# Drought Conditions Slash U.S. Corn Yields, Sending Prices Soaring

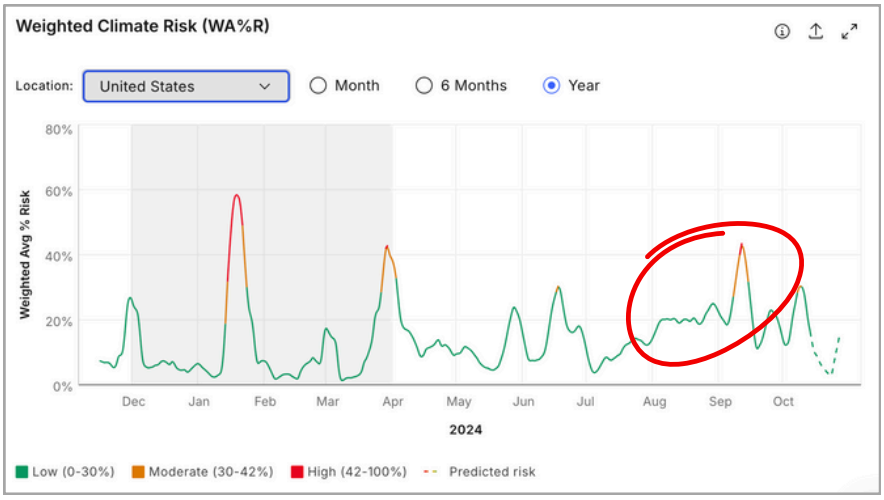
## WHAT HAPPENED?

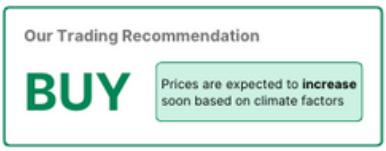
The U.S. corn industry hit some tough times, mainly because of dry weather in the Midwest. In 2024, droughts have slashed corn yields in key states like Iowa and Illinois. Even though some areas got rain, it wasn't enough to make up for the earlier damage, leading the USDA to cut its corn production forecast by 10%. Smaller crops and strong demand have pushed corn prices up, from $3.90 per bushel in August to $4.33 in October this year. As U.S. farmers brace for lower production, global corn prices will likely feel the impact soon.

## HOW HELIOS HELPED

**Figure #1** below shows a notable rise in climate risk across the United States in September 2024, peaking at around 50%. The Helios platform identified early signals of adverse weather conditions, particularly in major agricultural regions like the Midwest, where droughts and heat waves were affecting crops. By analyzing climate trends and their impact on agriculture, Helios forecasted the increased risk and updated our trading signal to "BUY - Prices are expected to increase soon based on Climate Factors". This clear signal helped traders and businesses anticipate the price increases and potential drop in yields before widespread reports emerged. This foresight gave Helios users a competitive edge in managing agricultural risks and preparing for market volatility.

**For more facts and figures on how users were able to easily identify the corn disruption, please see page #2.**

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## At a glance

Helios notified users of an upcoming price increase in corn three weeks before the media reported it and prices increased, showcasing the ability to predict supply chain disruptions and price fluctuations.

# Drought Conditions Slash U.S. Corn Yields, Sending Prices Soaring (2)

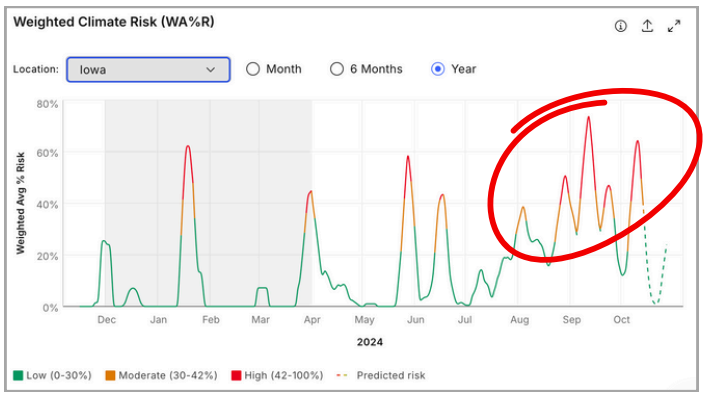

**Figure #2 & #3**

In September 2024, Iowa, responsible for 17% of US corn production, experienced a notable rise in climate risk, exceeding 60%. As it can be seen from **Figure #3**, the risk was associated with the average % of risk days exceeding 30% in September 2024, showcasing the level of dryness in that area.

This high risk, attributed to heat and drought, poses significant stress on corn crops before harvest, making September a critical month for agriculture in the state.

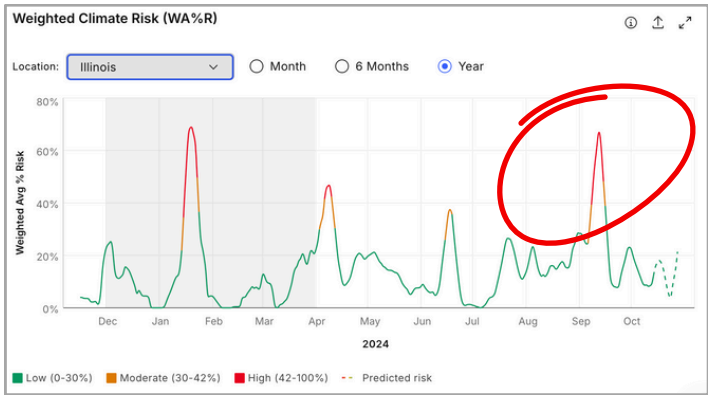


**Figure #4**

In September 2024, Illinois, contributing 15% of US corn, experienced a climate risk spike to 60%, indicating challenging weather for farmers. This increase suggests that late-season heat and dryness may have adversely affected corn crops during a critical growth period.

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## Definitions

WA%R = Weighted Average Percentage of Risk

The WA%R serves as a key predictor of price changes, with prices typically lagging behind it by a few weeks to a couple of months, depending on the type of risk.