NORTH AMERICA WEATHER OUTLOOK

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HOW LONG INTO NEXT YEAR WILL NORTH AMERICA DROUGHT CONCERNS LINGER?

What to Watch:

- El Niño rapidly formed in the middle of this year, and its impacts are likely to be felt at least through the winter across North America
- A potentially warm and dry winter over the U.S. could prolong drought risks that exist across key winter wheat areas
- Early indications for the 2024 summer suggest that the wettest growing season in years could be in store for spring crops, which would be a bullish trend for production

EL NIÑO IS IN FULL SWING: HOW WILL IT IMPACT NORTH AMERICA IN 2024?

El Niño formed rapidly by June 2023 on the heels of a three-year La Niña event. Recently, El Niño reached levels classifying it as a strong event, which last occurred in 2015-16. This heightens the potential for it to have significant impacts in the North America 2023-24 winter before it fades. In fact, current indications show a high probability for El Niño to persist at least through February (see figure below). Interestingly, beyond the winter 2024 there could be another rapid transition back to La Niña as the year unfolds. This progression throughout the forecast will help to write the story of weather impacts on crops for North America for the better part of the upcoming year.

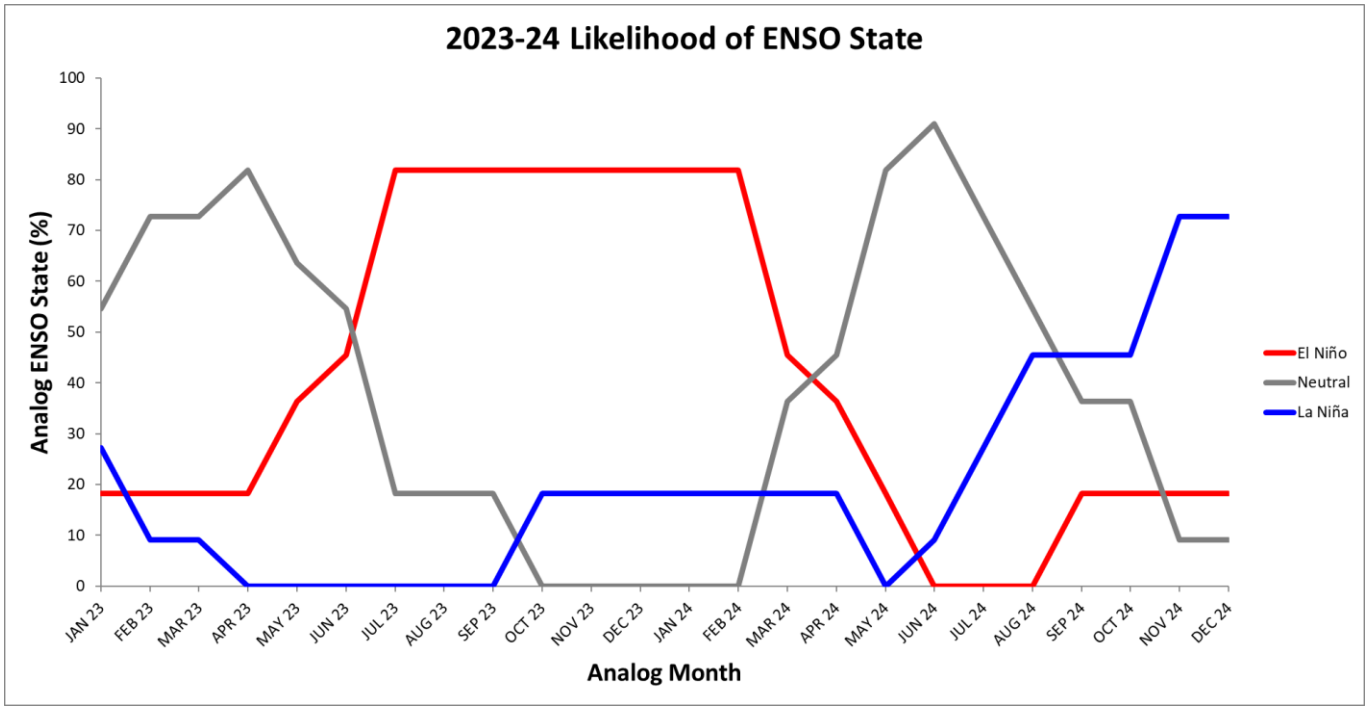


FIGURE: Monthly probability of El Niño (red), neutral conditions (gray), and La Niña through the calendar years of 2023-24 based on the top analogs for the El Niño Southern Oscillation (ENSO).

NORTH AMERICA WINTER OUTLOOK FOR 2023-24: ANOTHER MILD SEASON IN STORE?

The December-February forecast for North America suggests that El Niño will dominate on temperatures, with a warm winter likely in store across most of the continent (see figure below). The only area where a cold season is expected is in the Western U.S., where impacts on crops would be low anyway. On precipitation, an active storm track is anticipated over the Pacific Northwest and Upper Midwest into eastern Canada, which could result in snowy winters for those regions. Elsewhere, a dry winter is expected including the major winter wheat areas of the Plains and Midwest. Under a typical El Niño winter, there is also the heightened potential for Nor'easter snowstorms along the U.S. East Coast, which is why that area shows high uncertainty in our outlook due to conflicting forecast signals. On one hand, the notion of a warm winter bodes very well for minimizing winterkill risks to wheat, but existing drought may worsen at the same time along the Plains and Midwest states of dry conditions prevail as anticipated. This scenario would set up for a potentially high impact spring depending on whether rains arrive or not.

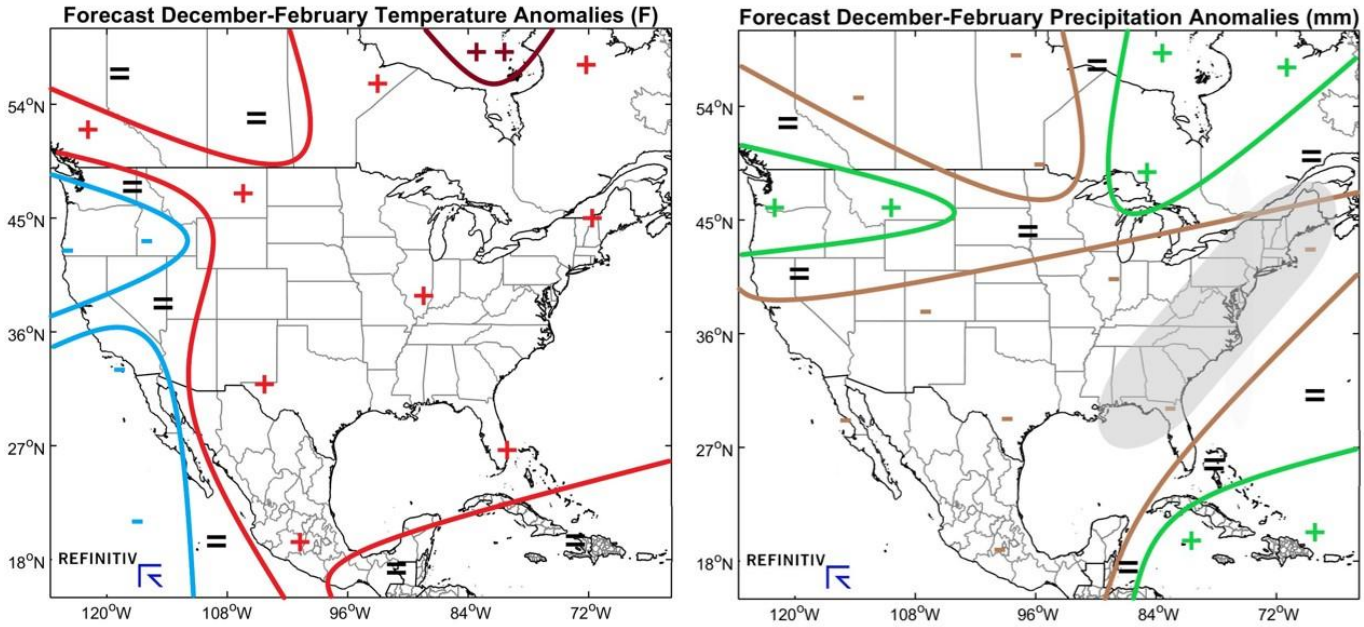


FIGURE: Forecast temperature (left) and precipitation (right) anomalies during December-February from our official North America winter outlook. For interpretation on temperatures (precipitation), the "+/-" signs correspond to temperatures (precipitation) 1-3 °F (25-75 mm) above/below normal, with the "=" signs corresponding to near normal weather conditions. In the case of temperatures, the "++" areas represent temperatures more than 3 °F above normal. Gray shading in the precipitation outlook represents an area of high forecast uncertainty.

2024 SPRING AND SUMMER PREVIEW FOR NORTH AMERICA: WILL DROUGHT REIGN AGAIN?

If the U.S. winter is warm and dry as anticipated, drought concerns for crops, beginning with wheat, will carry into the spring. A forecast from the best current indications (see figure below) suggests that March-May could be yet another largely warm and dry season over key portions of North America. The warmest temperatures are likely to be focused on Canada and the Northern U.S. Plains, with milder conditions to the south. Meanwhile, a wet spring could be in store for the Northern U.S. Plains and Canadian Prairies, while the U.S. Midwest and Southern Plains are expected to be dry throughout the spring. If this verifies, there will be considerable downside risks to U.S. winter wheat, and drought risks would linger as a question for spring crops such as corn and soybeans. Meanwhile, Canada could finally break out of its severe drought from this year if a wet spring is observed there, supporting upside for wheat/rapeseed at least through the planting stage.

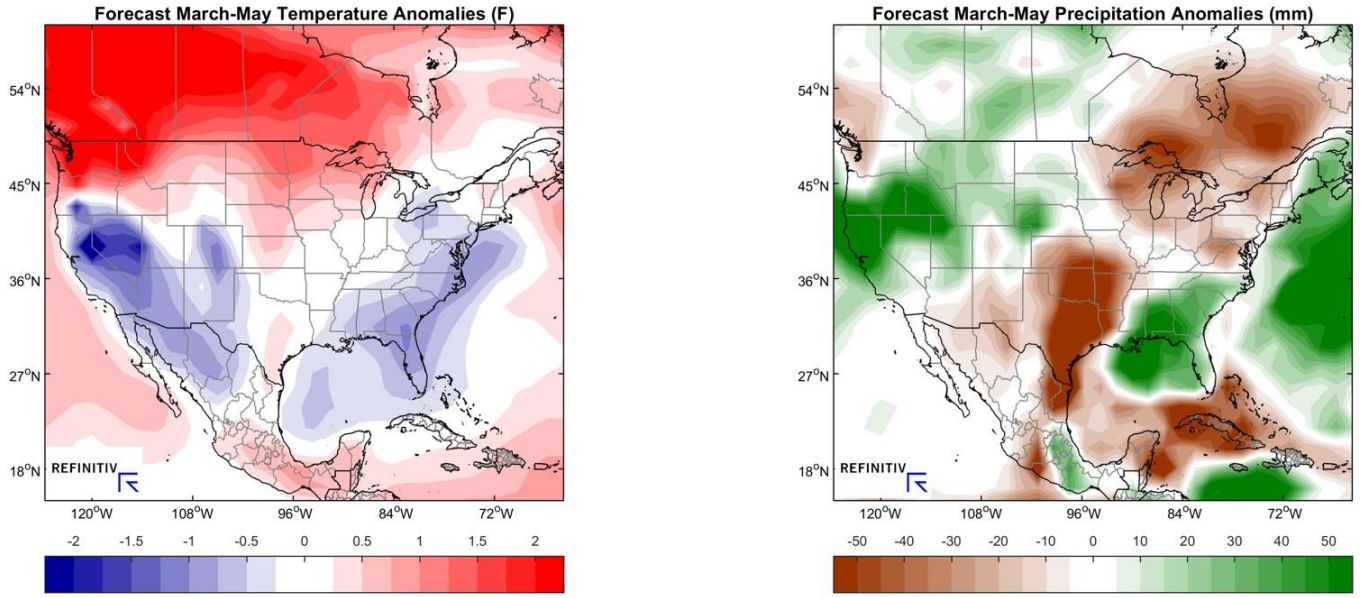
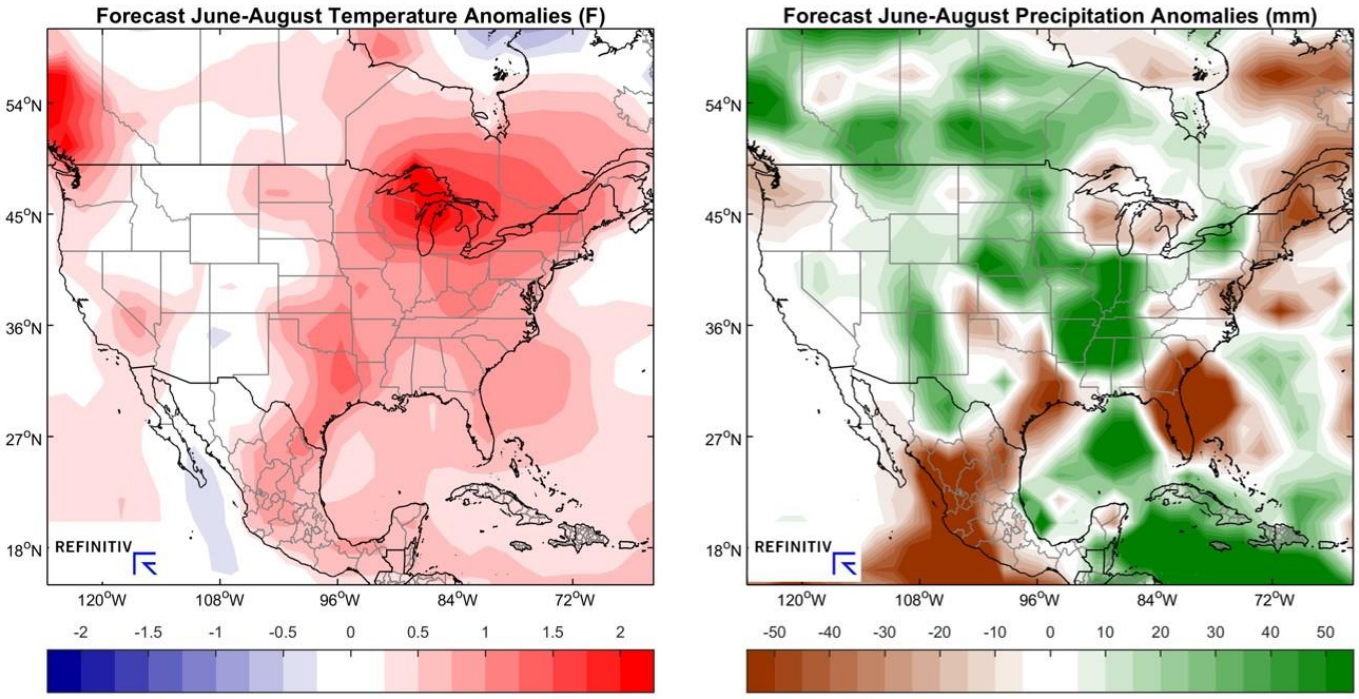


FIGURE: Forecast temperature (left) and precipitation (right) anomalies during March-May across North America, based on the leading analog years, with a scale for interpretation below each image.

For spring crops, summer weather impacts are by far the most important regardless of how the planting campaign unfolds. An early forecast for June-August (see figure below) shows that another summer of heat risks could be in store for North America, but it comes with a silver lining. Significant drought concerns that are likely to exist entering the summer could finally break, in what looks to be the wettest summer in several years for North America based on the forecast. Specifically, high rainfall is expected to span the Canadian Prairies as well as most of the U.S. Corn Belt, hitting the most critical crop areas. If this trend holds, it will be bullish for all North America spring crop production in 2024.



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