Expect weather to play a critical role for pricing both old and new crop corn and soybeans this spring. South America weather typically dominates the news during the fall and winter months. This is where the majority of the world’s soybeans are produced. However, the U.S. annually produces nearly 40% of the world’s corn, thus, the attention to weather in the spring and summer months.

Comparing U.S. Crop Production to South America
Brazil and Argentina annual corn production would be comparable to the major corn producing states such as Iowa, Illinois and Minnesota.

Corn exports from South America are usually from Brazil’s second or safrina crop that was planted in January and February. Expect those bushels to compete against U.S. corn exports during our summer months.

Note that Brazil and Argentina soybean production combined easily outpaced the record 2018 U.S. soybean crop of 4.544 billion bushels according to the February 2019 WASDE report.

Despite drier than normal growing conditions in much of Brazil, they still produced almost as many bushels as the U.S. Argentina soybean production is about the same size as the largest U.S. soybean producing states combined.

2019 Global Weather Forecast
According the International Research Institute (IRI) at Columbia University, the tropical Pacific cooled to a borderline El Niño (red bar) this winter, while subsurface waters continued to be warmer than average.
Some atmospheric patterns of El Niño that had been lacking, finally developed in late January and February. Collective forecasts of models show a return to weak El Niño-level into the summer months. The official outlook now carries an El Niño advisory with a 65% chance of El Niño prevailing during February thru April, decreasing to 50% for April thru June. This tends to be favorable growing conditions in the U.S. and the potential for above trendline yields.

**Seasonal Futures Trends**

Having crop price and time objectives are critical, especially during the spring months when crop prices tend to peak. Corn futures prices tend to rally in the late winter or early spring months and peak by mid-June. This reflects the period of the greatest uncertainty for corn production in the northern hemisphere where nearly 85% of the world’s feed grains are produced.

**Soybean futures prices typically move higher in the late fall and winter months when southern hemisphere production is threatened. Then soybean prices typically rally again in the late spring and early summer months, reflecting uncertainty of northern hemisphere production. With record large U.S. and global ending stocks, weather rallies in the northern hemisphere will be critical with the uncertainty exports due to trade and tariff issues.**