

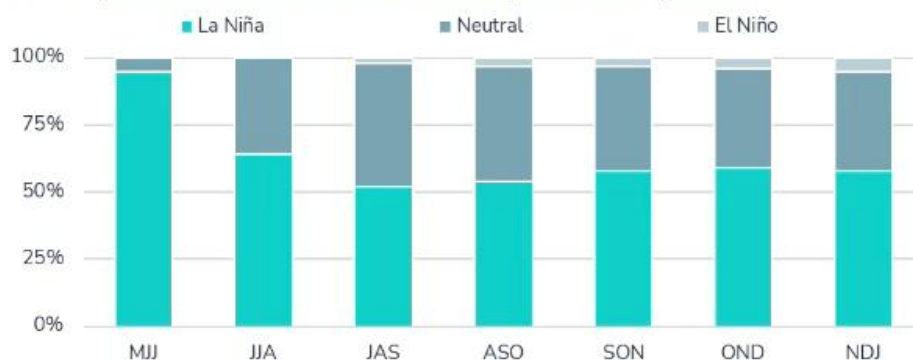
## Grains, Oilseeds Yields Impacted as Third La Niña Looms (Part I)

Severe weather impacts and impacted crop outcomes could result from a third consecutive La Niña event, on the heels of a year that is likely to spell further tightness for the global grains and oilseeds markets.

Droughts, war, high prices, and resultant intensifying protectionism are already expected to shape the 2022/23 marketing year into a historic one for grains and oilseeds. A third consecutive La Niña could prolong difficult growing conditions for farmers across the Southern US and other global breadbaskets.

According to the IRI/CPC forecast from June 9, the probability of La Niña conditions persisting into November-January stands at 58%. The potential for neutral conditions over the same timeframe is forecast at 37%, with single-digit probability of a reversal into an El Niño pattern.

### 2022 probabilistic ENSO Forecast, 3-month period



Note: Published June 9, 2022.

Sources: Stable Market Reporting, IRI/CPC.

### What is La Niña?

La Niña can generally be understood as a sister event to the better-known El Niño. Broadly, El Niño is characterized by a warming of the eastern equatorial Pacific and simultaneously weaker westward trade winds along the equator. La Niña describes the opposite: Stronger westward trade winds and colder, more nutrient-dense waters off the west coast of the Americas.

Both phases significantly impact weather patterns and agriculture well beyond the equatorial Pacific region. Although each state typically lasts for 9-12 months, they can persist for several years at a time.

A third year of La Niña—while historically rare with its last occurrence in 1998-2001—could continue to strain global supply and exacerbate drought in key US growing regions. In previous occurrences, the event has been linked to a reduction in aggregate global agricultural production with an increased likelihood of wet weather across much of the Southern Hemisphere, including Southeast Asia and Eastern Australia, coupled with drier and warmer weather in the Southern US.

Still, a La Niña event does not necessarily guarantee exact weather patterns in any one region and actual impacts can vary year on year.

### **Upcoming months to bring bump in grains, oilseeds yields**

Should another La Niña follow this year's, possible impacts on US grains and oilseeds yields for the next year could be wide-ranging. Some studies show little correlation between certain crops' yields and La Niña weather patterns. Soybeans fall into this category, with one May 2022 study in *farmdoc daily* suggesting a weak relationship between US soybean yields and ENSO phases.

While outcomes for a third La Niña period are difficult to predict, the summer months ahead can offer some insight as they are extremely likely to fall into La Niña territory. Despite the drought associated with La Niña in many of the key producing US states, current forecasts mostly suggest improved yields on year.

The June 2022 WASDE report shows US wheat yield per harvested acre is expected to increase from the previous year to 46.9 bushels, but remain below the 49.7 bushels achieved in the 2020/2021 marketing year. Since the 2008/09 marketing year, US wheat yields per harvested acre have mostly remained within a range of 43-48 bushels.

Corn and other feed grains' yields are expected to remain flat on year, while sorghum, barley, and oats are all forecast to see varying yield increases. Similarly, soybeans could see a slight bump in yields to reach 51.5 bushels per acre, from 51.4 the year prior.