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Global Agribusiness

El Niño Tracker: Higher Probability, Stronger Intensity, Higher Risk of a Historic Event

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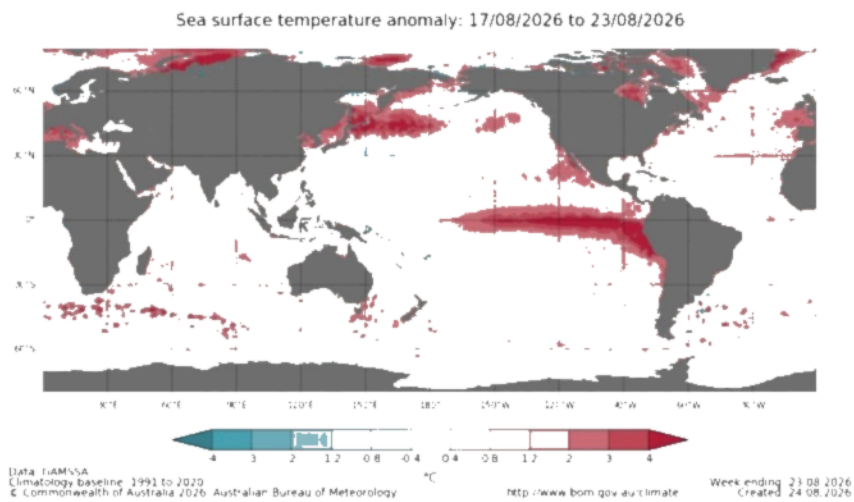
LATAM AGRIBUSINESS

Latin America

Industry View **In-Line**

El Niño risks continue to build. In our August Tracker, we examine how forecasts have strengthened, where weather anomalies are beginning to appear, whether commodity markets are starting to price a higher weather risk premium, and how corporate commentary is evolving across sectors. While evidence remains uneven, we are seeing the first indications of market transmission in selected commodities and company disclosures. For a broader roadmap of where risks are concentrated and how investors may position for them, see Global Agribusiness: El Niño Risks Rising into 2026/27: Where the Risk Sits, and How to Play It — a Global Cross-Sector Guide

Exhibit 1: Equatorial Pacific Warming Has Broadened as El Niño Strengthens



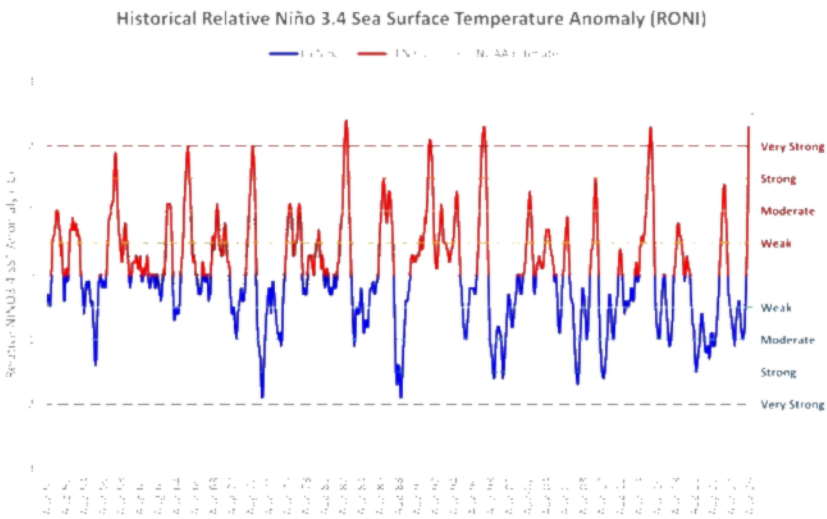
Source: Australian Bureau of Meteorology, Morgan Stanley Research

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Exhibit 2: NOAA's +2.5°C RONI Scenario Would Exceed Every El Niño Since 1950



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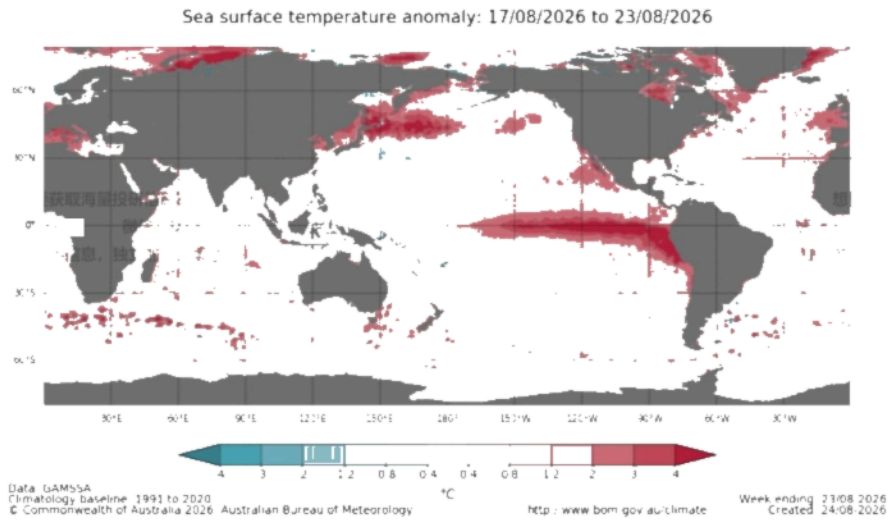
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El Niño Tracker — August 2026

95% Odds of a Record El Niño; Early Market Signs Emerging

– **What changed:** NOAA lifted very-strong 4Q26 odds to 95% from 81%; a 69% chance RONI exceeds +2.5°C would be the strongest event since 1950.
– **What is confirmed:** Ocean and atmosphere have coupled. Indonesia; Brazil, Australia and India early signs emerging.
– **What is still forecast:** The 4Q26 peak, persistence into 1H27 and a positive IOD remain forward-looking, not observed.
– **Market response:** Agricultural commodities are mostly on the rise and sugar has repriced, yet weather headlines have not yet become balance revisions.
– **What to watch:** Brazil rainfall onset and soybean planting pace into the safrinha window; the Indian monsoon deficit; and drought in Indonesia and Australia.
– **Investment implications:** See the cross-sector stock lists inside— potential beneficiaries, names at risk and limited impact.
Data as of 19 August 2026; prices as of 24 August.



Source: NOAA CPC ENSO strength probabilities and RONI probabilities issued August 2026); IRI Columbia ENSO update; Morgan Stanley Research

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What changed? Higher probability, stronger intensity, higher risk of a historic event

Confidence in a very strong 4Q26 peak rose to 95% from 81%, a +2.5°C tail appeared at 69%, the IOD turned slightly positive, forecast positive, and observation is catching up with the forecast. Peak timing and market breadth remains unchanged, while persistence into 1H27 is now more firmly supported.

Metric	July	August	Takeaway
Very strong event probability (Oct–Dec)	81%	**95%**	Higher confidence in a very strong peak
Extreme intensity: RONI ≥ +2.5°C	-	**69%**	Tail risk materially higher
Indian Ocean Dipole	Neutral, watch item	Slightly Positive **WMO forecasts a positive phase**	Reinforcing dryness risk
Physical confirmation	Early, mostly oceanic	**Strengthening; Indonesian dryness visible**	Observation catching up with the forecast
Expected peak timing	4Q26	4Q26	Unchanged
Expected duration	Into 1H27	Into 1H27: 100% Jan–Mar, 97% Feb–Apr, 82% Mar-May	Firmer and longer
Market transmission	Limited	Selective — sugar leading, cocoa,	Repricing still narrow

One caveat on reading the table

Conditionality: greater intensity raises the odds of the typical regional patterns, it does not guarantee them. Every row above shifts a probability, not an outcome.

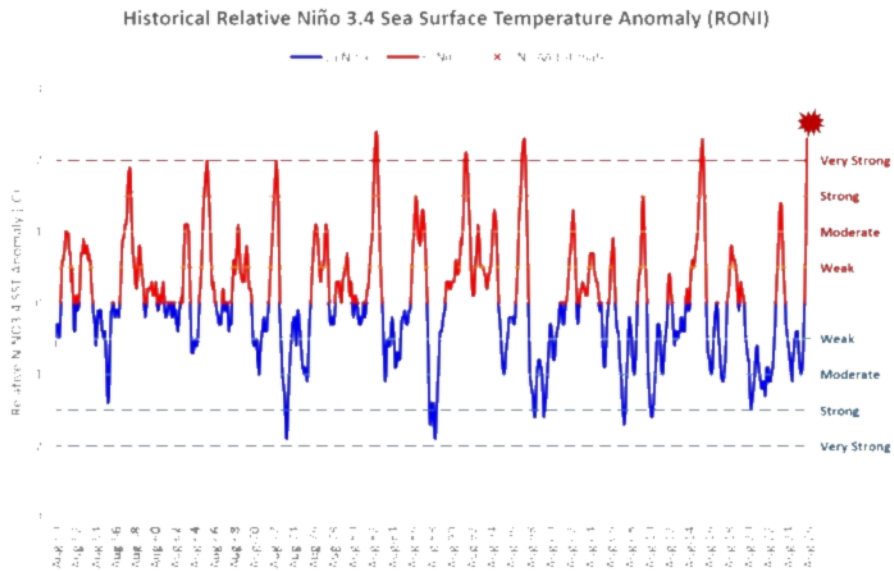
Source. NOAA CPC ENSO strength probabilities and RONI probabilities (July and August 2026 issues), WMO Global Seasonal Climate Update, Morgan Stanley Research.

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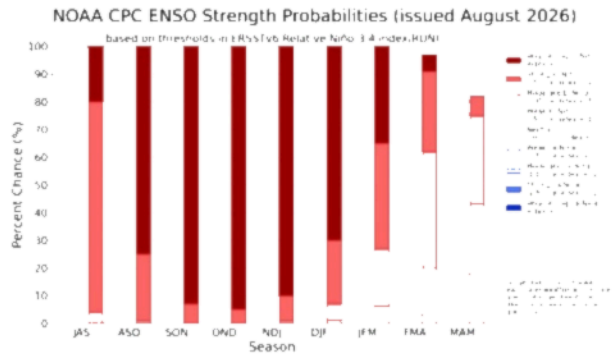
NOAA Now Puts 95% Odds on a Very Strong 4Q26 El Niño And Lasting Into 1H27

Odds rose to 95% from 81% in July, and a 69% chance RONI exceeds +2.5°C would make this the strongest event since 1950.

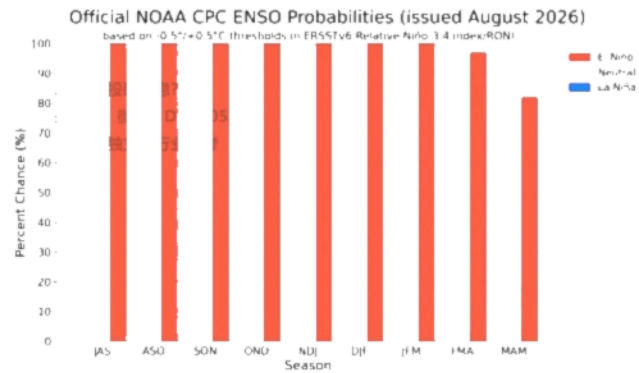
1. RONI would exceed every El Niño since 1950



2. Strength distribution has shifted right



3. Persistence stays elevated into 1H27



What it means

A record-strength event peaking in 4Q26 and persisting into 1H27 spans into North Hemisphere planting and two Southern Hemisphere crop cycles.

The risk is consecutive-season of abnormal weather conditions.

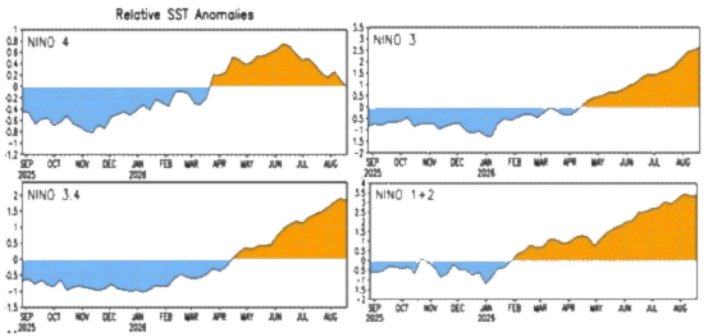
Source. NOAA CPC ENSO strength probabilities and RONI probabilities issued August 2026); IRI Columbia ENSO update; Morgan Stanley Research.

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El Nino 4Q26 Peak Is on Track: Ocean and Atmosphere Have Now Coupled

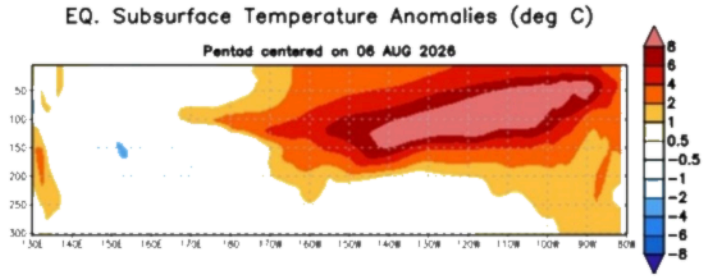
The one condition: subsurface anomalies must hold through the peak — the four indicators below are all currently aligned.

OCEAN **1. Surface warming has accelerated across every Niño region**



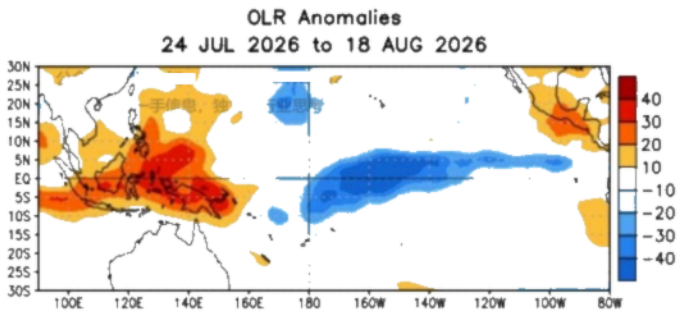
Anomalies are rising in parallel across all four Niño regions, with none stalling.

OCEAN **2. Subsurface heat is deeply entrenched — the reservoir that must hold into the peak**



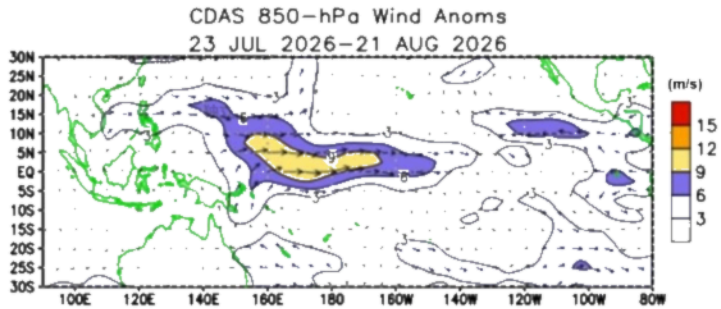
Warm anomalies extend through the upper ocean across the central and eastern Pacific.

ATMOSPHERE **3. Convection has shifted east, confirming the atmosphere is responding**



Suppressed over Indonesia, enhanced over the central and eastern Pacific — the coupling that separates an event from warm water alone.

ATMOSPHERE **4. Westerly wind anomalies are reinforcing, not resisting, the warming**



Low-level westerlies extend across the western and central equatorial Pacific, sustaining the ocean–atmosphere feedback.

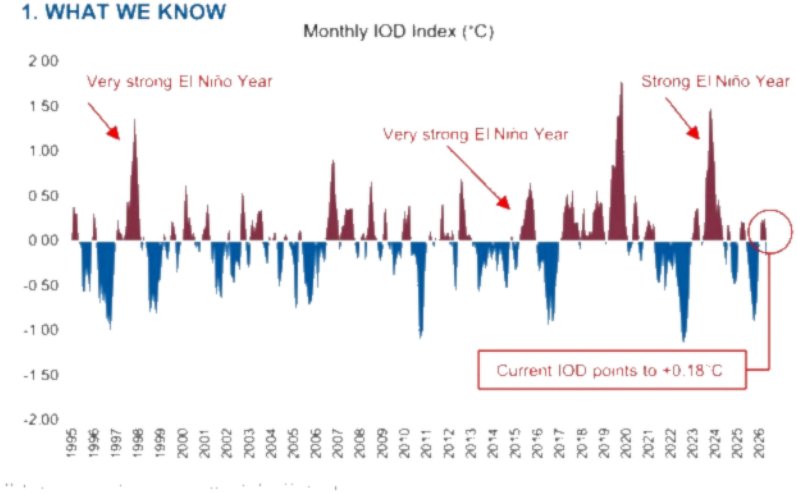
Source: NOAA CPC relative Niño indices (month-to-date 1–18 Jul 2026); NOAA NCEP equatorial subsurface temperature anomalies, pentad centred 4 Aug 2026; NOAA OLR anomalies, 24 Jul – 18 Aug 2026; CDAS 850-hPa wind anomalies, 23 Jul – 18 Aug 2026; Morgan Stanley Research.

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A Positive IOD Could Amplify El Niño Dryness Across Indonesia and Australia

At +0.18°C the index is only marginally positive and the phase is not confirmed.
The forecast is for turning positive by WMO. Positive IOD Signals Could Reinforce El Niño Dryness Risks Across Indonesia and Australia

1. WHAT WE KNOW

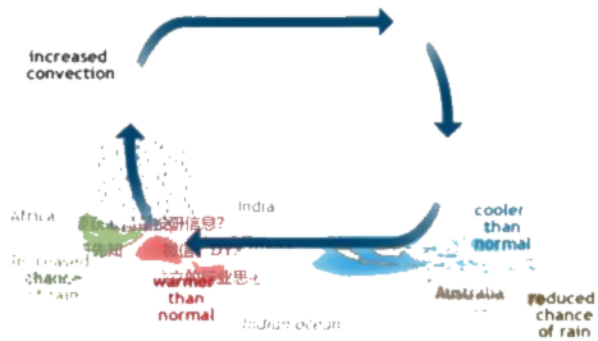


- **Index at +0.18°C** — a weak reading by historical standards; a positive phase is not yet confirmed.
- Indonesian dryness and suppressed convection are already visible; fire and haze risk is rising.
- Southeastern Australia entered spring with a multi-year moisture deficit.

2. WHAT IT WOULD DO

- **Palm oil:** Indonesia/Malaysia dryness hits yields with a lag.
- **Coffee:** raises robusta risk in Indonesia and Vietnam.
- **Sugar:** reinforces India/Thailand/SE Asia dryness risk.
- **Wheat/dairy:** Australia dryness raises wheat, pasture and milk-supply risk.

Positive IOD Effects



3. WHY NOT YET — AND WHAT WOULD CHANGE IT

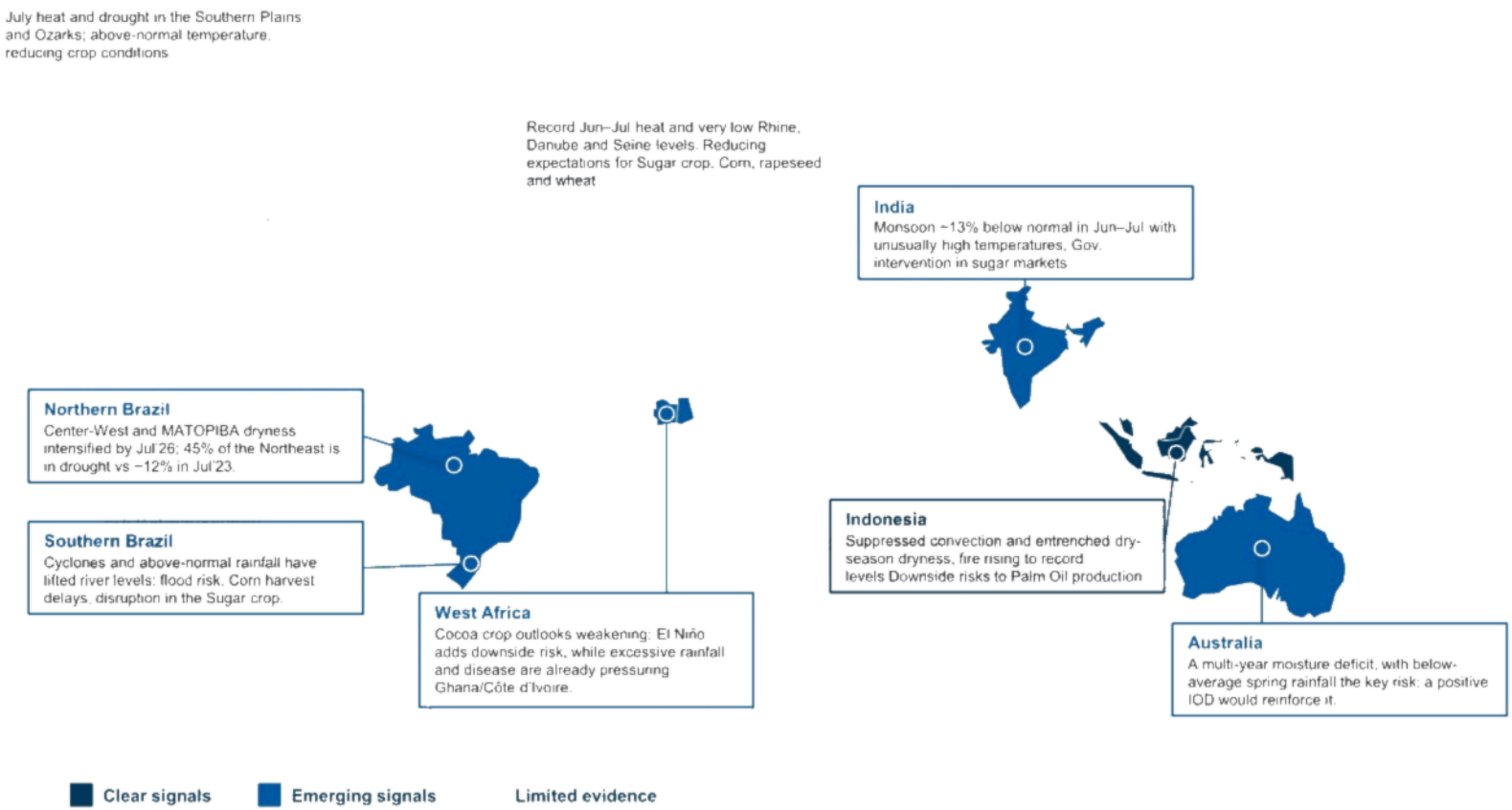
- **Analog caution:** 2015/16 paired a very strong El Niño with a weak positive IOD and the dryness impacts underwhelmed.
- **Watch:** a decisive move into positive territory confirmed by BoM, alongside sustained Indonesian rainfall deficits.

Source: Australia BoM, NOAA Climate.gov, WMO GSCU Aug–Oct (Jul 31), India Meteorological Department. Chart reproduced from the July El Niño panel.

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Where Are We Seeing Signs of Weather Transmission?

We see El Niño-related conditions becoming more visible, led by Indonesia, with early evidence across Australia, Brazil, India and West Africa.



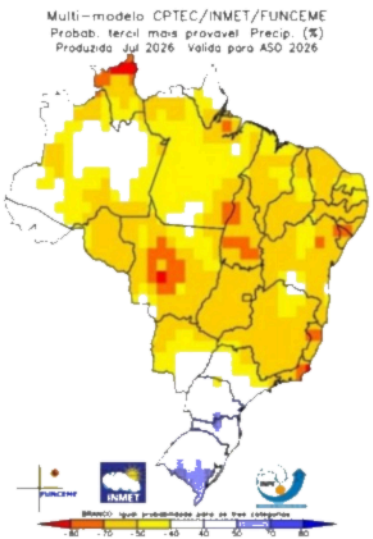
Source: SiPerga Reuters (Indonesia); Copernicus C3S (Europe); INPE/Inmet (Brazil); Australia BoM, IMD/DATAGRO, NOAA CPC (US), COCOBOD and industry reported via Reuters (West Africa); Morgan Stanley Research

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Brazil Will Be One of the Next Major Watch Points for El Niño

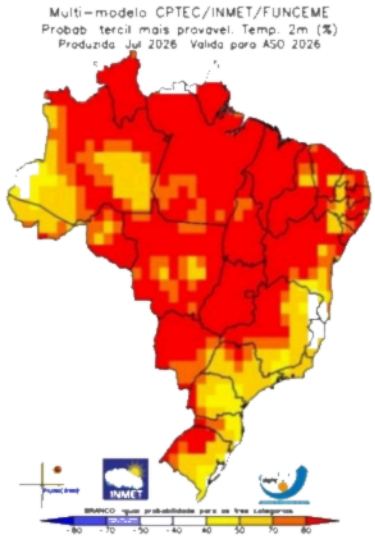
Planting starts in September. What matters now is rainfall onset in the Center-West, soybean planting pace against the five-year average, and the safrinha window that depends on both.

Precipitation: Drier Center-North, Wetter South



Rainfall: Higher Probability of Below-Normal Rainfall Across Center-North Brazil; Wetter South

Temperature: Above-Normal Heat Across Most of Brazil



Temperature: High Probability of Above-Normal Temperatures Across Most of Brazil

South

Production read: above-normal rainfall and cyclones have lifted river levels in Rio Grande do Sul and Santa Catarina. Flooding, not drought, is the risk to soybean quality and logistics; the wet-South signal is ENSO-consistent.

Center-West & MATOPIBA

Production read: dryness and low humidity are intensifying, with dryness concentrating in MATOPIBA. A delayed onset into Sep–Nov would tighten the soybean planting window, push harvest later and compress the safrinha corn window — the single most important transmission channel in Brazil.

Amazon

Production read: Sep–Oct is the critical window. Below-average rainfall, a delayed wet-season onset and above-normal temperatures raise fire and navigation risk, with implications for barge freight and fertiliser delivery.

Northeast

Production read: more than a third of the region is already in moderate drought, against roughly 10% at this stage of the 2023 event, pressuring 2H26 output.

Source: Brazil federal government (Aug 3); INPE; nmet; El Nino 2026-27 Panel; Bloomberg; BNamericas (Aug 10); company 2Q26 calls (COPEL, Auren, AXIA, Hidrovias); Morgan Stanley Research

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Weather Risks Are Emerging Faster Than Supply Responses

For most commodities the chain currently breaks at crop exposure or production expectations — which is why weather headlines have not yet become balance revisions.

El Niño → Weather → Crop exposure → Production expectations → Supply–demand balance → Price response

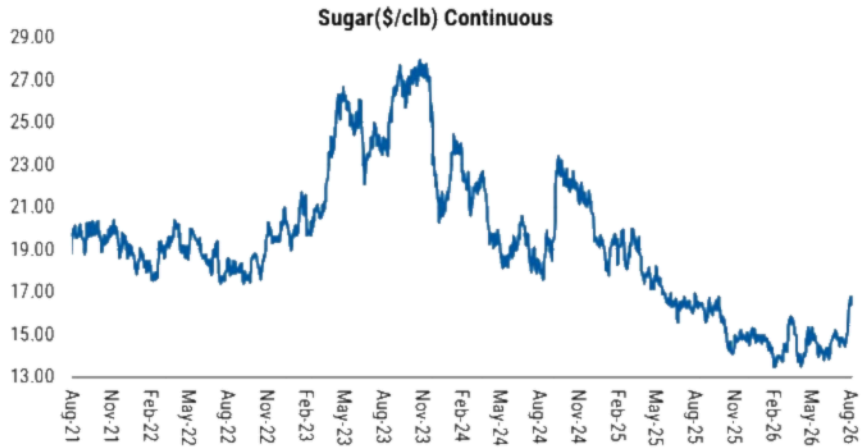
Commodity	Weather risk	Physical evidence	Balance impact	Price response	What would have to happen for us to call the link demonstrated
Sugar	High	Emerging	Moderate	Positive	Center-South TRS and crush mix confirmed lower; India and Thailand cane rainfall deficits through monsoon withdrawal
Palm oil	High	Limited	Not yet	Positive	Indonesian and Malaysian rainfall deficits sustained into 4Q; yield response typically lags six to twelve months
Soybeans	Mixed	Limited	Not yet	Modest	Center-West rainfall onset delayed enough to slow planting; Argentine upside no longer offsetting Brazil risk
Corn	Moderate	Limited	Not yet	Positive	Next Safrinha window compressed by a late soybean harvest; US pattern turning adverse in the 2027 growing season
Coffee	Moderate	Limited	Not yet	Limited	Robusta-belt dryness in Vietnam and Indonesia during bean filling; Brazil arabica flowering rains disappointing
Wheat	Moderate	Emerging	Early	Modest	Australian spring rainfall shortfall plus frost risk, followed by an ABARES production downgrade
Cocoa	Moderate	Emerging	Early	Positive	Further Ghana/Côte d'Ivoire crop downgrades with El Niño continuing to be cited as an additional downside risk alongside rainfall, disease and other crop-specific factors

Source: Morgan Stanley Research estimates; NOAA CPC; Australia BoM; INPE; limited company disclosure. Assessments are qualitative and reflect evidence available as of 19 August 2026.

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Agricultural Markets Strengthen as Extreme Weather Risks Build

Sugar prices have begun to recover as weather-related supply concerns increase, although other fundamental drivers remain important.



Alternative drivers we cannot dismiss:

India policy:. Export restrictions and import quotas remain important drivers; ethanol limits could boost sugar supply independent of weather

Brazil sugar mix: crush allocation between sugar and ethanol responds to relative prices, not rainfall

Oil: ethanol parity ties sugar to crude, which has moved on its own drivers

FX: BRL weakness changes producer economics and hedging behaviour

Positioning: the market entered the move short, amplifying the recovery

Agricultural commodity performance moving up as extreme weather conditions forecast intensifies

Commodity	Unit	Contract	Since July 1st	Since June 1st	YoY Change	Current vs. 10Y High	Current vs. 10Y Average	Current vs. 10Y Low	Current Price	10Y High	10Y Average	10Y Low
Sugar			15.08%	15.46%	2.13%		2.31%	83.90%	17.25	27.95	16.86	9.38
Coffee			8.05%	28.49%			79.99%	280.51%	3.35	4.29	1.86	0.88
Cocoa			14.77%	50.04%			57.34%	228.31%	5,644.00	12,566.00	3,714.30	1,720.00
Palm Oil			9.92%	6.97%	14.96%				1,223.50	7,104.00	1,506.96	1,092.00
Rice			7.64%	14.92%	24.64%		6.91%	55.97%	14.36	22.07	13.44	9.21
Corn			18.63%	10.77%	12.67%		9.39%	62.96%	5.01	8.14	4.58	3.08
Soybean			5.26%	4.31%	13.85%		9.02%	53.18%	12.29	17.69	11.28	8.03
Wheat			17.42%	17.73%	33.62%		19.53%	81.46%	7.06	12.94	5.89	3.88
Brent Oil			22.02%		29.92%		23.55%	351.78%	87.33	127.98	73.63	19.33

Attribution. Sugar is consistent with rising weather-related supply concerns

Source: Bloomberg, Factset (prices as of 24 August 2026) DATAGRO, Morgan Stanley Research

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Most Agricultural Markets Still Show Limited Evidence of El Niño

Evidence of El Niño Remains Limited, but Supply Expectations Are Falling and Weather Premiums Are Emerging

Heat scale: darkest = corroborated by evidence | mid = plausible channel, unproven

Commodity	El Niño evidence	Channel / trigger to watch	Read-through
Sugar	Some evidence	Center-South TRS and output; India policy, ethanol mix, oil and FX	Recovery off multi-year lows is corroborated by producer commentary on falling TRS and lower Center-South output — the one move we can partly attribute to weather.
Cocoa[1]	Early monitoring	West African main crop; COCOBOD and pod-counter revisions	Crop prospects are weakening, but the weather signal is mixed and not yet entirely attributable to El Niño.
Wheat	Early monitoring	Australian spring rainfall; next ABARES revision	Below normal rainfall; an ABARES downgrade would be the first hard evidence.
Coffee	Early monitoring	Robusta crop; Brazilian arabica flowering sept-Oct	Delayed Sep-Oct flowering rains could pressure Brazil's 2027 crop, with risks extending into grain filling if El Niño persists.
Palm oil	Early monitoring	Indonesian and Malaysian dryness; lagged yield effect	Dryness is real, but yield effects lag and stocks are still comfortable.
Corn	Limited evidence	US and Argentine balances	Balances dominate the price; the ENSO signal is mixed by construction.
Soybeans	Limited evidence	Argentine upside vs Brazilian risk	No production revision has followed the weather headlines.

[1] **COCOA ORIGIN COMMENTARY** *David Roux – Morgan Stanley European Consumer Staples Research*

Source: Bloomberg; company earnings calls (9 July - 19 August 2026); ABARES; DATAGRO; COCOBOD; industry pod counters and exporters via Reuters (10 July, 30 July, 20 August 2026); Morgan Stanley Research.

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India Economics

Upasana Chachra Executive Director and Morgan Stanley's India economist

Cumulative Rainfall is Tracking at a 13% Deficit

Cumulative Deviation from Long Period Average (LPA)	as of 31 July	as of 7 Aug	as of 14 Aug	as of 20 Aug
All-India	**-13**	**-11**	**-13**	**-13**
North-west India	-12	-10	-11	-10
Central India	4	0	-1	-2
South Peninsula	-23	-18	-20	-22
East & North-east India	-30	-26	-27	-26

Kharif (Summer) Crop Sowing is Down 2% YoY

Kharif Sowing, as of 14 Aug, 2026					
mn hectare	Normal Area Sown	2025	2026	YoY%	% of normal area sown
Paddy	41.2	39.3	37.9	-3.7%	92.0%
Pulses	12.4	10.9	10.8	-0.3%	87.4%
Coarse Cereals	18.3	17.7	17.3	-2.3%	94.8%
Oilseeds	20.0	18.5	18.5	-0.5%	92.2%
Sugarcane	5.4	5.9	5.8	-0.5%	107.5%
Jute	0.6	0.6	0.6	1.9%	99.1%
Cotton	12.6	10.8	10.7	-0.9%	85.5%
Total	**110.4**	**103.8**	**101.7**	**-2.0%**	**92.0%**

Government Preparedness to Safeguard Kharif Production and Output

- **The government has set a foodgrain production target of 176.2 MT for the current season**, comprising 123 MT of rice, 8.4 MT of pulses, 31.04 MT of maize and 13.56 MT of nutri-cereals. **The next phase will depend on crop establishment and farmers' ability to sustain yields**, as weather variability could lead to rapidly changing field conditions, requiring close monitoring and timely, region-specific interventions.
- **Seed availability remains comfortable**, with the government making 192.25 lakh quintals of seeds available against state demand of 172.80 lakh quintals.
- **District-level contingency plans have been updated for 342 districts across 15 states** expected to receive below-normal rainfall.
- **The Crop Weather Watch Group conducts weekly reviews of key agricultural indicators**, including rainfall, reservoir and groundwater levels, crop sowing and input availability, in coordination with IMD, CWC, CGWB, ICAR, relevant ministries and state governments.
- **Farmer support continues through schemes such as PMKSY–Per Drop More Crop**, which promotes micro-irrigation systems to improve farm-level water-use efficiency.
- **Reservoir storage has improved at the margin**, as it is tracking 17% below last year's levels and at 97% of the normal storage, which should help support the rabi (winter) crop.
- **Buffer stocks for foodgrains stood at 90.7 mn tonnes,** with wheat at 50.5 mn tonnes and rice at 40.2 mn tonnes as of Aug-26.

Source: IMD, Ministry of Agriculture, CWC, CGWB, Morgan Stanley Research

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Corporate Discussion of El Niño Risks Continues to Increase

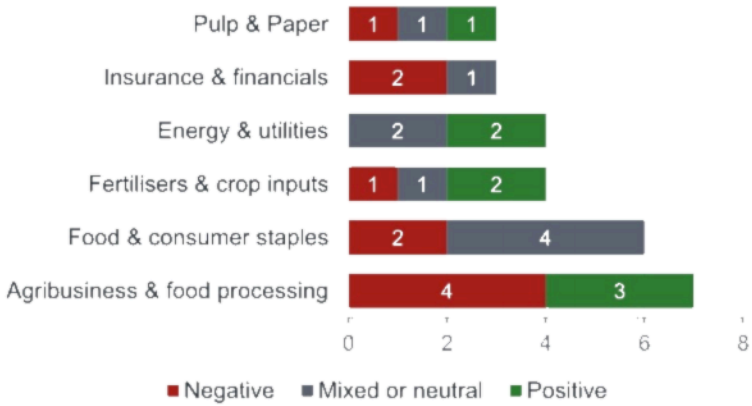
73 companies screened; 45 reported between 9 July and 19 August; 27 raised El Niño. However, only a few names have so far put a number or a guidance link on it.

73 **companies screened globally**
agribusiness, staples, energy, financials, transport, pulp & paper and fertilisers & crop inputs

45 **reported inside the window**
28 held no call between 9 Jul and 19 Aug

60% **of those reporting raised El Niño**
27 names — unprompted or in Q&A

Companies raising El Niño, split by tone:



Mention rate by sector	Calls	Mentions	Rate
Agribusiness & food processing	9	7	**78%**
Pulp & Paper	8	3	**38%**
Insurance & financials	5	3	**60%**
Energy & utilities	7	4	**57%**
Fertilisers & crop inputs	8	4	**50%**
Food & consumer staples	8	6	**75%**

Tone where El Niño was raised (27 names)

10 **37%** Negative — cost inflation, drought risk, agri credit provisions

9 **33%** Mixed — regional offsets, or excluded from guidance

8 **30%** Positive — crop price upside, yields, hydro generation

Monitoring 9 of 27

Raised as a watch item without an identified channel: Yara, AGCO, Rumo, Coca-Cola FEMSA, Aurizon, plus Enel Chile, RenaissanceRe, Hershey and Mondelez, which explicitly excluded or discounted the impact — both chocolate makers argue cocoa already prices El Niño in.

Exposure identified 14 of 27

A specific channel named but not quantified: Nutrien, Mosaic, Corteva (fungicide demand), Bunge, CNH, Adecoagro, SLC Agricola (mitigation actions), Barry Callebaut, Lindt, Gruma, Origin Energy (forward power curve), Suzano (wood availability/production costs), CMPC (logistics), Klabin (H2 mitigation costs).

Financial impact disclosed 4 of 27

Banco do Brasil — embedded in 2026 LLP gu
and 2027 credit models. Credicorp — provisio
built, ROE guidance conditional. São Martinho
falling, Center-South output revised down. Axi
Energia — reservoirs at 85%, hydro upside.

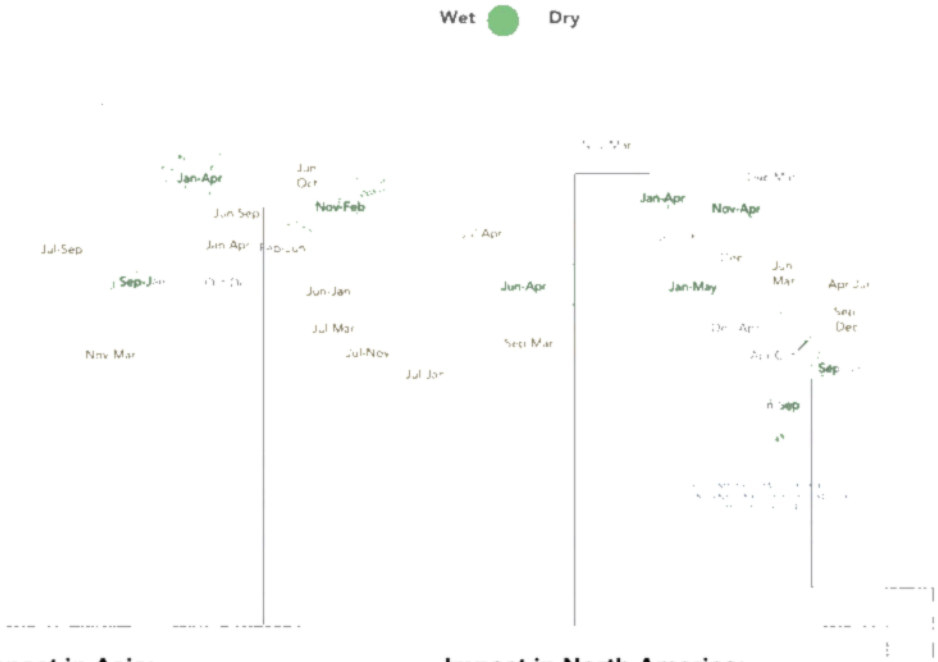
人在草木间
更多资料请加V1

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Appendix

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El Niño: Expected Global Weather Impact



Impact in Asia:

- India / Thailand: Drier conditions can pressure sugarcane and cotton production.
- Indonesia / Malaysia / Vietnam: Drier conditions can pressure palm oil and robusta coffee, often with a lag

Impact in North America:

- Typical patterns can bring wetter conditions to the southern U.S. during winter, while summer corn/soy impacts depend more on local heat, rainfall and soil moisture than on El Niño alone.

El Niño impact on commodities

Grains: El Niño tends to improve rainfall in Argentina and southern Brazil, supporting soybean/corn yields, but can increase dryness risk in Brazil's Center-West/North/Northeast. The net impact on grain prices is usually mixed because regional gains can offset losses.

Sugar: El Niño can be bullish for sugar through two channels: drier weather in India/Thailand/SE Asia, which can pressure cane output, and wetter conditions in Brazil Center-South, which can reduce crushing days and dilute ATR.

Impact in LatAm:

- Argentina / Southern Brazil: Typically wetter, which can support soybean and corn yields during key development windows.
- Brazil Center-West: Can face below-normal rainfall, creating risk for soybean planting, early crop development and safrinha corn timing.
- Brazil Center-South: Wetter conditions can reduce effective sugarcane crushing days, ATR and increase carryover.

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ENSO Follows Seasonal Pattern: Peaking in Nov.-Feb.

Oceanic Niño Index (ONI) intensity

	DJF	JFM	FMA	MAM	AMJ	MJJ	JJA	JAS	ASO	SON	OND	NDJ
1980	0.6	0.5			0.5	0.5						
1981		-0.5	-0.5									
1982				0.5	0.7	0.7	0.8	1.1	1.6	2	2.2	2.2
1983	2.2	1.9	1.5	1.3	1.1	0.7			-0.5	-0.8	-1	-0.9
1984	-0.6				-0.5					-0.6	-0.9	-1.1
1985	-1	-0.8	-0.8	-0.8	-0.8	-0.6	-0.5	-0.5				
1986	-0.5	-0.5							0.7	0.9	1.1	1.2
1987	1.2	1.2	1.1	0.9	1	1.2	1.5	1.7	1.6	1.5	1.3	1.1
1988	0.8	0.5			-0.9	-1.3	-1.3	-1.1	-1.2	-1.5	-1.8	-1.8
1989	-1.7	-1.4	-1.1	-0.8	-0.6							
1990												
1991					0.5	0.6	0.7	0.6	0.6	0.8	1.2	1.5
1992	1.7	1.6	1.5	1.3	1.1	0.7						
1993			0.5	0.7	0.7	0.6						
1994									0.6	0.7	1	1.1
1995	1	0.7	0.5					-0.5	-0.8	-1	-1	-1
1996	-0.9	-0.8	-0.6									-0.5
1997	-0.5				0.8	1.2	1.6	1.9	2.1	2.3	2.4	2.4
1998	2.2	1.9	1.4	1	0.5		-0.8	-1.1	-1.3	-1.4	-1.5	-1.6
1999	-1.5	-1.3	-1.1	-1.0	-1.0	-1.0	-1.1	-1.1	-1.2	-1.3	-1.5	-1.7
2000	-1.7	-1.4	-1.1	-0.8	-0.7	-0.6	-0.6	-0.5	-0.5	-0.6	-0.7	-0.7
2001	-0.7	-0.5										
2002						0.7	0.8	0.9	1.0	1.2	1.3	1.1
2003	0.9	0.6										

	DJF	JFM	FMA	MAM	AMJ	MJJ	JJA	JAS	ASO	SON	OND	NDJ
2004							0.5	0.6	0.7	0.7	0.7	0.7
2005	0.6	0.6									-0.6	-0.8
2006	-0.9	-0.8	-0.6						0.5	0.8	0.9	0.9
2007	0.7					-0.5	-0.6	-0.8	-1.1	-1.3	-1.5	-1.6
2008	-1.6	-1.5	-1.3	-1.0	-0.8	-0.6					-0.6	-0.7
2009	-0.8	-0.8	-0.6				0.5	0.6	0.7	1.0	1.4	1.6
2010	1.5	1.2	0.8			-0.7	-1.0	-1.3	-1.6	-1.6	-1.6	-1.5
2011	-1.3	-1.0	-0.8	-0.6	-0.5			-0.6	-0.8	-1.0	-1.0	-0.9
2012	-0.7	-0.6	-0.5									
2013												
2014										0.5	0.7	0.8
2015	0.7	0.6	0.7	0.8	1.0	1.3	1.6	1.9	2.2	2.5	2.6	2.8
2016	2.6	2.3	1.7	1.0	0.5			-0.5	-0.6	-0.6	-0.6	-0.5
2017										-0.6	-0.8	-0.9
2018	-0.8	-0.7	-0.6						0.5	0.8	1.0	0.9
2019	0.9	0.9	0.8	0.8	0.6	0.5					0.6	0.7
2020	0.6	0.6	0.5					-0.5	-0.8	-1.1	-1.2	-1.1
2021	-0.9	-0.8	-0.7	-0.5					-0.6	-0.8	-0.9	-0.9
2022	-0.8	-0.8	-0.9	-1.0	-0.9	-0.8	-0.8	-0.9	-1.0	-0.9	-0.8	-0.7
2023	-0.5				0.6	0.8	1.1	1.4	1.6	1.8	2.0	2.1
2024	1.9	1.6	1.3	0.8	0.5							
2025										-0.5	-0.6	-0.5
2026				0.5	0.9	1.4	1.7	??	??	??	??	??

latest weekly Niño-3.4 index

Unusual Early Start

Source: NOAA

- **Autumn to autumn pattern:** The event can be shorter or longer but including all the phases normally last 9-12 months. It typically begins in September-Octobers Y1, strengthening in December-January, to decay during March-April Y2.

- **Peaking around Christmas** in the Southern Hemisphere. This weather event is called "El Niño" (or "the Child") because local South American communities learned to associate the event peak with end of December (and the celebration of Christmas).

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El Niño - Cross-Sector: Corporate Commentary Summary

Company	El Niño Mentioned?	Sentiment	Key Commentary	Call Date
Fertilizers & Crop Inputs				
Nutrien	Yes	Positive	Forecasts indicating El Niño conditions are expected to place upside pressure on crop prices, supporting potash demand. El Niño framed as a tailwind for agriculture commodity prices and farmer demand.	Aug 6, 2024
Corteva	Yes	Negative	El Niño cited as a weather factor supporting demand, primarily elsewhere, such as for example in Europe and parts of the United States, where probably not quite as wet as the same period last year, but [illegible] El Niño weather pattern.	[illegible] 2024
Mosaic	Yes	Positive	CEO noted El Niño as an additional risk factor that could drive crop prices higher. Layered into thesis of Mosaic benefiting from El Niño driven global ag commodity prices are set to continue to rise. Watching to see how going to affect demand for farmers.	Aug 6, 2024
Yara	Yes	Mixed/Neutral	[illegible] El Niño [illegible] Australia [illegible] from a fertilizer perspective, more for the producer. Not as positive as it appears.	[illegible]
Agribusiness & Food Processing				
Bunge	Yes	Positive	[illegible] Australia, Argentina [illegible]	[illegible]
CNH Industrial	Yes	Negative	CEO noted El Niño is impacting South America, mainly South America and North America, and other parts of the world, contributing to uneven rainfall distribution and challenging conditions in some regions.	Aug 8, 2024
Adecoagro	Yes	Positive	[illegible] El Niño [illegible] Argentina [illegible]	Aug 12, 2024
São Martinho	Yes	Negative	Management flagged that a very strong El Niño could [illegible] TRS (total recoverable sugar) for the full season, leading to lower sugar production and higher costs. TRS will be affected because of El Niño. Sugar cane production estimates for the center-south region were reduced.	Aug 11, 2024
AGCO Corp	Yes	Positive	Management [illegible] El Niño [illegible] Australia [illegible]	Jul 30, 2024
SLC Agrícola	Yes	Negative	Management discussed several mitigation strategies for a very strong El Niño, including increasing the acreage allocated to planting soybeans and applying pesticides. El Niño is driving a reduction in Australian cotton area, which is positive for U.S. cotton prices. Overall, El Niño poses significant potential risks to Brazil.	Aug 13, 2024
Rumo	Yes	Negative	Management [illegible] El Niño [illegible] Brazil [illegible]	Aug 13, 2024
Pulp & Paper				
Suzano	Yes	Positive	Management [illegible] El Niño [illegible]	Aug 15, 2024
CMPC	Yes	Mixed/Cautious	Management said El Niño has already affected operations through heavy rainfall in southern Chile and Rio Grande do Sul, creating forestry and transportation logistics challenges. No production or sales impacts reported so far, but broader Southern Hemisphere pulp supply could be exposed if conditions worsen.	Aug 7, 2024
Klabin	Yes	Negative	Management [illegible]	Aug [illegible]

Source: Company Data, Morgan Stanley Research

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El Niño - Cross-Sector: Corporate Commentary Summary

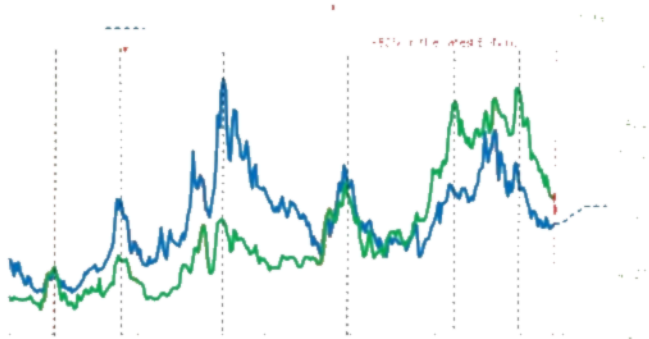
Company	El Niño Mentioned?	Sentiment	Key Commentary	Call Date
Food & Consumer Staples				
Barry Callebaut	Yes	Neutral	Sees El Niño raising the risk of below-trend cocoa production in 2026/27 but does not expect a repeat of 2023/24 as the industry enters the new crop year after a second consecutive surplus, well-stocked and with >3 months of price cover. **"We do not expect a repeat of the extreme market conditions experienced in 2023/24, even in the case of a strong El Niño influence."**	Jul 9 2026
Lindt & Sprungli	Yes	Negative	Sees El Niño as a key weather risk behind the recent recovery in cocoa prices and that a strong El Niño materialised a potential source of broader food inflation. However, it remains cautious, expecting any impact to be felt in the 2027/28 season. **"This recent increase is largely driven by weather related concerns, particularly the potential impact of El Niño."**	Jul 21 2026
Hershey	Yes	Neutral	Sees El Niño speculation as contributing to current cocoa pricing but remains relatively constructive on physical supply, pointing to historic surpluses, healthier inventories, more diversified supply and encouraging early 2026/27 West African crop data. **"Even if some of the origins are impacted by El Nino, we believe the market is already pricing it in."**	Jul 30 2026
Mondelez	Yes	Neutral	Sees El Niño as one driver of the recent cocoa rally alongside below-average early-cycle rainfall and speculative positioning, but believes the market is much better positioned than in 2024, given an estimated ~6.5mt surplus and ~10 months of industry coverage. **"There is a short squeeze, so specs covering their positions, and that drove, again, support to the price, and clearly El Niño."**	Jul 28 2026
Gruma	Yes	Negative	Management noted that corn prices are expected to keep increasing. Everything points out that the overall price of corn will keep increasing relative to all these news about weather issues around the world because of the El Niño effect.	Jul 23 2026
Coca-Cola FEMSA	Yes	Mixed-Neutral	CEO noted that historically El Niño has been positive for most of the LatAm territories (other than Mexico) for beverage consumption, except for Southern Brazil and Argentina. As of the call, no significant weather disruptions had been observed.	Jul 27 2026
Energy & Utilities				
Enel Chile	Yes	Positive	Management noted El Niño is not included in our budget in terms of hydrology, but could provide a positive surprise in the next part of the year in terms of production. Pacific Ocean conditions have transitioned into El Niño, expected to peak in Q4 2026.	Jul 29 2026
Origin Energy	Yes	Mixed-Uncertain	Management indicated that people are pricing in the risk of El Niño, with the summer 26 futures trading at a material premium to 27 and 28, a shape it described as unusual. Although the effect was not explicitly quantified, it said El Niño is adding uncertainty to the forward curve.	Aug 12 13 2026
Aurizon	Yes	Mixed-Neutral	Management discussed El Niño's potential impact on grain volumes in Western Australia and South Australia. Both states receive winter rain and are less volatile than the East Coast. South Australia and WA grain outlooks are at or slightly above average for the next harvest.	Aug 17 2026
Axia Energia	Yes	Positive	Management noted that, with the effects of El Niño well-behaved and given this system-reaching a more than 70% share for renewables now at 85%, it is very comfortable that El Niño is supporting hydro generation recovery.	Aug 6 2026
Insurance & Financial Services				
RenaissanceRe	Yes	Neutral	CEO also weighed in on the potential for El Niño, stating that while the company is exposed to the risk, it is not now the time to be underwriting risk. "We've built a portfolio to perform across a range of outcomes."	Jul 29 2026
Credicorp	Yes	Negative	Management flagged El Niño as a key risk for Peru's economy, noting it has mainly affected Peru's fishing, agriculture and related activities in the north. The strongest impacts expected in Q1 2027. ROE guidance of ~19.5% is subject to how El Niño evolves, additional provisions are being built.	Aug 14 2026
Banco do Brasil	Yes	Negative	Management expected the eventual El Niño impact in Brazil might be less significant. The bank has 29 experts monitoring the conditions in real time. El Niño is expected to cause water scarcity in the Midwest and aggravated drought in the Northeast, while the south face excessive rainfall. El Niño was mentioned in 2026's Earnings and 2027 Investor Day.	Aug 13 2026

Source: Company Data, Morgan Stanley Research

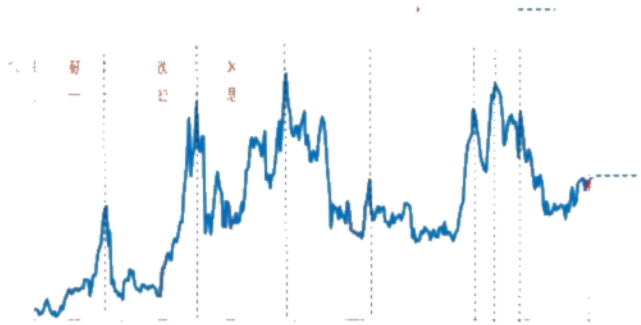
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Commodity Prices: Sugar Remains the First Weather-Risk Channel

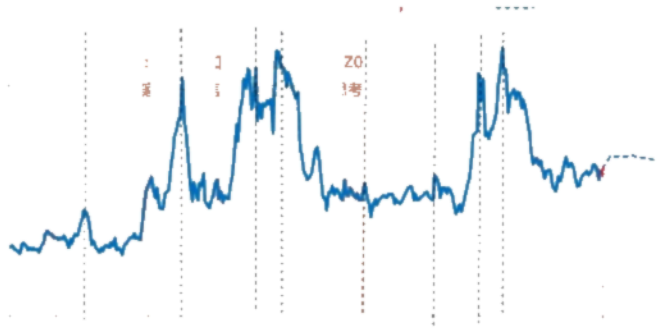
El Niño Events vs Sugar Prices



El Niño Events vs Soybean Prices



El Niño Events vs Corn Prices



Source: DataStream, Morgan Stanley Research