



## Southwest Monsoon 2026

## Tracking the Southwest Monsoon

### Highlights:

- ✓ *The Indian Meteorological Department (IMD) projects a weak Southwest Monsoon (SWM) of 90% of the Long Period Average (LPA).*
- ✓ *The shortfall in seasonal rainfall does not necessarily translate into a bad year for crops as has been seen in recent times as rain-dependency for India has declined overall.*
- ✓ *The steepest deficit so far in rainfall of ~55-60 per cent is in the Monsoon Core Zone affecting 9 states spanning an area from Gujarat in the west to Odisha in the east.*

FY2026-27 is expected to be a “Super El-Nino” year, with sea-surface temperatures (SST) higher than 2<sup>o</sup>C in the tropical Pacific Ocean. The effects of El-Nino already visible with a ~43 per cent deficit in overall precipitation from the long period average (LPA). The proliferation of modern irrigation techniques and advancement in Agri-technology has helped the country to reduce its dependence on the south-west monsoon (SWM). Yet, the progress, temporal and spatial distribution of SWM is one of the most tracked variables in the economy by the policy makers. The progress of the SWM is an important facet for the MPC to decide the medium-term trajectory of policy rates.

**State of the Monsoon:** FY2026-27 is evolving into a year where the El-Nino Southern Oscillation (ENSO) has cast a shadow on the annual SWM with the IMD projecting a normal SWM at 90 per cent of the long period average (LPA), specifically the seasonal rainfall is likely to be 90 per cent of LPA with a model error of +/- 4 per cent. The LPA for India over 1971-2020 is 87 cm. Which implies that the best-case scenario of a surplus error of 4 per cent will lead to a rainfall level of 94 per cent of LPA i.e. an overall rainfall of 82 cm, while the worst-case scenario indicates a rainfall level of 75 cm.

As per the statistics presented by the Department of Agriculture ~80 per cent of precipitation is received through the SWM, and 51 per cent of the net sown area is rain-fed despite the significant progress in the building of irrigation infrastructure. Hence, any large deviation from normal rainfall patterns is likely to cause significant effects on the crop yields in rain-fed areas, food inflation, and consequently the pace of rural consumption.

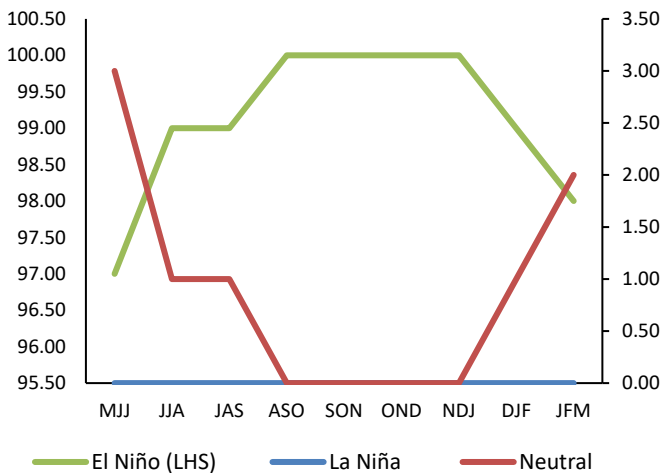
While the overall rainfall levels matter, the spatial and temporal distribution of monsoons is equally vital for kharif crops, and sowing has been affected in what is termed as the Monsoon Core Zone (MCZ) covering parts of central India from Gujarat to Odisha, covering 315 districts. The agriculture ministry has announced a special contingency plan for these districts.



**What do recent analysis say about El-Nino?** As an RBI study<sup>1</sup> points out, while a widely held view is that El-Niño is necessarily bad for monsoon rainfall, this is not entirely true. The data points out that 34 per cent of El-Niño years have witnessed normal to above normal rainfall. The adverse effect of El-Niño is usually crop specific. El-Niño has a patchy region-wide distribution coupled with a positive Indian Ocean Dipole (IOD) event. The Indian Ocean Dipole (IOD) indicates sustained changes in the difference between sea surface temperatures of the tropical western and eastern Indian Ocean. As compared to El-Niño, the effect of La-Niña is broader since it is associated with normal and above normal rainfall. Weather forecasting is not a perfect science yet as the Indian Meteorological Department (IMD) and SKYMET both failed to forecast deficient rainfall in 2002, 2004, and 2009. ENSOs have a low correlation with SWM (IND), and IOD has a high correlation. Therefore, ENSO must always be seen along with IOD.

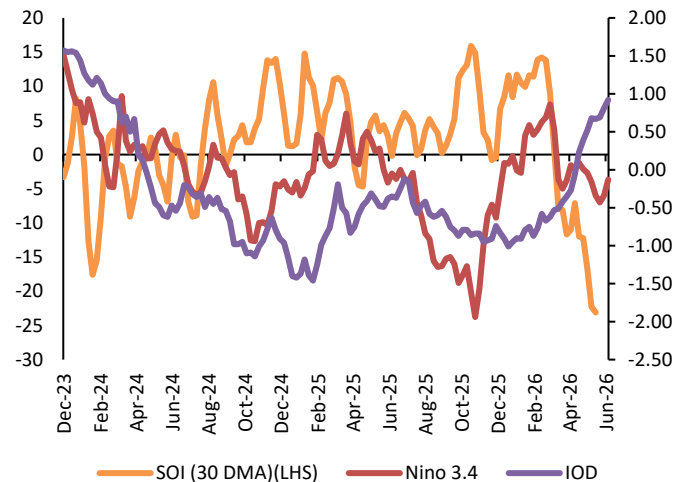
**Indications of 2026 turning into a Super El-Niño year:** Conditions of strong ENSO are developing as per data provided by the Australian Bureau of Meteorology and seen in context of IOD. A study<sup>2</sup> suggests that when El-Niño co-occurred with positive IOD events, areas of positive and negative rainfall anomalies over all India were 23.7% and 76.3% respectively. The present state of the climatic conditions points to a strong El-Niño effect with a neutral IOD, rendering the ENSO led conditions more adverse. The IOD is expected to turn positive only by the end of the Indian monsoon season, which could likely be more helpful for rabi crops though the outlook for kharif remains negative as of now.

**Chart 1: ENSO Probabilities (%)**



Source: NOAA (Issued June 2026) MJJ=May, June, July and so on Oscillation Index

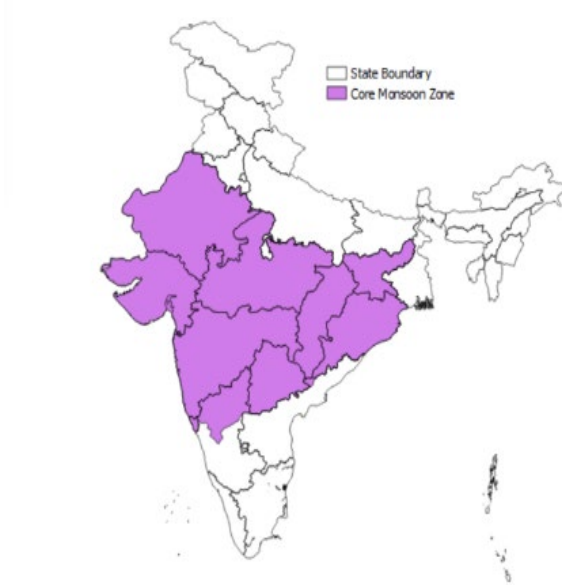
**Chart 2: Monsoon Indicators : SOI,IOD, Niño 3.4**



Source: Australian Bureau of Meteorology, SOI= Southern Oscillation Index

<sup>1</sup> Agriculture’s Dependency on Monsoon Rainfall in India- Kashyap Gupta et al. RBI Bulletin, August 2023.  
<sup>2</sup> Role of ENSO and IOD in the Indian Summer Monsoon Variability: A Review Pratap Kumar Mohanty and Sanjukta Rani Padhi, Department of Marine Sciences Berhampur University, Berhampur-760007, Odisha.

Fig 1 : Monsoon Core Zone



Source: IMD

Chart 3 :Cumulative Rainfall (% Departure)



**The Monsoon Core Zone (MCZ) deficiency:** IMD projects a deficient rainfall over the Monsoon Core Zone (MCZ) which is defined as the 9 states ranging from Gujarat in the west to Odisha in the east, since this is the area which critically depends on the SWM for its agriculture, especially for rice and wheat production. This does not augur well for cereals since much of the rice and wheat production spread across the area covering Gujarat to Odisha, will be adversely affected. The first effects of the ENSO have now manifested with a large deficiency in rainfall levels, with the departure from the LPA now at ~43 per cent as of June 28, 2026.

As of 28<sup>th</sup> June 2026, central India has witnessed the steepest deficit of rainfall, at 56 per cent amongst all the regions of India i.e. South Peninsular India (SPI) at 31 per cent, East & Northeast India (NEI) at 43 per cent, Northwest India (NWI) 29 per cent. This will adversely affect output of rice, maize, millets and pulses in the kharif season while a delayed and extended monsoon may augur well for a rabi crop such as wheat. The special contingency plan announced by the Ministry of Agriculture and Farmers Welfare has also included shifting the focus on short duration, low-water crops such as pulses, millets and oilseeds.

**Concluding Observations:** For policy makers, a yearlong monitoring of weather-related events is better aligned for policy making than relying only on pre-monsoon forecasts. The El- Niño effects are expected to linger till Q4 FY2026-27, abating as the IOD becomes



stronger during the period, with the probability of an extended rainfall in the later monsoon season. Inflation, both retail and wholesale, faces upside risks as food inflation remains vulnerable to both monsoon as well as geopolitical uncertainty. Acknowledging the risks to growth and inflation, RBI-MPC has reduced its growth forecast by 30 basis points while increasing its inflation forecast by 60 basis points for FY2026-27 in the June 2026 MPC meeting. While the SWM for 2026 is expected to be deficient, adequate food stocks of 604 lakh tonnes held by the government, crop diversification, water management and conservation, shifting to short duration and low water crops are expected to mitigate the impact of the deficient monsoon. The earlier oil price shock from the west Asian conflict along with a deficient monsoon will test the resilience of the economy as well aggravate the MPC's dilemma on whether to treat these prices shocks as temporary or durable. The answer will decide whether the RBI-MPC will embark on a rate hiking cycle post monsoon.

**STCI Primary Dealer Ltd.**

CIN: U67110MH2006PLC165306 | SEBI Registration Number - INZ230003337

A/B1- 801, A Wing, 8th floor, Marathon Innova, Marathon Next Gen Compound,  
Off. Ganpatrao Kadam Marg, Lower Parel (w), Mumbai 400013.

Dealing Room: (022) 66202217-20 • Settlements: (022)66202262-64, Fax (022) 66202288

Delhi Office: (011) 47676557-58 • Kolkata Office: (033) 40611435-36 • Bengaluru Office: (080) 42183166/1021

Please mail your feedback to [stcipd@stcipd.com](mailto:stcipd@stcipd.com)

- Website: <http://www.stcipd.com>
- Twitter: <https://twitter.com/stcipd>
- LinkedIn: <https://www.linkedin.com/company/stci-primary-dealer-ltd/>

THIS COMMUNICATION IS FOR INTENDED USERS ONLY. IT IS BASED UPON THE INFORMATION GENERALLY AVAILABLE TO PUBLIC AND CONSIDERED RELIABLE. THIS REPORT DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SUBSCRIBE FOR OR PURCHASE OR SALE OF ANY SECURITY AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER WITH STCI PRIMARY DEALER LTD.