T-storm® WEATHER

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Neutral Oceanic Conditions Remain Likely To Persist

Thursday, October 10, 2013

About

The Climate Prediction Center (CPC) released its monthly El Niño / Southern Oscillation Advisory today. This report discusses its potential implications for world corn, soybeans, and wheat.

Neutral Conditions Exist

Water temperatures across the equatorial Pacific Ocean remain neither warmer nor cooler than usual, which indicates that neutral conditions (neither El Niño nor La Niña conditions) persist (2). Neutral conditions are forecasted to persist through at least February, and likely into at least the middle of next year, which is similar to the CPC outlook from last month (3).

U.S. Weather Outlook

Wintertime and springtime weather across the central U.S. is somewhat correlated to strong El Niño or La Niña events. In other words, central U.S. winter and spring weather is somewhat predictable in advance when the water across the equatorial Pacific Ocean is much warmer or cooler than average. Since near-average water temperatures exist and are expected to persist, we do not have a good reason to forecast anything but near-average precipitation and temperatures through spring in key cattle and agricultural areas.

South Weather Outlook

Weather in parts of South America is correlated to strong El Niño and strong La Niña events, but since neutral conditions exist and are likely to persist, a strong clue for future weather does not exist.

The most notable issue is that key corn and western wheat areas in western Argentina were unusually dry since early August, which is limiting corn and sunflower planting and reducing intended area, as well as stressing 24% of its winter wheat (according to the *Buenos Aires Grain Exchange*) (4). That being said, the lack of rain in this region is not representative of all grain and oilseed areas (including South Brazil and Paraguay that often experience the same weather systems), which indicates dryness is most likely due to randomness (not a fundamental phenomenon such as El Niño or La Niña; if dryness persists across western Argentina, is unlikely to be related to water temperatures in the Pacific Ocean. Therefore, we cannot have strong longer-term weather expectations for grain and oilseed areas of Argentina (and southern Brazil and Paraguay); we do know that rain is needed now to plant all intended corn and sunflower, and that rain chances are low for at least another week across from Cordoba southeast.

Otherwise, weather in key soybean areas of Center-West Brazil is generally driven by a monsoonal-type climate — the winter is very dry, the summer is very wet, and rains usually occur regardless of fundamental phenomena; we do not have any reason to forecast ideal or unfavorable weather in future months.

Summary

Neutral conditions exist and are expected to persist for at least six months; an El Niño or La Niña event is not immediately foreseen. The lack of a fundamental oceanic signal precludes us from forecasting unusual weather in cattle and agricultural areas of the central U.S. through the winter and spring. Although dryness is a notable problem for corn, sunflower, and wheat in parts of Argentina, it appears to be due to randomness — not from a fundamental source. Therefore, we are not forecasting unusual weather in Argentina over the long term (or in southern Brazil and Paraguay). Key soybean areas of Center-West Brazil generally experience weather independent of water temperatures in the Pacific Ocean; unusual weather is not currently expected as the soybean season progresses.

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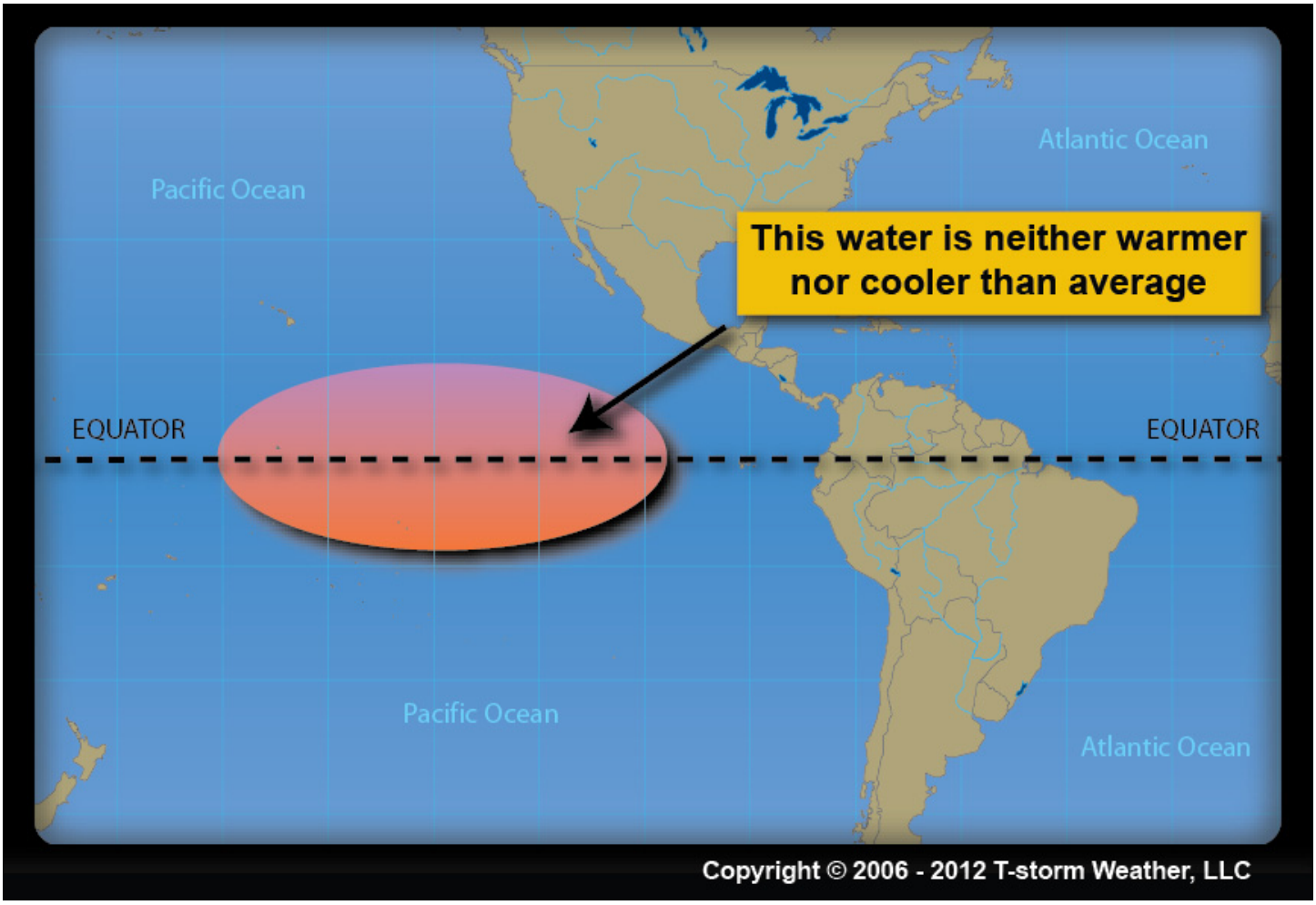
Neutral Conditions (Neither El Niño nor La Niña)



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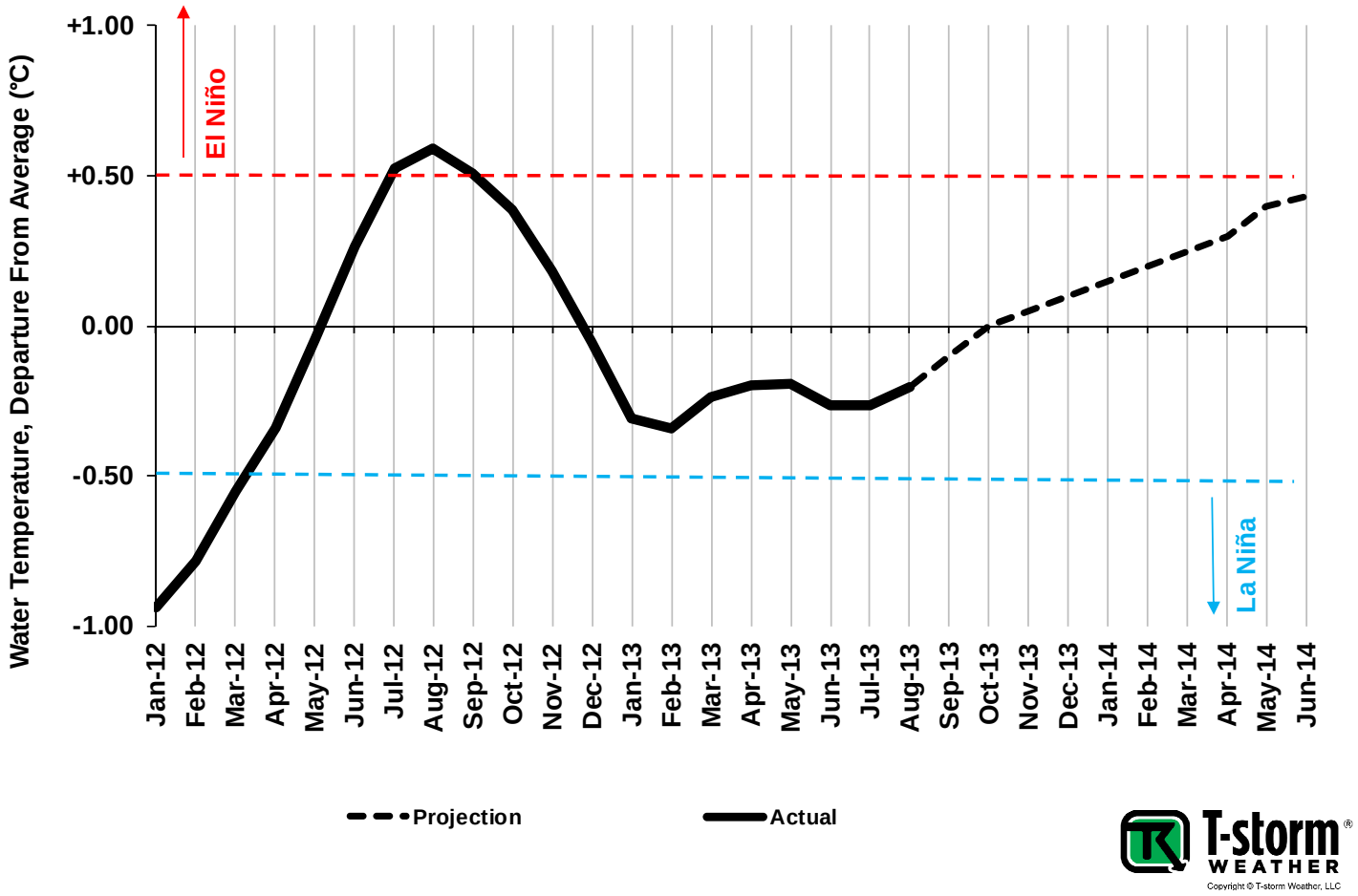
Monthly Ocean Temperature Observations and Forecast, Niño Region 3.4

January 2012 - October 2013



Notes:
Each month shows the three-month average water temperature

El Niño, La Niña, or neutral conditions only technically exist when water temperatures for 5 consecutive three-month periods are above, below, or near average, respectively.

Data source: National Weather Service

** 2013 data is actual through Mary and projected based on CPC charts from June forward*

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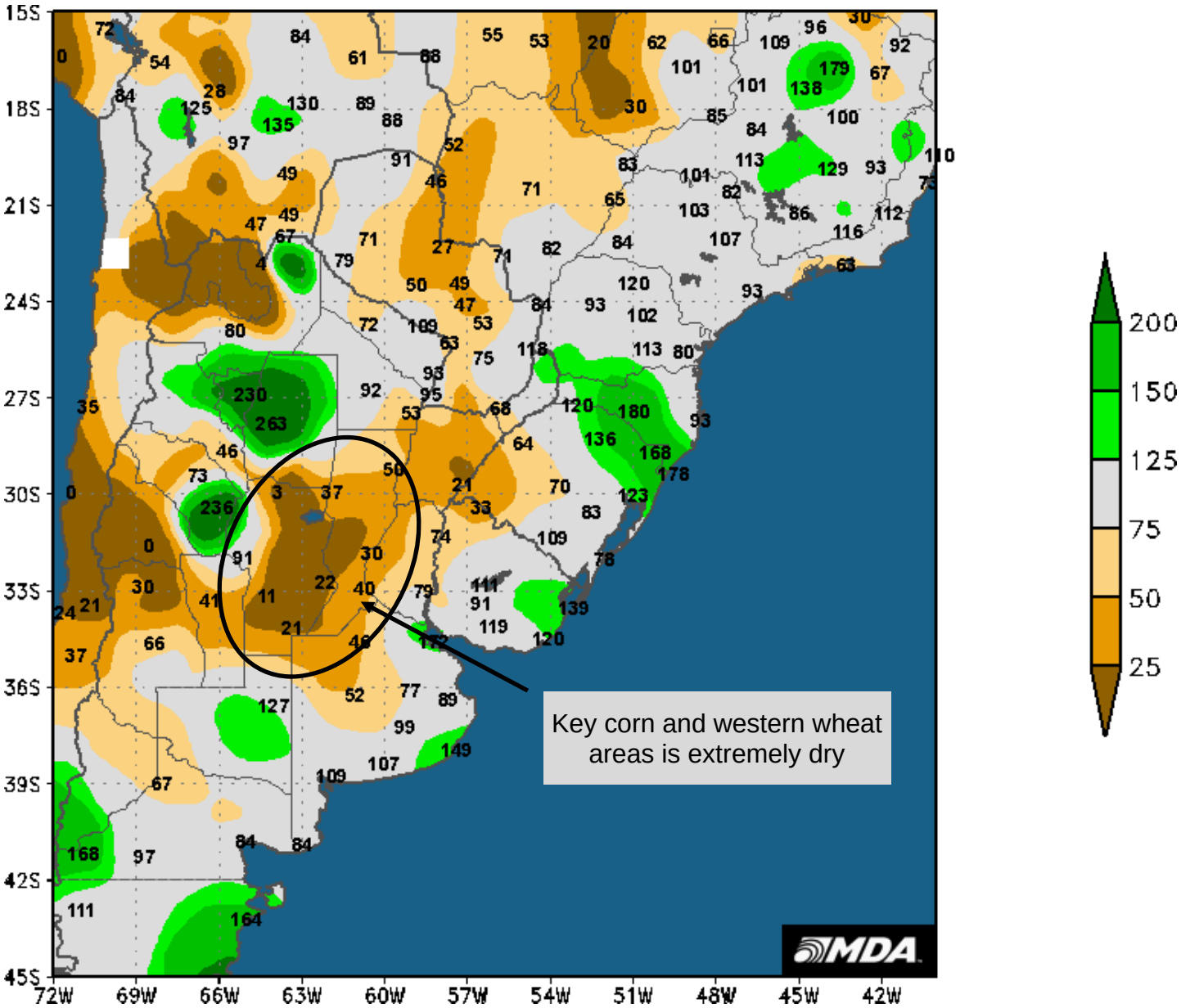
Argentina Precipitation (Percent of Normal)

August 1 - October 9



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