

MARKET ALERT

THE OUTLOOK FOR CALIFORNIA’S CENTRAL VALLEY LOOKS DRY

Precipitation levels in the Central Valley currently sit well below the 20 year average for February. Whilst January and early February saw weather fronts bring precipitation, unless there is significant precipitation in the later end of this month, drought conditions will stay in the severe to extreme category. Historically the months of December, January and February are the wettest months in California bringing much needed relief on the back of the arid summer months.

CURRENT CONDITIONS

Current precipitation conditions indicate that February is -67% below the 20 year average in the Central Valley looking reminiscent of the Water Year 2014.

Can there be enough precipitation in late February and March to offset what has already been one of the driest Winters in California’s history?

TABLE COMPARING 20 YEAR CENTRAL VALLEY PRECIPITATION AVERAGE VS CURRENT WATER YEAR

	CENTRAL VALLEY 20 YEAR AVERAGE (INCHES)	2020/2021 CENTRAL VALLEY (INCHES)	% OF 20 YEAR AVERAGE
OCTOBER	2.18	0.03	-98%
NOVEMBER	3.78	2.02	-47%
DECEMBER	7.62	2.75	64%
JANUARY	6.15	6.25	102%
FEBRUARY*	6.17	2.06	-67%
MARCH	6.02	-	-
APRIL	3.60	-	-
MAY	1.89	-	-
JUNE	0.44	-	-
JULY	0.18	-	-
AUGUST	0.12	-	-
SEPTEMBER	0.29	-	-

*Central Valley average is calculated using data from 19 weather stations in the Central Valley, California.

Unless significant precipitation takes place in the next few weeks we see the hydrological condition being under significant stress which will put upward pressure on the NQH2O futures market.

We think the above figures in the above table speak for themselves and all eyes should be on the rate of precipitation in the next few weeks.

Note the attachment is not an inducement to trade and Veles Water does not give advice on investments.

