

# Zaner Group

Financial Services Since 1980

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## WHEN 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 supply-driven 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?					
Cr = Time of year when weather is a <b>Critical</b> factor in fundamental price analysis					
I = Time of year when weather is a <b>Important</b> price determining factor					
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 MGEX (Minneapolis Grain Exchange).

**Trading futures and options is speculative in nature and involves substantial risk of loss and is not suitable for all investors**

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## **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. Temperatures 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. [Note: “*bullish*” refers to the possible effects of weather upon Supply; and not necessarily to the corn prices]

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.

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## ***AUGUST***

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 viewed as fundamentally bullish, as it slows down the harvest. Excessive rains can cause beans harvest losses, but warm, dry weather leads to a rapid harvest. Freezing temperatures 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, involves substantial risk of loss and is not suitable for all investors. You should carefully consider whether trading is suitable for you in light of your circumstances, knowledge and financial resources. All known news and events have already been factored into the price of the underlying commodities discussed.**