

Agri-commodity prices unlikely to be affected by El-Nino, says NCML report

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Agri-commodity prices are unlikely to be affected even if there is lower rainfall due to El-Nino impacting production, a report has said.

Lower agricultural production in El-Nino years disturbs the supply demand equation of many agricultural commodities and leads to higher prices, said the report from the National Collateral Management Services (NCML).

The monsoon season, in which the country receives more than 70 per cent of its annual rainfall, will commence in a couple of months and is expected to be affected by El Nino this year.

El Nino and agri output

El Nino is a climate cycle in the Pacific Ocean with a global impact on weather patterns.

During El-Nino there is below-normal rainfall leading to a decline in food production in the country. “Despite lower production, prices of agri-commodities may not be affected due to large buffer stocks with the government,” NCML Managing Director and CEO Sanjay Kaul said.

The government’s initiatives of maintaining buffer stocks of wheat, rice and pulses may arrest aggressive gains in prices of these commodities, he added.

However, India being the largest importer of edible oils in the world, and with lower production of oil seeds expected in 2019, will see an increased dependency on import of edible oils, the report said.

Source: <https://www.thehindubusinessline.com/economy/agri-business/agri-commodity-prices-unlikely-to-be-affected-by-el-nino-says-ncml-report/article26704693.ece>