

April 18, 2018

Third consecutive year that the country's national weather forecaster has predicted a 'normal' monsoon.

IMD pegged the season's rainfall at 97%.

IMD forecast 42% probability of achieving 'NORMAL' monsoon.

Good monsoon augurs well for the agriculture sector.

Onset of good monsoon will benefit sectors like Fertilizers, Automobiles, NBFC's and FMCG.

India to get 3rd consecutive year of normal monsoon

Normal Monsoon Expected again

Indian Metrological Department (IMD) has predicted a 'normal' monsoon and said there is very 'less' possibility of a deficient monsoon. Although, the IMD pegged the season's rainfall in the lower end of the normal range, at 97% of the long period average, its prediction matches private forecaster skymet weather's forecast, raising hopes of a normal monsoon. This is the third consecutive year that the country's national weather forecaster has predicted a 'normal' monsoon, although rains ended below normal last year. Rainfall between 96% and 104% of LPA during the June-September monsoon period is considered normal. IMD's forecast comes with an error margin of +/-5%.

Probability of Normal Monsoon

The forecast suggests maximum probability of 42% for normal monsoon and low probability of 14% for deficient rainfall, said IMD director general K J Ramesh while announcing the first official monsoon forecast for the year. IMD will update its forecast in June as the monsoon reaches mainland India. Along with the 42% probability of a normal monsoon, IMD said there were a 30% chance of below-normal rains and a 12% possibility of above-normal rainfall. The monsoon needs closer observation as it is likely that variation in the rainfall in some areas will suffer from a problem of plenty rainfall and others going drier.

Good Monsoon a boon for the rural areas

Good monsoon augurs well for the agriculture sector which helps the farmers to increase their production. This can also increase the demand for fertilizers. More production will increase the purchasing power of the rural economy as result expect sales to go up of any rural focus company.

Sectors in Focus

The sectors which are directly linked to rural economy will benefit the most. We feel with the onset of good monsoon, sectors like Fertilisers, Automobiles, NBFC's and FMCG will tend to benefit. We would like to maintain our BUY call on our previously recommended stocks like M&M, Britannia, L&T Finance, Hero Motocorp, Escorts and DHFL.

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