

# Zaner Group

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## HOW MUCH DOES WEATHER MATTER?

Futures traders know the pivotal role that weather plays in determining long-term price trends. An understanding of the Weather Factor and knowing when and how it can affect growing conditions helps traders anticipate changes in Supply. Other fundamental factors – government programs and international purchase agreements for example – can also trigger sudden price changes. However, in most crop years, the greatest price trends have traditionally been weather related.

This Report is intended as an educational tool to help you understand both when weather is most critical for specific commodities as well as what kind of weather conditions are viewed as favorable or unfavorable for yields, crop production and harvest. Of course, fundamental analysis is based on Demand as well as Supply and therefore must take into account acreage, disease damage, storage carryover, livestock numbers and numerous other interactive Supply/Demand variables.

When Does Weather Matter?					
<b>Cr</b> = Time of year when weather is a <b>Critical</b> factor in fundamental price analysis					
<b>I</b> = Time of year when weather is a <b>Important</b> price determining factor					
<b>B</b> = Time of year weather can have a major impact on the <b>Brazilian</b> soybean crop					
	Winter Wheat	Spring Wheat	Corn	Oats	Soybeans
January					B
February	I				B
March	I			I	B
April	Cr		I	I	I
May	Cr	I	I	I	I
June	Cr	I	I	Cr	I
July	I	Cr	Cr	I	Cr
August	I	Cr	Cr		Cr
September	I	I	Cr		Cr
October			I		I
November					
December					B

Winter Wheat is traded on the Chicago Board of Trade and Kansas City Board of Trade.  
Spring Wheat is traded on the Minneapolis Grain Exchange.

Trading futures, options and forex is speculative in nature and involves risk of loss. Traders can and do lose money.

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### Watching the Weather When It Matters Most

#### APRIL

Winter Wheat: Ideal growing conditions are cool and wet, which promotes maximum yield potential. Watch for temperatures above 90 degrees during late April as an indicator of future crop problems. Generally ignore freeze concerns unless they are in some of the very early crop areas.

#### MAY

Winter Wheat: Watch for freezing temperatures. This can cause major yield losses as the crop is quite vulnerable to cold weather. Rainfall is of less significance from south to north during the month as the crop heads toward maturity.

#### JUNE

Winter Wheat: Wet weather can be bullish as it slows the harvest and causes losses by knocking down the mature wheat. Warm, dry weather is favorable for a rapid harvest.

Corn & Soybeans: Warm, moist weather is ideal for rapid development. Unless conditions are very hot and dry during the month, it is difficult to forecast a “weather market.”

Oats: This rapidly developing crop can easily be affected by the weather in a just a few weeks. Temps in the 90’s along with little rain can cause significant stress; and temperatures above 95 can be devastating without significant moisture reserves.

#### JULY

Spring Wheat: Cool temperatures and occasional showers during this critical head filling stage will produce maximum yields. Excessive heat or rain will cut production when harvest begins in August.

Corn: This is the critical month, as pollination takes place. Ideal conditions are mild days (80’s) and cool nights (50’s). Temps in the 90’s are generally bullish, with readings near 100 very bullish no matter how moist the soil. The last truly great bull market in corn began mid-July 2003.

Soybeans: Not a critical month for soybean development unless conditions are quite severe. However, if weather is bullish for corn, soybeans likely will follow.

#### AUGUST

Corn: Not as critical a weather month as July; however if hot, dry weather persists some yield losses are possible due to poor filling of the ears.

Soybeans: The critical month for this crop, as pods form and fill. Ideal conditions are cool and wet. Hot (90’s+) dry weather can sharply lower yield prospects. However, the crop is much more forgiving than corn and can wait out stressful weather for more favorable conditions without major losses.

#### September

Corn & Soybeans: Cool, wet weather is bullish, as it slows down the harvest. Excessive rains can cause harvest losses, but warm, dry weather leads to a rapid harvest. Freezing temps are generally not as important as the market makes them appear, since the crops are usually beyond the point where a freeze could cause significant damage.

Trading futures and options is speculative in nature and involves risk of loss. Traders can and do lose money. The information in this report was obtained from sources considered reliable, but we do not guarantee its accuracy. Neither the information, nor any opinion expressed, constitutes a solicitation for the purchase or sale of any commodities.