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Energy

El Niño 2026-27

Analysis of the potential risks to global agriculture

Agriculture Sustainability /
Food and Agricultural
Commodities Economics

July 2026



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Image: Cracked soil surface of a rice field in rural Thailand. Boloso/iStock/Getty Images Plus.

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Summary of potential impacts of El Niño on agriculture

	Description	Potential effect on production and yields
Argentina	• Cooler, wetter summer — no drought stress with high soil moisture supporting planting. • The expected abundant rainfall support yields increase.	Corn Soybeans
Australia	• Warmer, drier winter (JJA) in eastern regions where there is wheat and barley concentration elevating the drought risk, but also reducing the frost risk, partial relief only if event fades by mid-2027.	Barley Wheat
Brazil	• Hotter summer (DJF) with below-normal rainfall in central and northeast regions (Mato Grosso and MATOPIBA) — increased drought risk. • Above-normal rainfall in the south (Rio Grande do Sul), potential flood risk, and balanced climate on the southeast (São Paulo and Minas Gerais). • Delayed rainy season for the country, squeezing double crop system (soybeans, corn)	Corn (1st and 2nd season) Coffee Soybean Sugarcane
India	• Below normal monsoon rainfall and above average heat, increasing drought and heatwave risk in Kharif season and sugarcane. • The water and heat stress may reduce yield for the country.	Rice Sugarcane
Southeast Asia	• Below normal rainfall and above normal heat thought the year may cause extreme dry and heat, especially in Indonesia and Malaysia, leading to severe drought and wildfire risk.	Palm oil
US	• Mild changes in winter with mild wetter conditions and slightly warmer (DJF), reducing frost risks for the wheat. • Neutral summer pattern in Midwest, during the soybeans and corn growing seasons (JJA). • Overall, the country has a lot stability.	Corn Soybean Wheat

Negative impact
Moderate impact
Neutral
Positive impact

Data compiled June 2026.
DJF = December, January and February; JJA = June, July and August; MATOPIBA = Maranhão, Tocantins, Plauí, and Bahia.
Source: S&P Global Energy.

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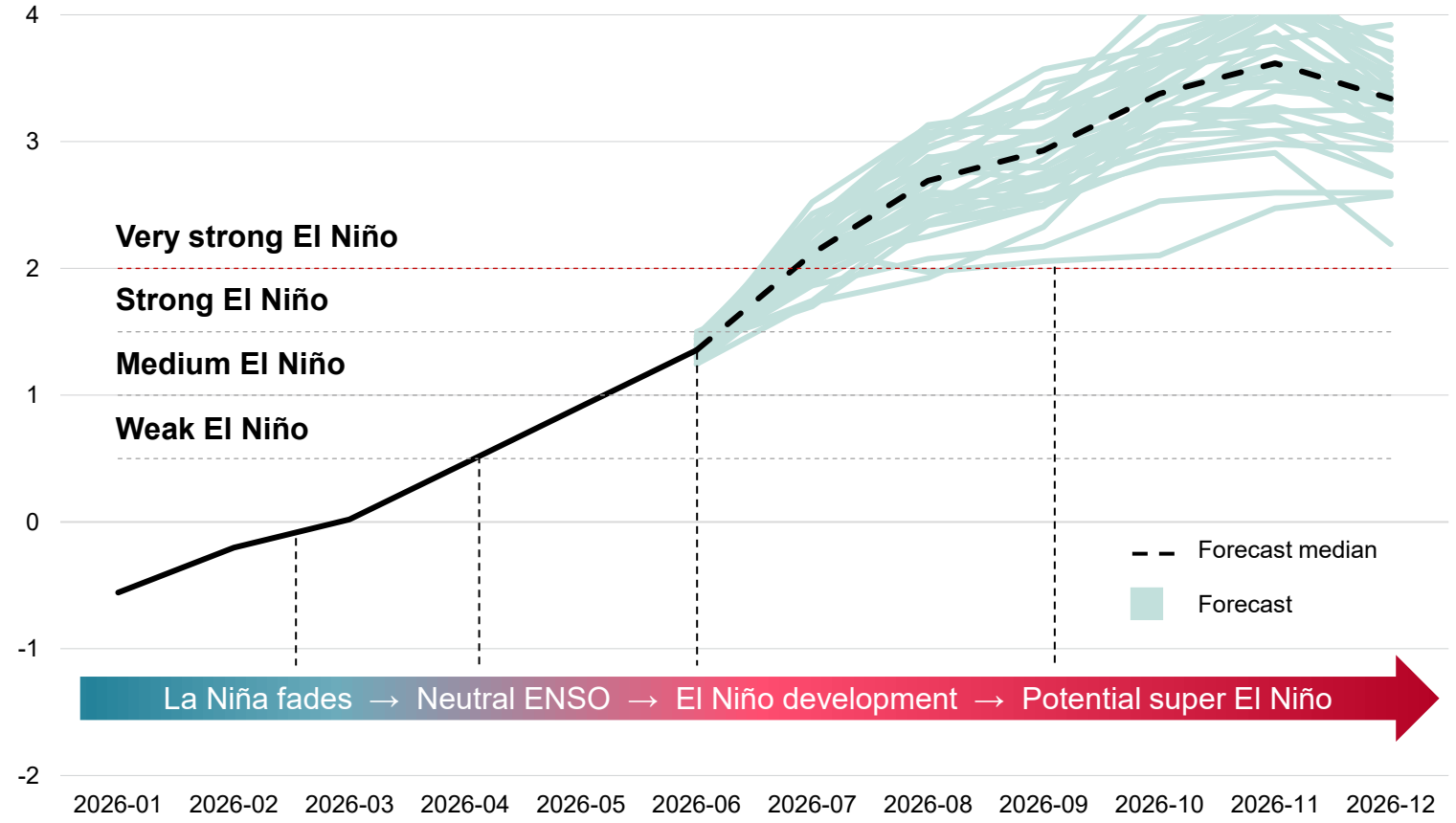
Short-term El Niño shock meets structural climate risk

The event amplifies trends already flagged in S&P Global climate-risk work for the next decades

Observed and forecast sea surface temperature anomalies (°C)



Data compiled September 2026.
NOAA = National Oceanic and Atmospheric Administration.
Sources: S&P Global Energy; NOAA.

A potentially **very strong El Niño elevates yield uncertainty, with precipitation and temperature swings** hitting key producers — Brazil, Argentina, US and India.

- **NOAA indicates >95% chance of a strong El Niño event by September 2026.** Also, the likelihood of its persistence to early 2027 is high.
- **Some events meeting this threshold in recent history** — 1982-83, 1997-98, and 2015-16 — drove widespread global climate disruptions and agricultural volatility.
- Compounded yield risk by **record tight fertilizer markets** (Strait of Hormuz disruption), amplifying 2026/27 yield risk and price pressure.
- 2020s El Niño gives a foretaste of the 2030s-2050s flagged climate extremes; stress across corn, soy, rice, sugarcane and palm oil.

Forecast certainty: Despite the high likelihood indicated by models, **a very strong El Niño is not yet confirmed.** The outlook is based on forecasts, and **confirmation will depend on sustained observed anomalies** in the coming months.

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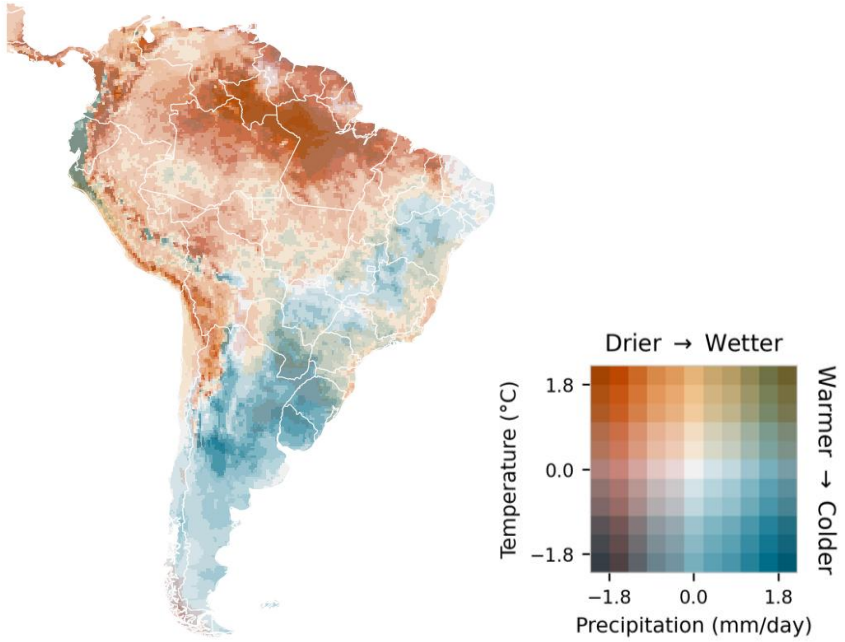
Brazil's soybeans and second-season corn cut by six million metric tons with more downside risk ahead

El Niño dryness in the center-north will impact both soybeans and second-season corn yields in 2026-27, while higher fertilizer costs are driving a slow increase in planted area.

South America (December to February)

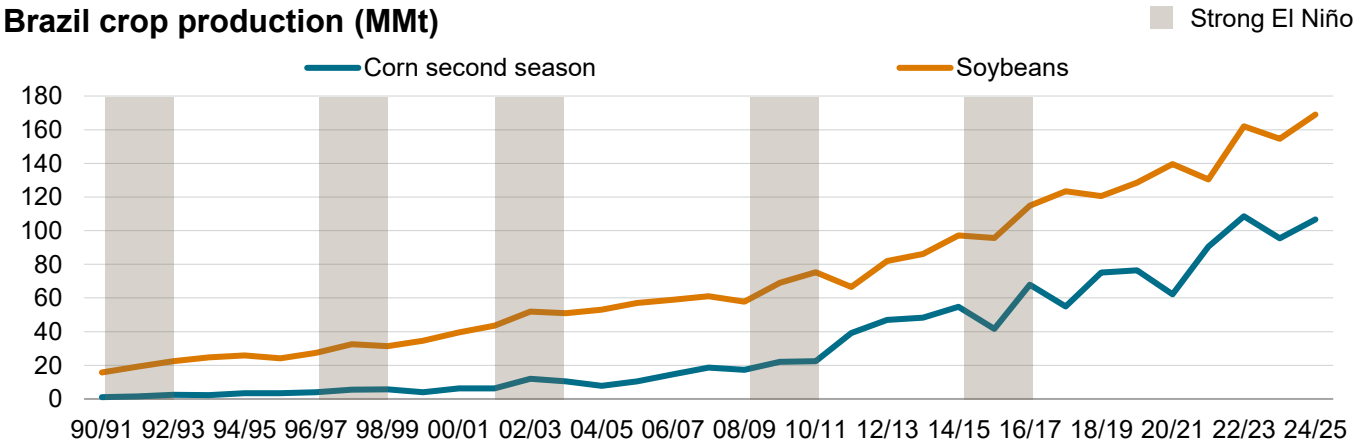


- **Soybeans 2026-27:** With a period of growing season under reduced precipitation and higher temperatures, the next season for soybeans faces climate risk. Initial assessment cut production by 6 MMt to 177 MMt, but there are additional risks. The 2026-27 production could be as low as 165 MMt.

Corn's second season face increased drought risk in Mato Grosso

- Historically, strong El Niño conditions impact negatively on the yield for Mato Grosso (52%), Goiás (12%), and Paraná (14%), top national producers. The MATOPIBA region has also been severely impacted by strong El Niño conditions.
- During the **very strong El Niño of 2015-16, corn's second season in Brazil reduced its production by 24%** compared to the previous season. This year, producing regions also faced increased frost.
- **Delayed rainy season in central Brazil could push soybean planting to November, compressing the soybean/corn second season calendar.**

Brazil crop production (MMt)



Data compiled June 2026.
MATOPIBA = Maranhão, Tocantins, Plauí, and Bahia;
1991-2020 was used to calculate climatology, and El Niño years utilized for the assessment:1991-92, 1997-98, 2002-03, 2009-10, 2015-16,
Sources: S&P Global Energy; ERA5 monthly averaged data on single levels from 1940 to present. Copernicus Climate Change Service (C3S) Climate Data Store (CDS). DOI: 10.24381/cds.f17050d7.

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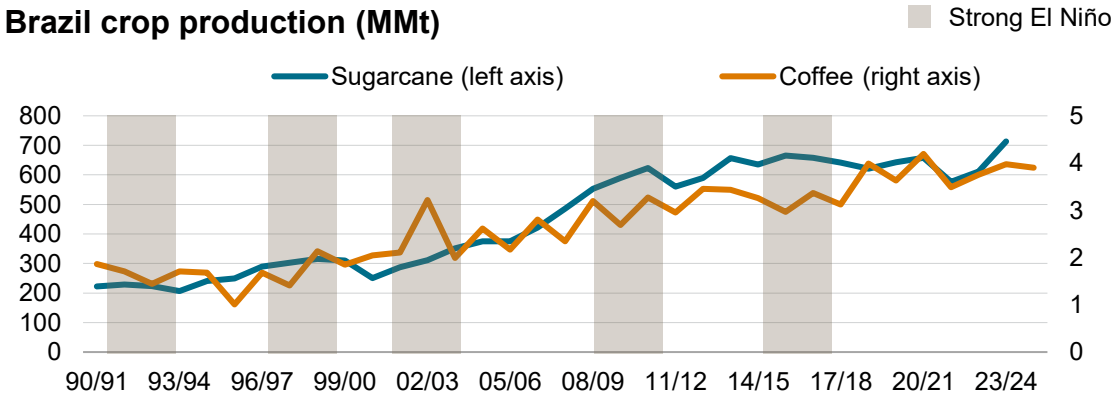
El Niño splits Brazil's soft commodities, with sugarcane steady and coffee exposed

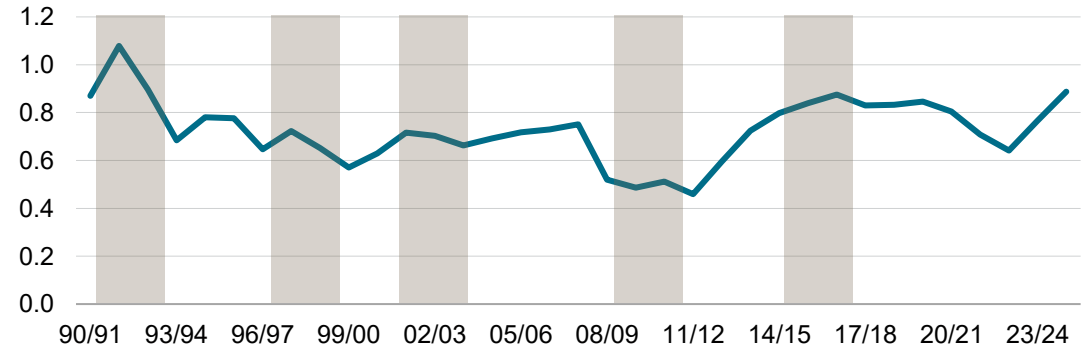
Sugarcane's top regions may benefit from added rainfall, while coffee flowering is pressured by heat in Brazil and a drying Colombia.

- **Sugarcane** top-producing regions (São Paulo (53%), Minas Gerais (10%), Goiás (11%) and Mato Grosso do Sul (7%)) will face El Niño heat up to 2027 but may benefit from the increased precipitation.
  - During the very strong El Niño event in 2015-16, overall sugarcane production in Brazil remained steady.
- **Coffee** is expected to have a strong 2026 crop. The next cycle is at risk because heat is stressing flowering in Brazil, and Colombia is also getting drier.
  - During the 2015-16 season, Brazilian coffee production was reduced by 9% compared to the previous year.
  - The same strong events did not impact Colombian coffee that much, apart from the precipitation reduction.
- These conditions could damage South American coffee in 2027. These same pressures are expected over the coming decades, which adds to the existing long-term risk.

Brazil crop production (MMt)



Colombian coffee production (1,000 Mt)



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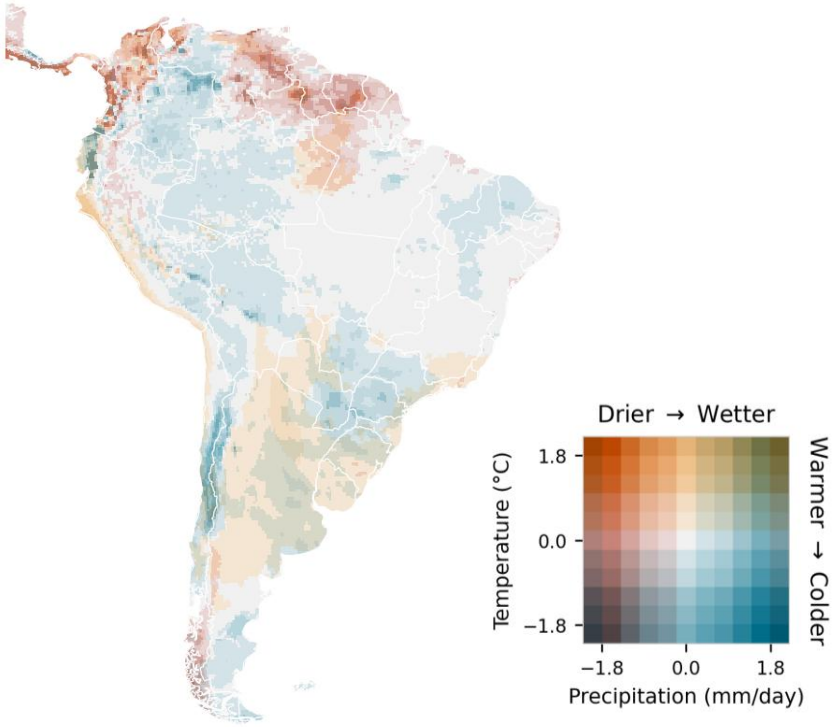
Argentina surfaces as a near-term beneficiary, with El Niño typically supporting yields

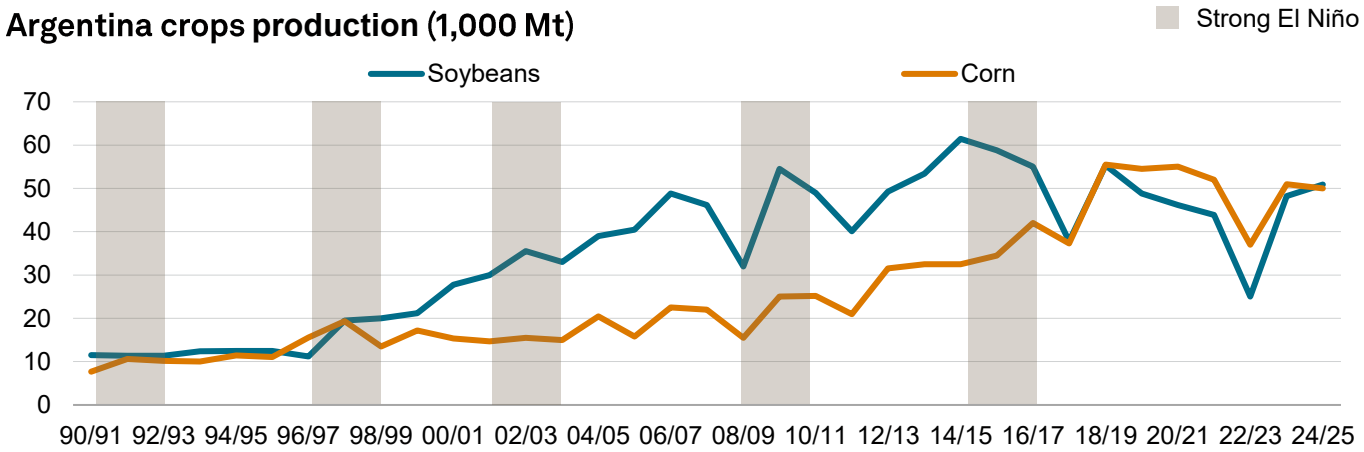
El Niño typically wetter for the regions offsetting some 2026-27 dryness risk.

South America (June to August)



- **Argentina 2026-27 planting with higher soil moisture supports a positive outlook**. S&P Global forecasts a corn production of 62 MMt and soybeans of 54 MMt, up by 6 MMt and 3 MMt from its initial forecasts, respectively. Additional upside could place corn production at 66 MMt and soybeans at 58 MMt.
  - If precipitation turns extreme, flooding risk rises in Buenos Aires (30% of national production), Córdoba (28%) and Santa Fe (20%).
  - Although excessive rainfall can delay harvest, it may also delay fieldwork or raise disease pressure **if El Niño persists into 2027-28. Continued favorable moisture could support a second strong harvest.**
- This potential upside in the regions may not occur in the future, where corn and soy face the steepest yield deceleration by 2050 under climate change scenarios compared to other producing regions, with Córdoba most exposed.

Argentina crops production (1,000 Mt)



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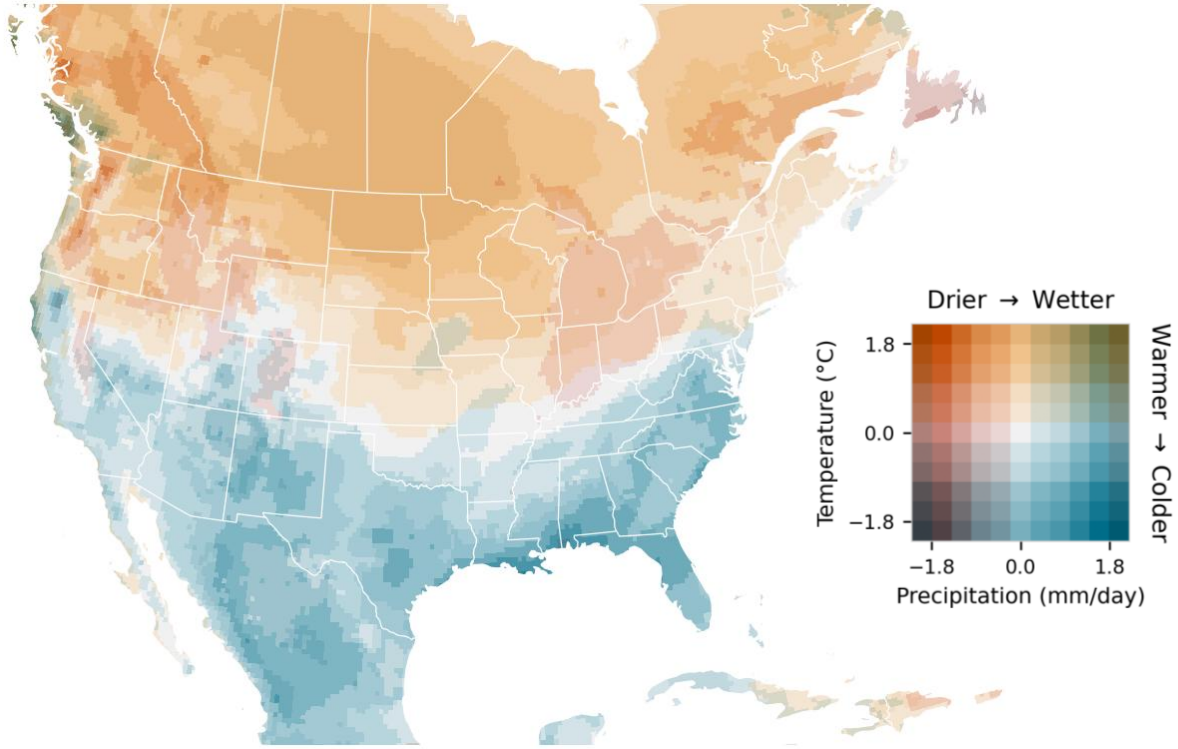
El Niño affects North America's weather, leading to a drier and warmer north and a wetter and colder south in winter

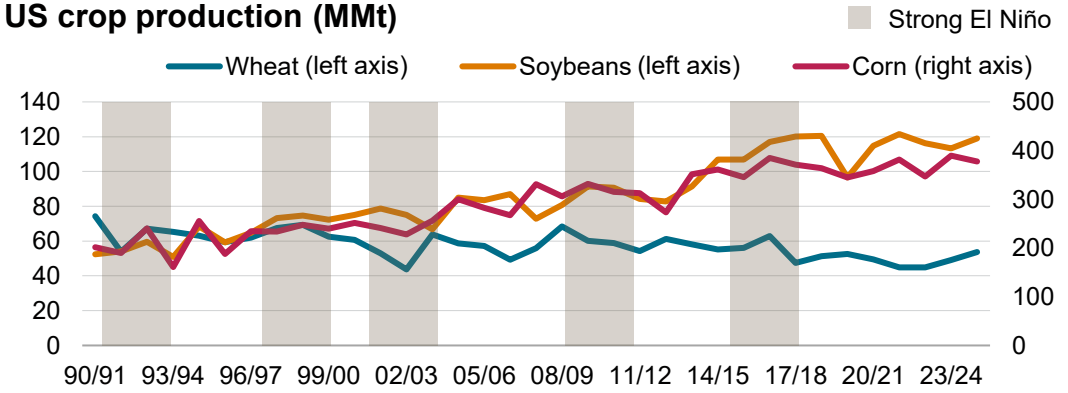
Winter weather fluctuates but has a limited impact on the US Corn Belt, with possible benefits for some crops.

North America (December to February)



- El Niño's influence peaks in winter, so direct affects on US corn and soybean yields are usually weak.
- A **strong El Niño tends to soften Great Plains winter cold, lowering frost risk for winter wheat**.
  - However, **excess moisture in the Southern Plains could delay fieldwork or increase disease in wheat and cotton**, especially if El Niño extends into spring 2027.
- Wetter El Niño winter eases Texas drought conditions with positive impacts for cotton and wheat.
  - However, Texas structural drought and wildfire risk persist in our projections for 2050.

US crop production (MMt)



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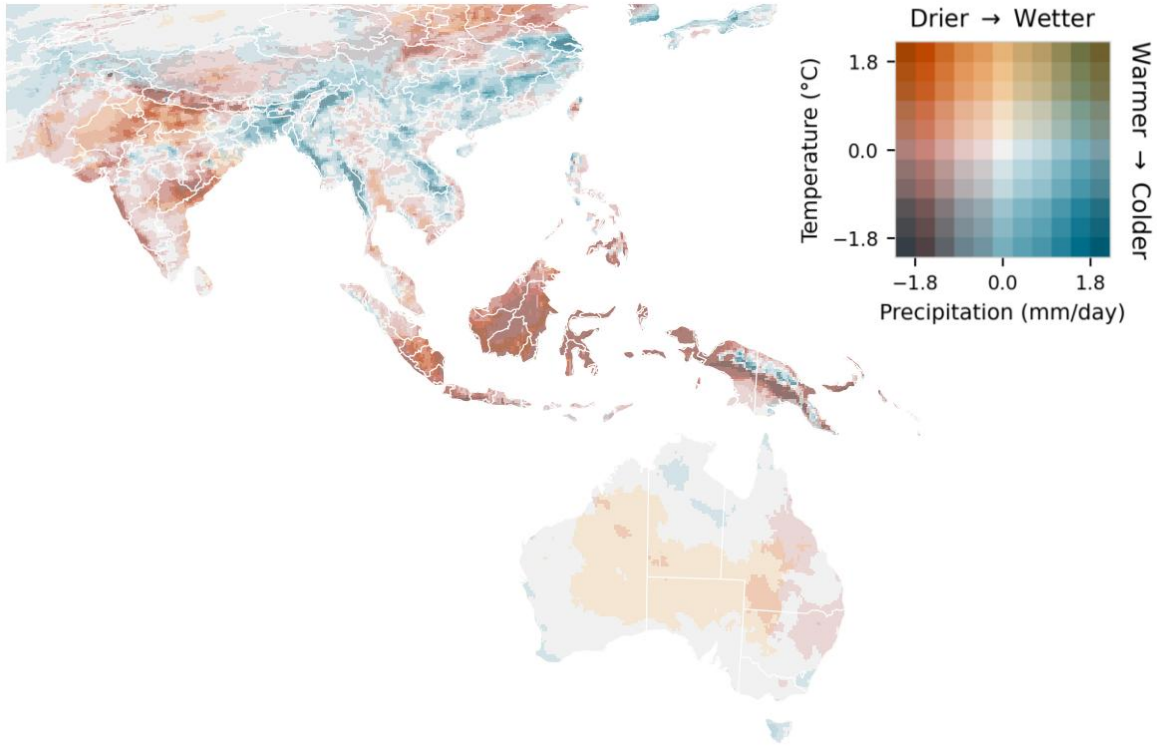
Southeast Asia and India have the highest vulnerability to a strong El Niño

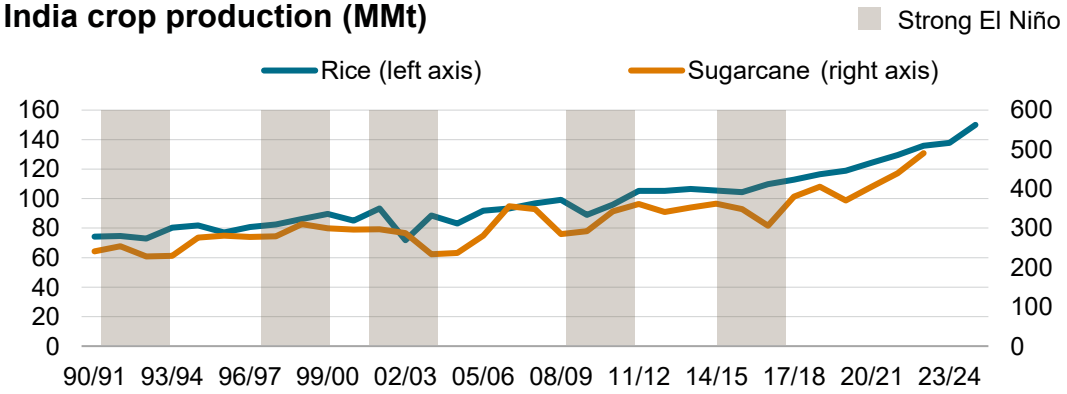
El Niño threatens to weaken India's monsoon and dry Southeast Asia, exposing staple crops.

Asia and Oceania (June to August)



- A strong **El Niño historically suppresses India's summer monsoon,** raising the chances of **below normal and delayed rainfall and higher temperatures.**
  - This climatological variability can generate yield shortfalls in rainfed rice and sugarcane.
  - IMD forecasts warned about a 10% reduction during the monsoon season, which is more pessimistic than the anomalies of 2015-16 when sugarcane yields dropped by 2%.
  - India sugarcane 2026-27 — potential supply tightening could increase the price.
  - S&P Global forecasts **India's rice production at 150 MMt, unchanged from its initial projection**. However, production could fall to 148 MMt if a Super El Niño develops and causes monsoon deficit, adversely affecting both harvested area and yields.

India crop production (MMt)



Data compiled June 2026
IMD = India Meteorological Department.
1991-2020 was used to calculate climatology, and El Niño years utilized for the assessment:1991-92, 1997-98, 2002-03, 2009-10, 2015-16,
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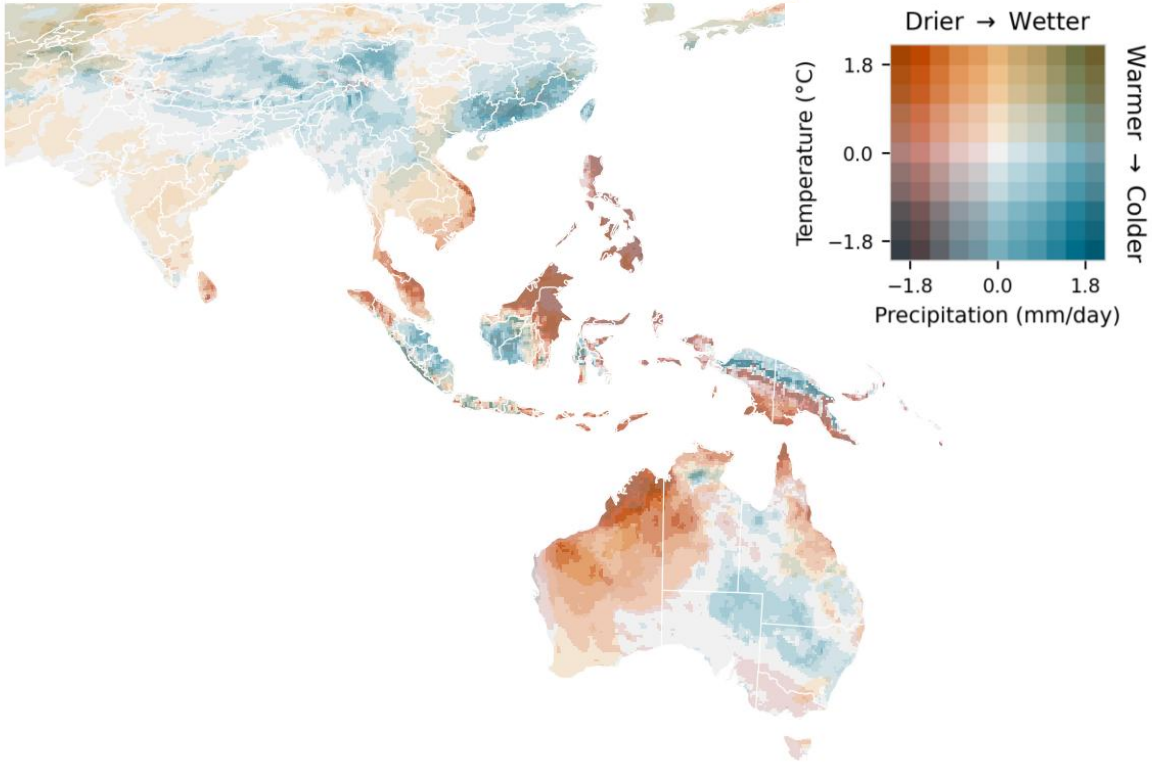
Palm oil suppliers are under threat in a strong El Niño condition, which often brings severe drought and heat

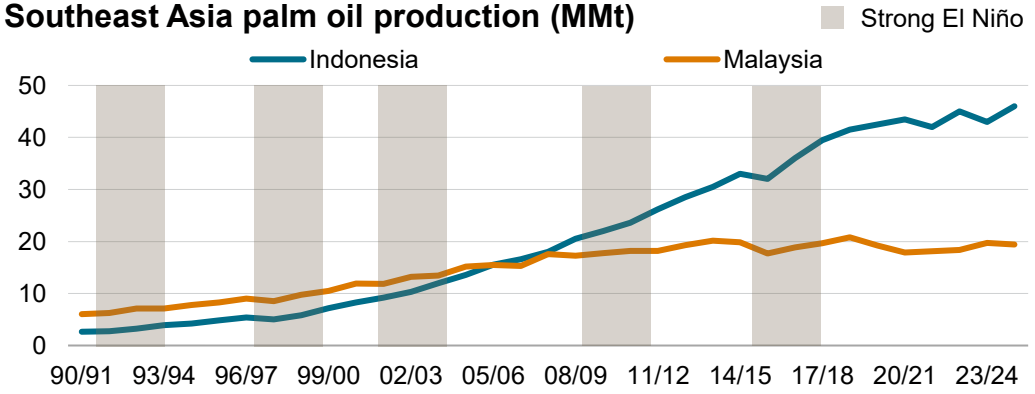
A similar 2015-16 El Niño caused reduced production of 3% palm oil in Indonesia and 6% wheat in Australia.

Asia and Oceania (December to February)



- **Palm oil yields in Southeast Asia are particularly sensitive:**
  - The severe dryness and heat can lead to spikes in wildfire risk, damaging plantations.
  - Past strong El Niño in 2015-16 caused significant output losses. Indonesia, Malaysia and Thailand reduced their production by 3%, 11%, and 13%, respectively. Palm oil shortages ripple through biofuel production and prices.
- **Australian wheat and barley face pressure**, projections point to a 19% fall in Australian wheat output in 2026-27
  - This forecast is derived from below-average rainfall expected in the eastern regions, which is dependent on production prospects, with output and exports forecast to decline.

Southeast Asia palm oil production (MMt)



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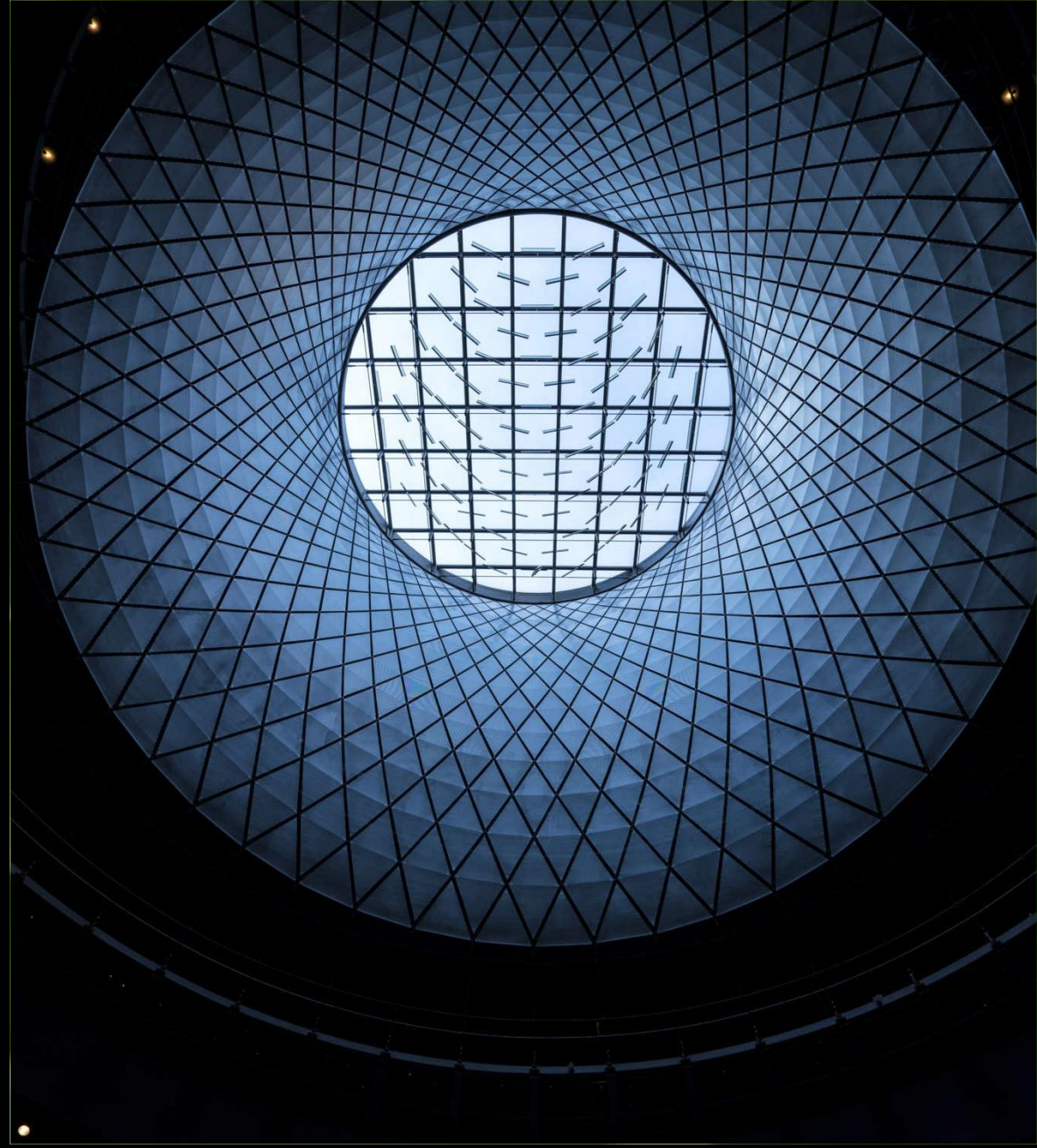

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