



An industry perspective on the use of seasonal forecasts and weather information for evaluating sensitivities in traded commodity supply chains

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Weather information on seasonal timescales is crucial to various end users, from the level of subsistence farming to the government level. Also the financial industry is ever more aware of and interested in the benefits that early and correctly interpreted forecast information provides. Straight forward and often cited applications include the estimation of rainfall and temperature anomalies for drought – prone agricultural areas producing traded commodities, as well as some of the rather direct impacts of weather on energy production. Governments, weather services, as well as both academia and private companies are working on tailoring climate and weather information to a growing number of customers.

However, also other large markets, such as coal, iron ore, and gas, are crucially dependent on seasonal weather information and forecasts, while the needs are again very dependent on the direction of the predicted signal. So far, relatively few providers in climate services address these industries. All of these commodities show a strong seasonal and weather dependence, and an unusual winter or summer can crucially impact their demand and supply. To name a few impacts, gas is crucially driven by heating demand, iron ore excavation is dependent on the available water resources, and coal mining is dependent on winter temperatures and rainfall.

This contribution will illustrate and provide an inside view of the type of climate and weather information needed for the various large commodity industries.