

# SPACE HURRICANES, LA NIÑA UPDATE, ARGENTINA DROUGHT WORSENS, RENEWABLE ENERGY STOCKS & OUR BEST WEATHER SPIDER

by Jim Roemer | March 7, 2021 | Members, Weather



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# BEST WEATHER SPIDER

MARCH 07 2021



COMMODITY	BESTWEATHER SCORE
Wheat	-2
Corn	1
Soybeans	3
Arabica Coffee	1
Robusta Coffee	0
Sugar	-1
Cocoa	-2
Cotton	0
Crude Oil	1
Gasoline	1
Heating Oil	-1
Natural Gas	0

Min/Max Scale: -4 to +4



At a glance, our "Spider" chart shows how we rank commodities that are weather-reactive at present market levels, based solely on Best Weather's proprietary forecasts. We revise the Spider's values approximately once a week, unless conditions warrant otherwise.

Trading in futures, options and ETFs may result in substantial loss.

With a score of -4 or +4, aggressive futures are recommended.; when the score is -2, -3, +2 or +3, then commodity options or ETFs are recommended. Whenever our score is -1 or +1, we advise a very conservative position (or stay out). Zero score always means STAY OUT.

# A NEW INTERESTING PHENOMENON: FIRST ARCTIC HURRICANE EVER

When it comes to extreme weather, it's safe to say a "space hurricane" qualifies.

Scientists said last week they observed a previously unknown phenomenon. It was a 620-mile-wide swirling mass of plasma. It roiled for hours in Earth's upper atmosphere, raining electrons instead of water. (see the cool pic at the top of my report)

Space hurricanes, like other space weather events, are caused by streams of plasma unleashed from the sun. It is known as "the solar wind." These clouds of charged particles hurtling through space can **fuel magnetic storms**. In addition, they can trigger stunning displays of the northern or southern lights.

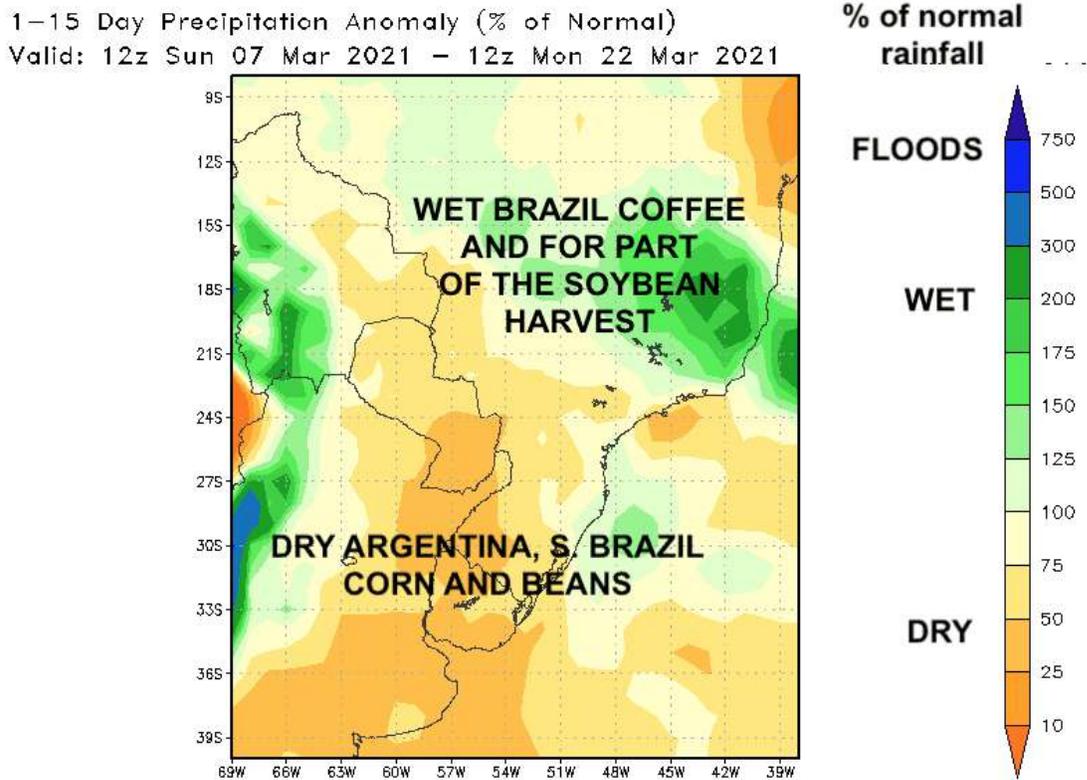
The researchers labeled the disturbance a "space hurricane" because it resembled, and behaved like, a "normal" hurricane. Until now, they were not known to exist. The spiral-armed space hurricane swirled roughly 125 miles over the North Pole, churning in place for almost eight hours. You could see flows of plasma going around, which were like the winds of the space hurricane.

Terrestrial hurricanes can dump huge amounts of precipitation over the Earth's surface. The scientists observed electrons raining into the upper atmosphere.

Could this have an impact on earth and weather around the world? It is highly doubtful, but nevertheless, I thought this would be something interesting you might want to follow.

# IMPORTANT TUESDAY USDA REPORT FOR GRAINS BUT OLD CROP CORN AND SOYBEANS STILL FOCUSING IN ON THE ARGENTINA DROUGHT

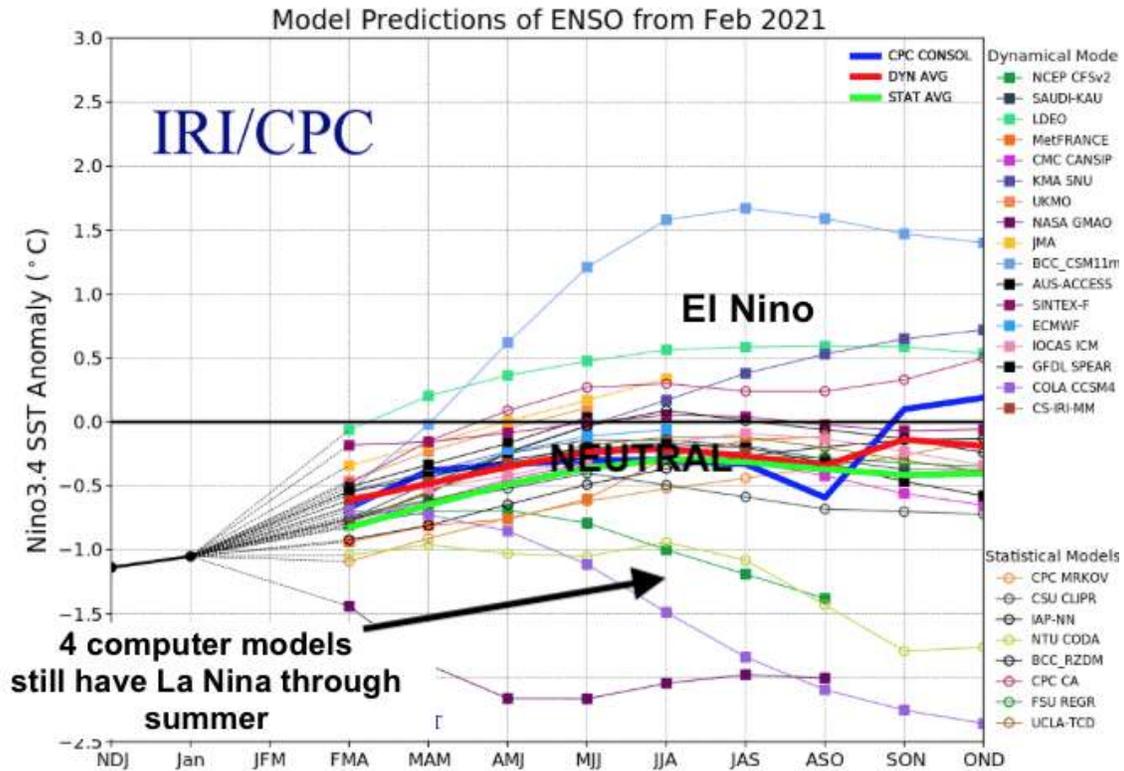
The trade spread-sheet (see the bottom of this report) was long May corn and soybeans from two weeks ago. These positions were based on our concern about a returning Argentina drought. I think old crop prices may rally again into Tuesday's USDA report, again. However, outside markets were volatile, and there is a seasonal tendency for lower grain prices in the early spring. Thus, traders were likely stopped out with *minor P&Ls*, before another potential price explosion.



This weather pattern above may excite corn and soybean traders ahead of Tuesday's USDA report, while global weather for wheat leans slightly bearish.

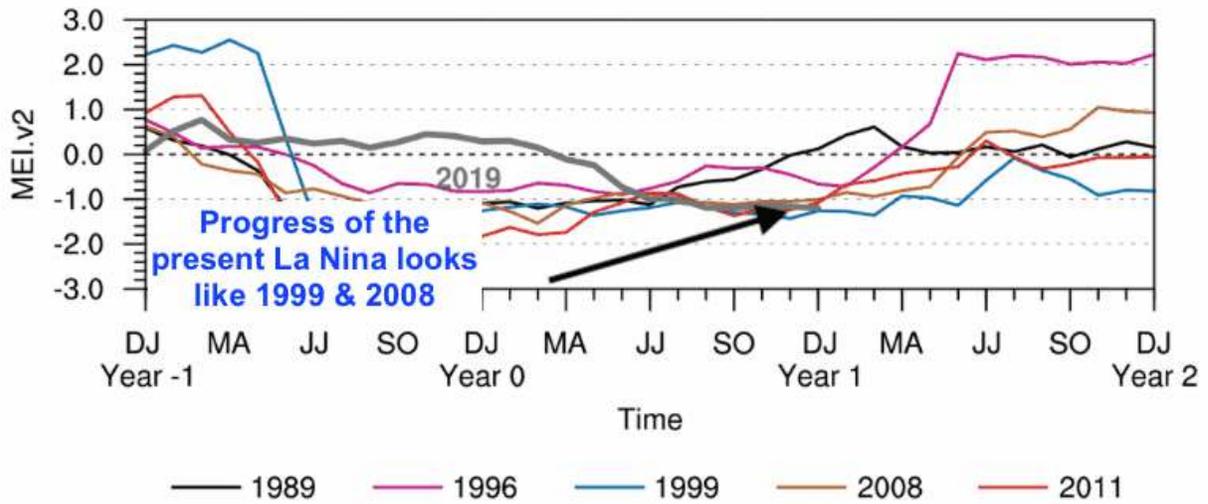
# LA NIÑA UPDATE

The 2020–21 La Niña has passed its peak and is now weakening. Climate model outlooks indicate the El Niño–Southern Oscillation (ENSO) will return to neutral during the autumn. In this case, neutral implies neither La Niña nor El Niño.



Below, you can see how the present La Niña is trending towards the 2008 or 1999 scenario. It is not “written in stone” that these two years are the best fits. However, notice (on my computer models) the tendency for dry corn belt weather in July. Stay tuned ! – In the weeks (and months) ahead, I will discuss more about the weather for natural gas, grains, and soft commodities.

## MEI.v2 Evolution of Current ENSO Event in Historical Context



**CLIMATE PREDICT PRO**  
climatepredictpro.com

Monthly Atmospheric & Oceanic teleconnection indices, anomalies, correlations, global & regional composites

**Selections**

Analysis Date: 2102mm [info](#)

Analysis Type: anomaly [info](#)

Weather Variable: prcp [info](#)

**Teleconnection Indices (TCIs) Historical TCI Data** [info](#) R D Q [MJO info](#) TCI Links provide descriptions, historical time series, global composite signatures, etc

atmos:	Annular Indices			Pacific Regional			Tropical			Other Regional NH Teleconnection Indices from Rotated EOFs							
	AO	AAO	GLAAM	QBO	EPO	WPO	SOI	MJO	NAO	EA	PNA	EA WR	SCA	WP	POL	PT	
200807:	-0.48	0.32	0.12	13.3	1.75	0.22	0.30	21	-0.41	1.22	-0.45	-0.38	0.86	0.22	0.95	0.18	

ocean:	Pacific SST Indices				ENSO		Atlantic SST Indices				ATL/PAC		Indian Ocean SST Indices			
	PDO	AMO	NIN12	NIN03	NIN04	NIN34	MEI	TNA	TSA	NAT	SAT	TASI	WHWP	SETIO	SWIO	DMI
200807:	-1.96	0.22	0.88	0.18	-0.62	-0.33	-0.87	0.35	0.45	0.35	0.59	-0.24	-1.03	-0.52	0.04	0.69

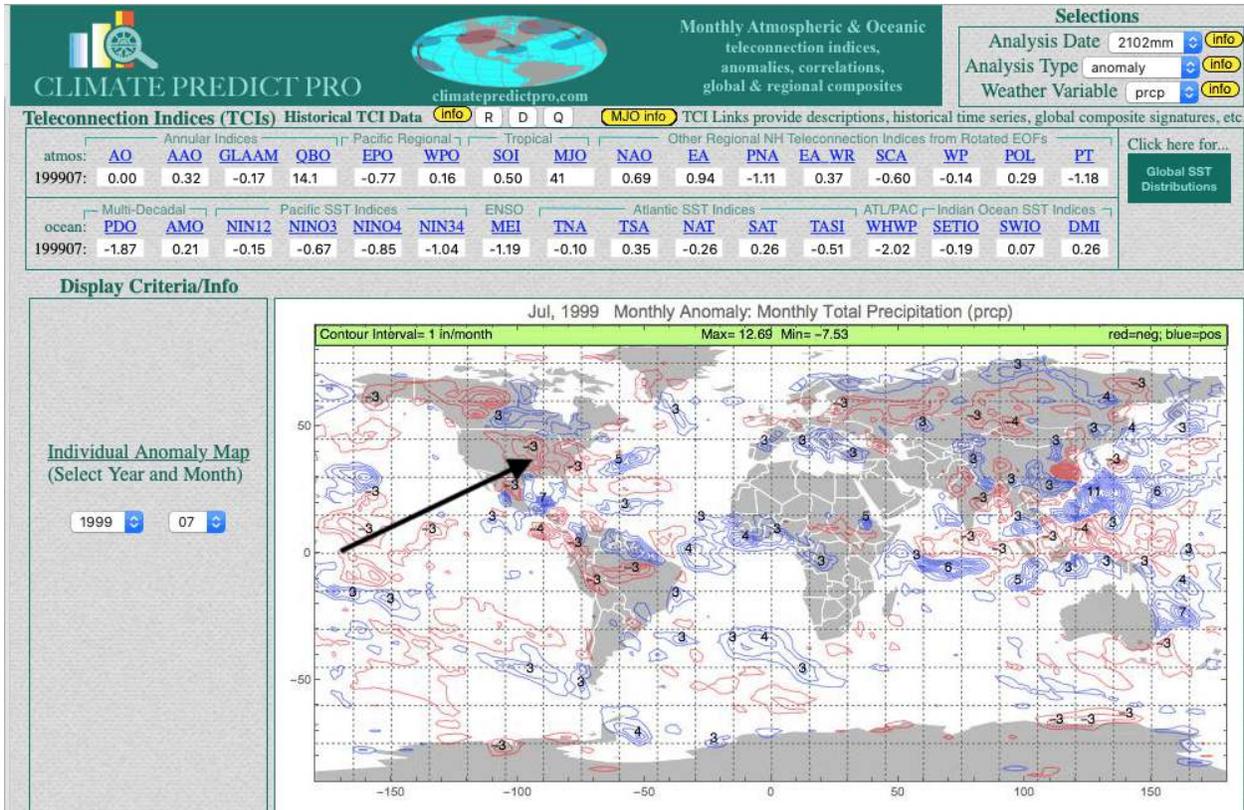
**Display Criteria/Info**

Individual Anomaly Map (Select Year and Month)

2008  07

Jul, 2008 Monthly Anomaly: Monthly Total Precipitation (prcp)

Contour Interval= 1 in/month Max= 13.66 Min= -9.4 red=neg; blue=pos



The two maps above show rainfall anomalies for July in both 2008 and 1999. Notice that both were dry in at least the western corn belt. This will be important. **But, what about spring? Keep watching this space!** I will be looking more closely at my computer program. It is possible that wet weather could be the rule, in parts of the Midwest.

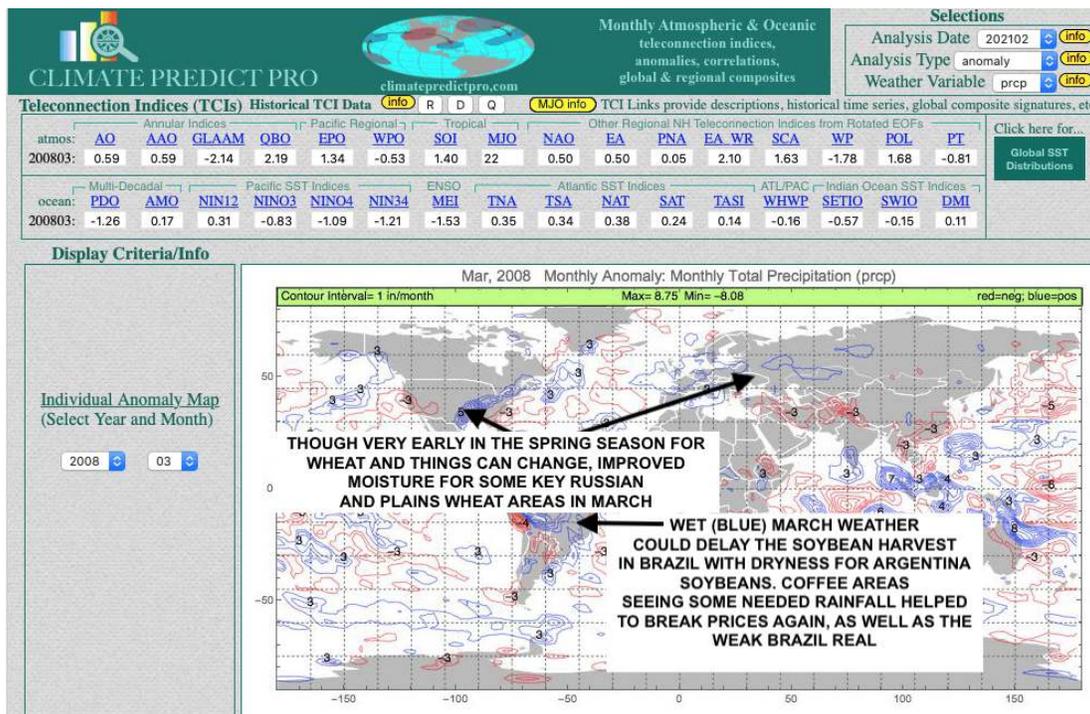
# NEXT WEEK, THE WEATHER TURNS A BIT MORE BEARISH FOR NEW CROP WHEAT

The wheat market has rallied in sympathy with corn and the outside markets for months. True, this Tuesday's USDA report may tighten the global wheat stocks situation. However, we are cautious about being bullish about new crop wheat right now. **Here are the reasons:**

No question there has been a drought and freeze damage in the U.S. that had us bullish, but there are a lot of unknowns right now about Russia's export policies, how La Niña will affect spring weather, the outside markets, and these potentially more bearish weather reasons, below.

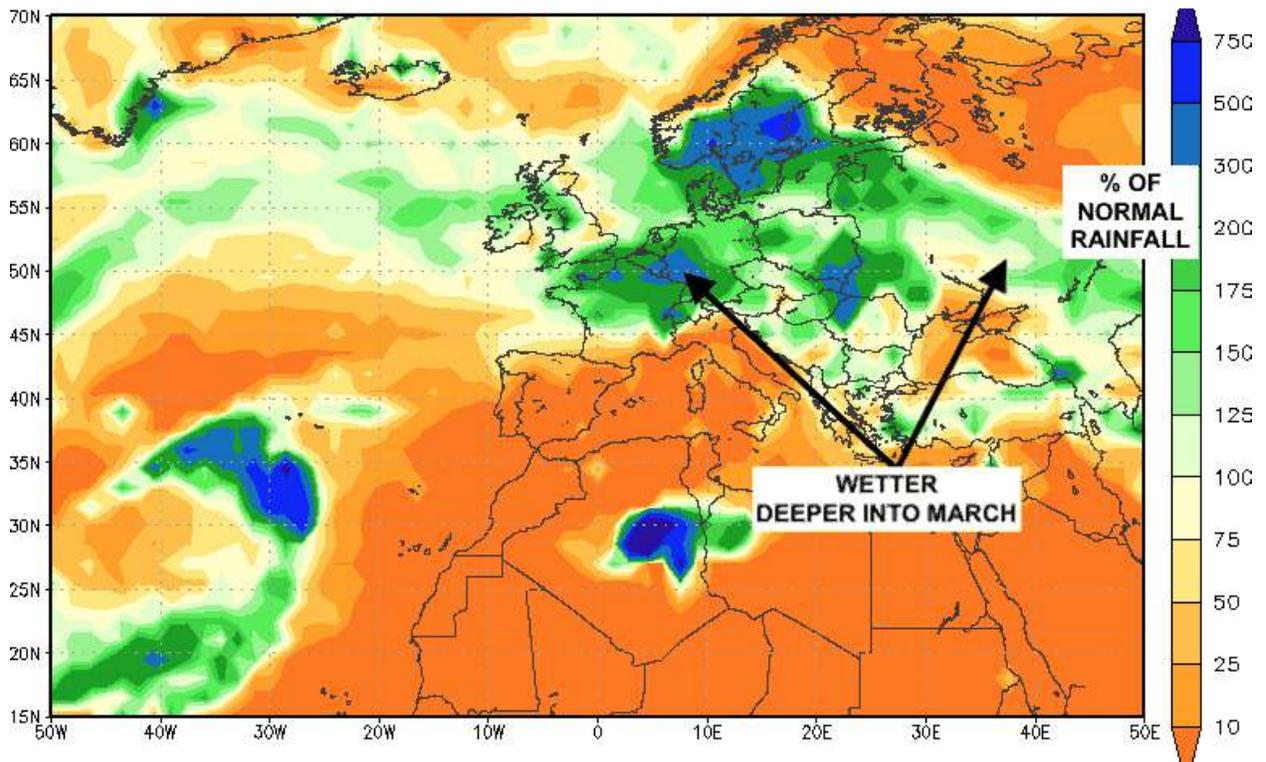
1)

The most critical time for the U.S. wheat crop will occur in April and May. For Europe and Russia, it is from May through July. But, my computer program shows some improvement in the moisture situation deeper into March for Russia and Plains wheat. Look for good moisture in the Plains next week. **(See the 2008 La Niña analog discussed, above, for March rainfall.)**



2)

The European wheat crop is in mostly good-to-excellent condition right now.

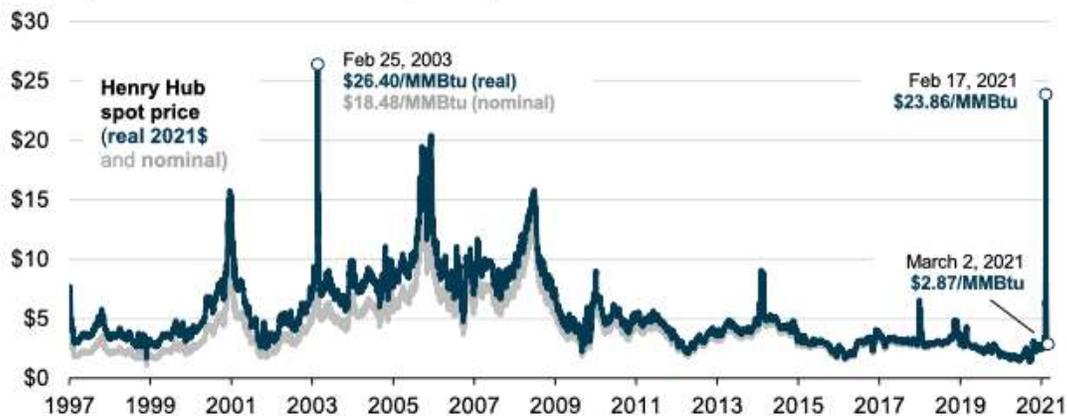


# WHY DID I BECOME BEARISH, TWO WEEKS AGO, FOLLOWING THE PRICE SPIKE IN NATURAL GAS?

MARCH 5, 2021

## Cold weather brings near record-high natural gas spot prices

Daily Henry Hub natural gas spot prices (Jan 1997–Mar 2021)  
dollars per million British thermal units (MMBtu)



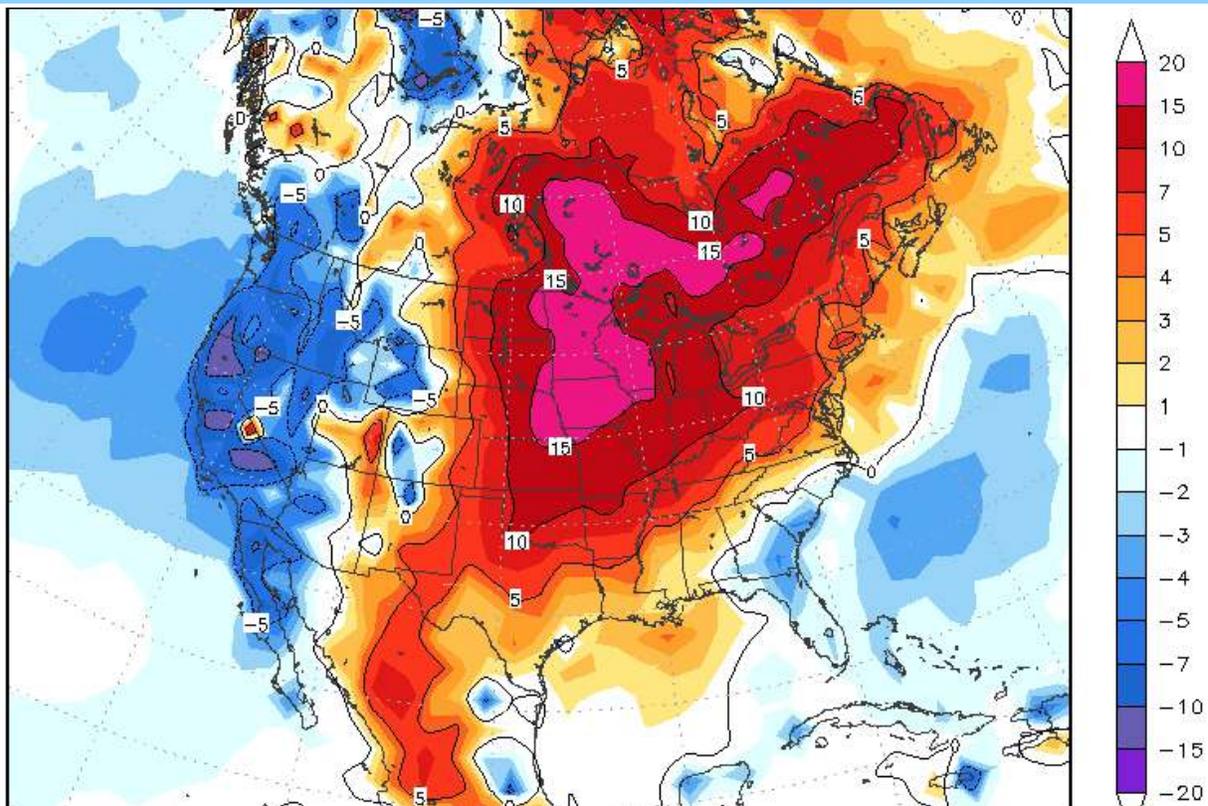
Source: U.S. Energy Information Administration, [Henry Hub natural gas spot price](#)

Twice a year, demand for natural gas decreases. These “shoulder months” occur around the start of October, and again in May. A few weeks ago, returning warmer March weather, across the U.S., helped us catch the top of the price spike. As mentioned, the Arctic pig “became a goat”. This was one reason for my natural gas bearishness in the last two weeks.

Natural gas spot prices at several trading hubs approached their record highs briefly during the week of February 14 amid significantly colder-than-normal weather that affected most of the Lower 48 states. The cold weather led to natural gas supply and demand imbalances. Natural gas production declined because of “freeze-offs”. (These are temporary interruptions in

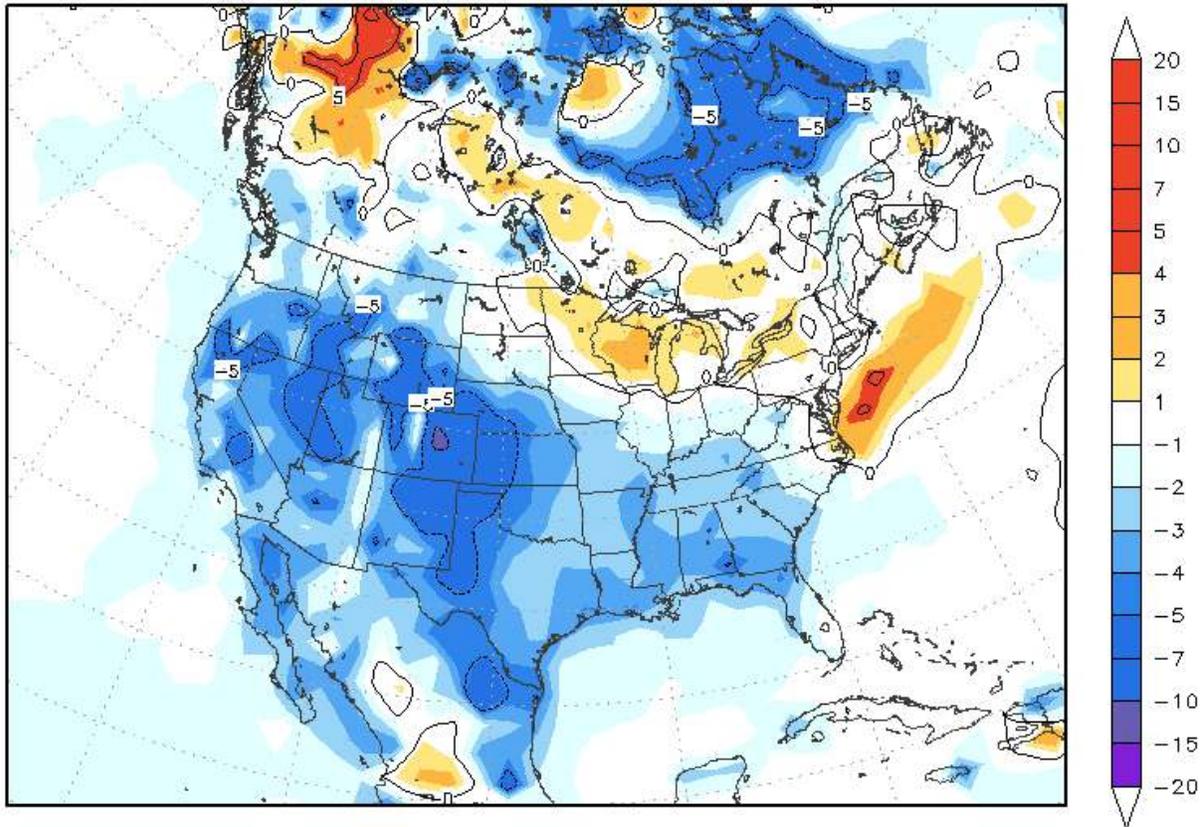
production caused by cold weather, amid high demand for heating and power). At the benchmark Henry Hub, natural gas prices reached \$23.86 per million British thermal units (MMBtu) on February 17. This was the highest real (inflation-adjusted) price since an Arctic blast on February 25, 2003. Henry Hub prices averaged \$5.49/MMBtu in February, the highest monthly average since February 2014.

The weather pattern looks a bit cooler starting next week into early April. I cannot say we are going into any major bull market soon. However, natural gas prices are probably a bit oversold if we turn cooler.



The warm forecast (**above red temp departures from normal**) this week was one of my better calls again in natural gas, a few

weeks ago. First calling for the major cold outbreak that helped UNG soar 10-15% In which we advised taking profits and then becoming bearish around \$3.00.



Deeper into March it will turn a bit colder again and could put the brakes on the natural gas market soon, but after 3-4 winning natural gas trades, mostly in options the last few months, my confidence right now is low about any major price move.

# GREEN ECONOMY AND RENEWABLE ENERGY STOCKS



While not completely “about the weather”, I have been an advocate of certain green energy stocks and fighting what I believe is Climate Change and global warming. The issue has become very political and it is OK to have differences of opinion, though 90% of all certified scientists believe in a warming planet. Regardless of your belief, there have been certain stocks that I recommended trades on months ago that were profitable. Two of them were the Chinese electric car company (NIO) which rallied from 3 to 60 in less than a year (2000%). The other one that was on my 2020 spread-sheet with decent profits was Fuel Cell (FCEL). This company is in the business of creating carbon capture techniques and firms such as Exxon-Mobil have invested billions of dollars in this technology.

Over the past few weeks, many renewable energy stocks have seen a massive 50% crash in prices. **I was lucky enough to advise taking profits on some of these stocks near the highs a few weeks ago. When you see a stock soar 500% or more on speculation about the future, but the company has yet to see consistent strong profits and earnings, that is when things often cave in.** If you are familiar with OPTION trading and believe in the Green Economy, these two stocks among others should be looked at longer-term.





**JKS (Jinkosolar)** is a leading Chinese manufacturer of solar panels as well as electric car batteries. It too has sold off some 50% over the last few weeks as the market got ahead of itself. Longer-term, if you are familiar with option strategies, I would be looking to sell 2022, \$30 put options in this and several other stocks to collect at least a 10-15% premium on your investment with limited downside risk

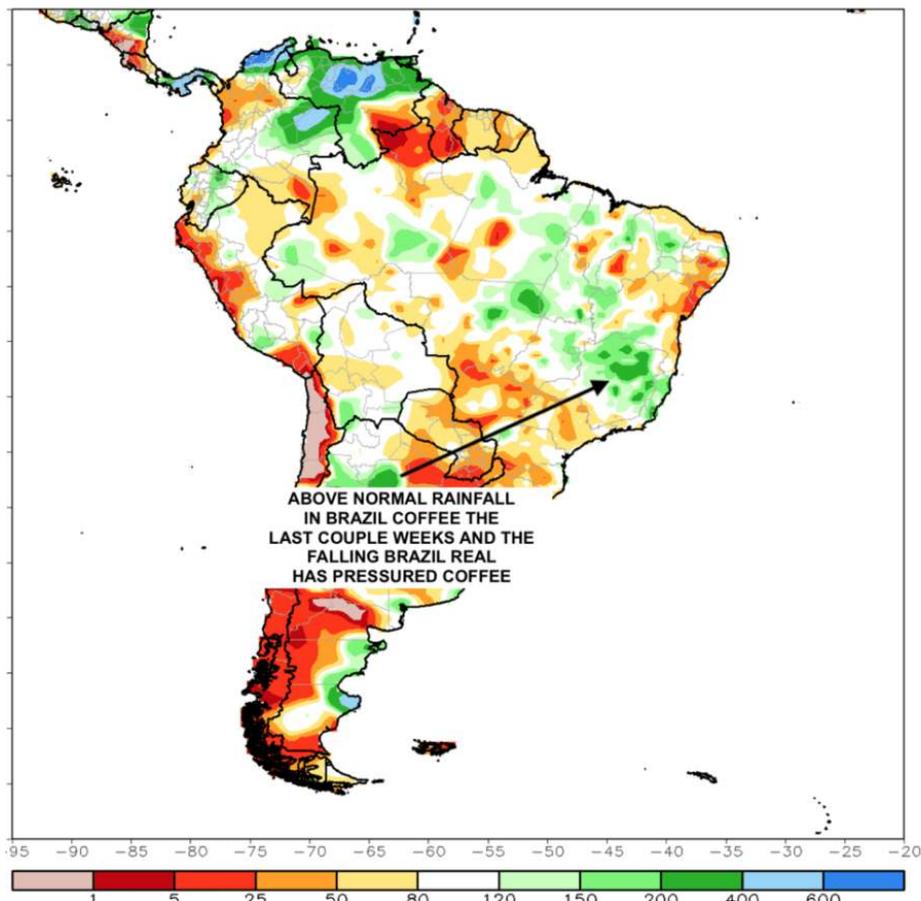
After a 40-65% sell off in stocks like NIO, FCEL, JKS and more, I think longer term these are good plays.

# TRADING COFFEE? NOT FOR THE FAINT OF HEART. DON'T “HOPE” WHEN TRADING COMMODITIES

I warned a couple of weeks ago in one of my recent Weather Wealth reports to “be careful” in coffee and that **there is nothing really new with respect to additional global weather problems for coffee**. No question the Brazil coffee crop is hurt, but harvest does not begin for another couple of months and **the Brazilian Real has been a major bearish factor the last week or so**.

CPC Unified Gauge 30-Day Percent of Normal Rainfall (%)

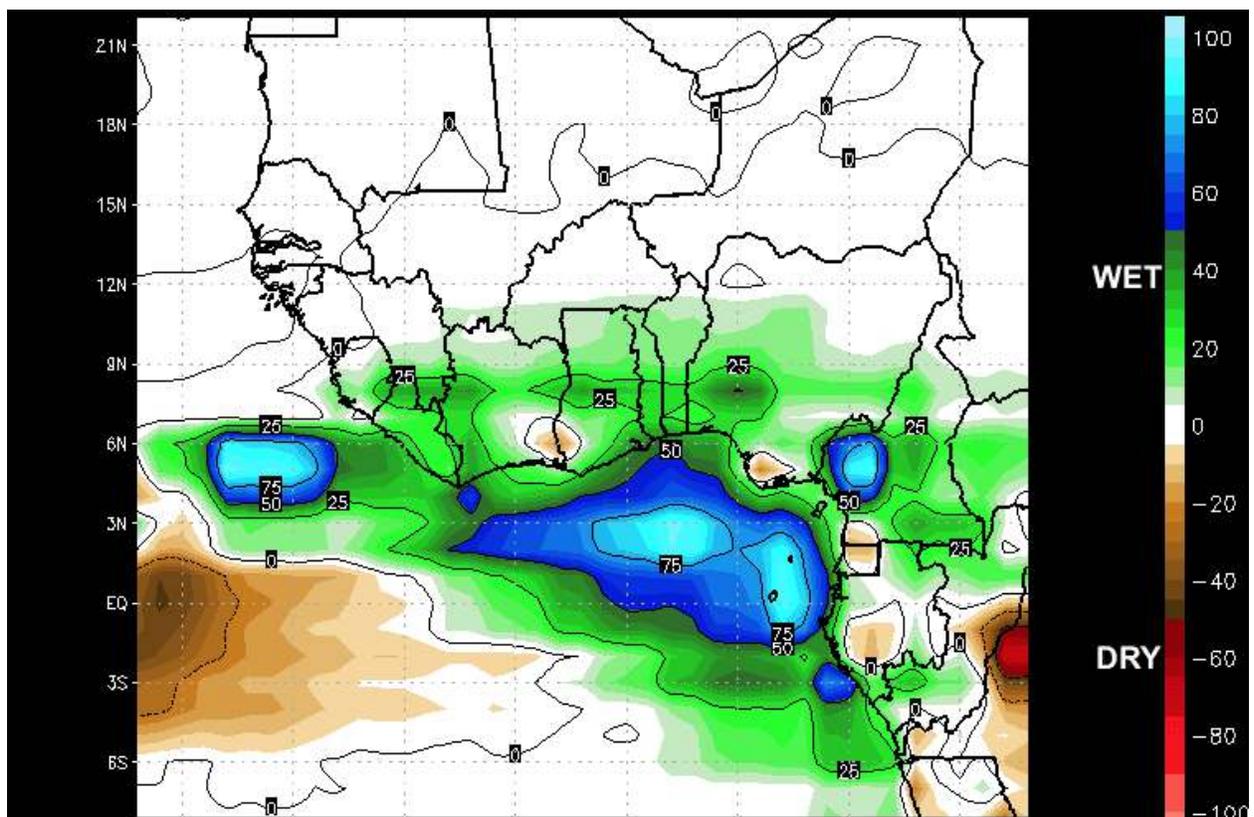
Period: 05Feb2021 - 06Mar2021



# COCOA PRICES UNDER PRESSURE AGAIN FROM AN INCREASE IN RAINFALL AND BIG GLOBAL PRODUCTION

Following a recent mini dry spell in West Africa, the influences of La Niña have once again caused models to be wetter for West African cocoa. Ghana and Ivory Coast account for 70% of world chocolate production.

Cocoa prices rallied back the last few weeks on post COVID demand expectations but I do not see a major rally at this point unless the summer is dry. The wetter models late last week helped cocoa prices to top out once again.



# WEATHERWEALTH



For our premier members, clicking on the above image opens up our spread-sheet of trade recommendations. The history goes back to December 2019. By the end of 2020, the hypothetical portfolio had increased by nearly 60%.

At present, with only two months of 2021 behind us, the current year-to-date P&L is over 30% already! Commodities are making a huge come-back... and weather intelligence is key to the trends of many of the most liquid deliverable contracts.

If you are interested in a complimentary trial subscription to *WeatherWealth*, don't hesitate; ... you'll be glad you did!

<https://www.bestweatherinc.com/new-membership-options/>

*Jim Roemer*