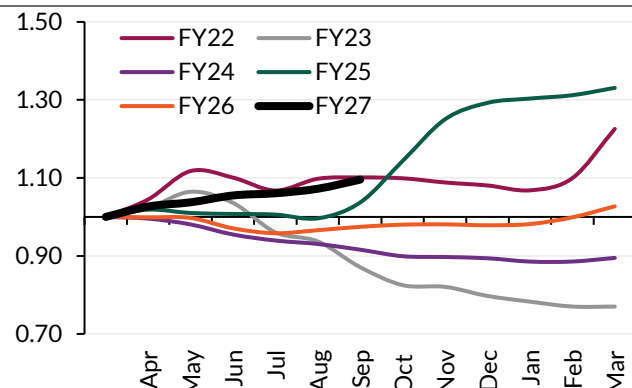
Source: Drought portal, Axis Bank Research

Exhibit 13 - As compared to very comfortable conditions last year


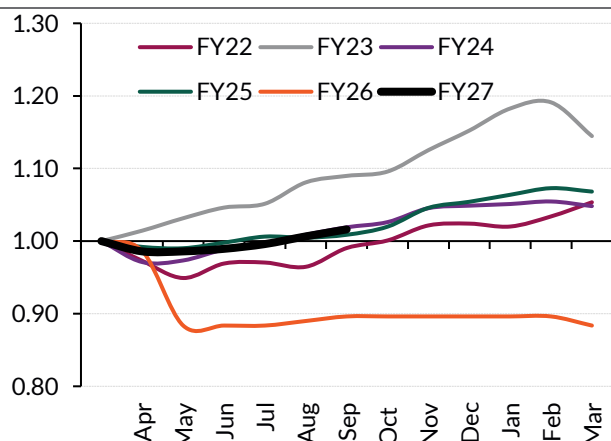
Source: Drought portal, Axis Bank Research

Exhibit 14 - Sugar wholesale price


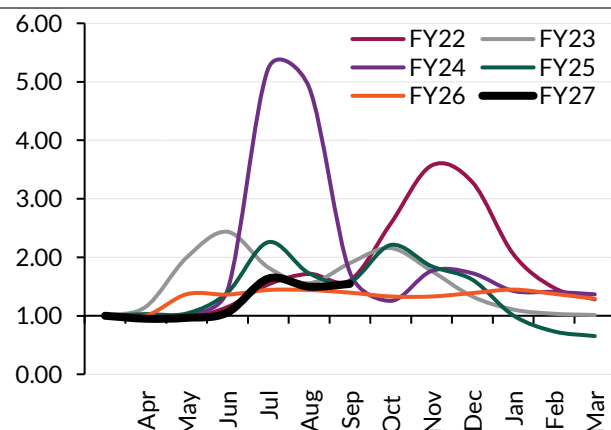
Source: DCA, Axis Bank Research

Exhibit 15 - Palm oil wholesale prices


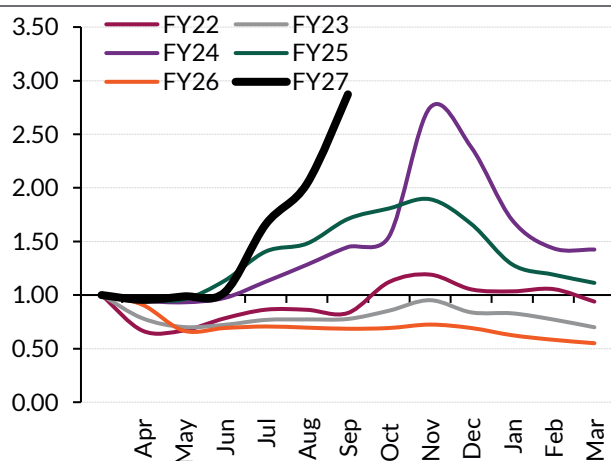
Source: DCA, Axis Bank Research

Exhibit 16 - Wheat wholesale price


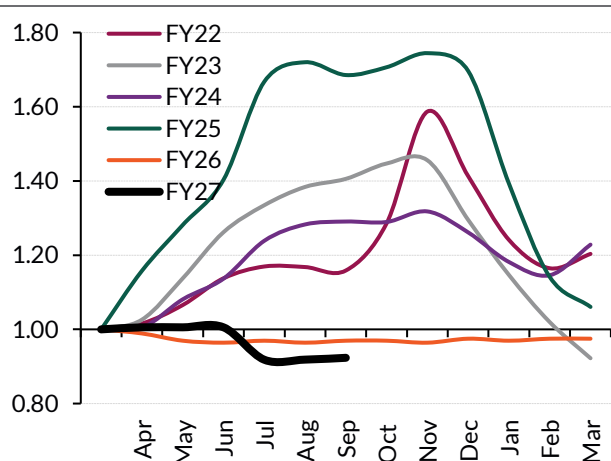
Source: DCA, Axis Bank Research

Exhibit 17 - Tomato wholesale prices


Source: DCA, Axis Bank Research

Exhibit 18 - Onion wholesale price


Source: DCA, Axis Bank Research

Exhibit 19 - Potato oil wholesale prices


Source: DCA, Axis Bank Research

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