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CLIMATE × COMMODITY RISK · 2026–27

The El Niño Procurement Monitor

Deep Dive Update — August 2026. From strong to record-shattering: what changed since the June read, and what procurement teams need to move on before the OND–DJF peak

+2.7°C
WEEKLY NIÑO 3.4
(As of Aug 12, 2026)

9 of 14
Commodities Price Hike

+53.5%
COCOA PRICE HIKE
(Since June 11, 2026)

Four signals define the shift from June to August

What June flagged as a strong event is now tracking above the 2015–16 very strong analog.

01 · INTENSITY

Very Strong trajectory confirmed (colloquially 'Super')

Weekly Niño 3.4 at **+2.7°C** exceeds the 2015–16 pace. NOAA gives **90%** probability of very strong event for NDJ (**69%** chance of exceeding every El Niño since 1950). **15 models ≥3.0°C**

02 · PRICES

Broad-based acceleration since onset

El Niño onset (Jun 11) → Aug 25: Cocoa +53.5%, Coffee Arabica +34.1%, EU Gas +34.0%, Rice +21.8%, Sugar +20.4%. Nine of 14 tracked commodities rising; eight above +10%

03 · WATERWAYS

Panama and Rhine, simultaneously

Panama cuts to **32 transits/day** from Sep 15; Rhine Kaub hit record low of ~6 cm on Aug 14; barges at ~10–20% capacity at mid-Aug record low; now recovering to ~25%

04 · MACRO

Loss estimate widens sharply

PIIE: **$986B** contemporaneous; six-year CI **$7.2T–$28.5T**. IMF historical benchmark (strong El Niño episodes) **+9%** food at ~16 mo. (very-strong events may exceed)

Sources: NOAA CPC (Aug 13, 2026), World Bank Pink Sheet (Aug 4), PIIE, IMF, ACP, Bundesbank.

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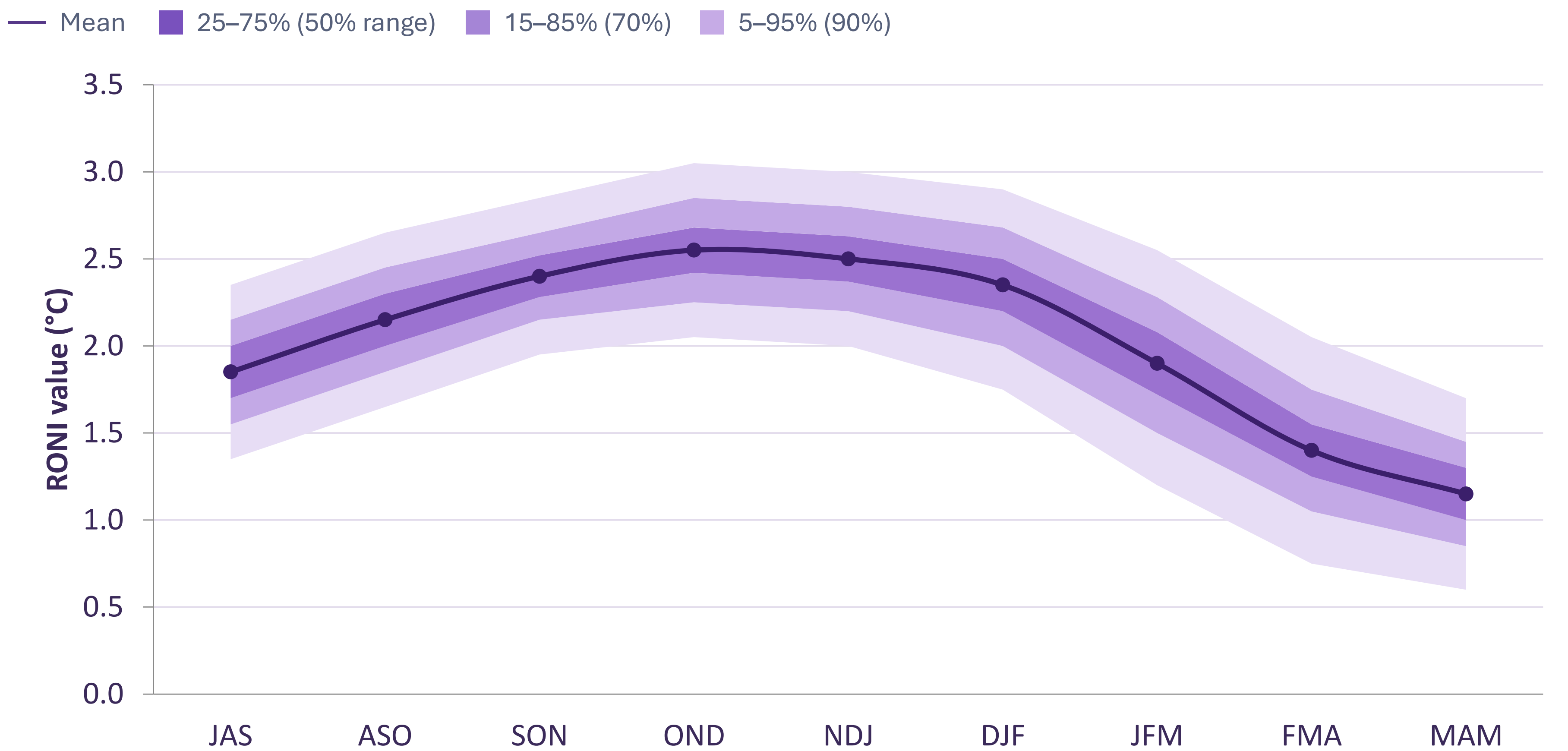
EL NIÑO STATUS

MONTHLY NIÑO 3.4 · JULY	WEEKLY NIÑO 3.4	HISTORIC EVENT PROBABILITY
+2.03°C	**+2.7°C**	**69%**
from +1.6°C in June	Aug 12 · Very Strong range	Chance of OND 2026 RONI ≥ +2.5°C — exceeding prior El Niño events since 1950

Figure 1 · NOAA CPC Official ENSO Outlook · Relative Oceanic Niño Index (RONI)



NOAA CPC Official ENSO Outlook, issued August 13, 2026. Bands show 50/70/90% forecast ranges. Peak expected OND–NDJ. 90% band extends above +3.0°C.

THE SCIENCE

University of Reading · Aug 21, 2026

“El Niño is growing as if there is no tomorrow, and there are still months of fuel left before the event reaches its peak. [...] Its biggest consequences may come indirectly, as disruption to global agriculture, energy demand and commodity markets feeds through into food prices, energy costs and supply chain pressures.”

— Dr Akshay Deoras, National Centre for Atmospheric Science, University of Reading

THE TRADE

CTRM Center / Agiboo · Aug 20, 2026

“When traders expect a crop six months from now to be smaller, physical damage does not yet have to be visible before futures and physical premiums react. The most challenging scenario is a combined supply-chain shock, in which lower crop yields coincide with high energy and fertiliser prices, logistics problems and geopolitical disruptions.”

— CTRM Center commodity trading analysis

Sources: NOAA Climate Prediction Center, ENSO Diagnostic Discussion, August 13, 2026; University of Reading Expert Comment, August 21, 2026; CTRM Center, August 20, 2026

July +2.03°C is from the IRI dataset (recent-period baseline). NOAA’s official ONI (1991–2020 base) shows July Niño-3.4 at +1.4°C. Different methodologies; not directly comparable.

A step-change month, not a drift

COMMODITIES TRACKED	SHARPEST MOVE	BROADENING RISK
14	+53.5% Cocoa	8 of 14 >10%

▲ Prices Moving Up

Cocoa	+53.48%
Coffee Arabica	+34.07%
Nat Gas EU	+34.01%
Rice	+21.84%
Sugar	+20.43%
Wheat	+19.86%
Coffee Robusta	+10.91%
Palm Oil	+10.53%
Copper	+7.00%

▼ Prices Declining

Nickel	−3.91%
Palm Kernel Oil	−4.62%
Aluminum	−7.82%
Natural Gas US	−8.62%
Coal	−13.25%

▲ DRIVING UP

Seven of nine rising commodities are agricultural; four moved >20%. El Niño is hitting West Africa (cocoa), Brazil (coffee, sugar), India + SE Asia (rice, palm oil) and the US Plains (HRW wheat) at once. Copper has broken above $6.70/lb (LME record $14,201/t on 24 Aug) on the DRC concentrate ban, Chile disruptions and a 47% LME drawdown — the "hidden risk" flagged in July is now priced in

▼ DRIVING DOWN

All four decliners are supply-driven, not climate relief. LME aluminum stays soft as China's exports jumped 18.7% YoY in July; nickel is pressured by Indonesia's quota rethink (~360 Mt). Palm Kernel Oil eased on ample kernel supply even as CPO rose. EU TTF gas retraced from July's spike, but storage at 63.3% (24 Aug) is the lowest for the date since 2009 — a pause, not a resolution

Sources: World Bank Commodity Price Data (Pink Sheet); market data as of August 25, 2026; Bloomberg; NOAA CPC; ING

Cocoa — Extreme

EXTREME RISK

Current-season supply is adequate, but the 2026–27 forward outlook has deteriorated sharply. West African pod development enters El Niño's risk window in September.

SURPLUS OUTLOOK

25K MT

StoneX 2026/27 forecast (Jul 29)
vs. ~422K MT (StoneX) surplus, 2025/26 season

PRICE ▲ SINCE EL NINO ONSET

+53.5%

($3,798 (as of Jun 11) → $5,829/mt Aug 25)

GHANA 2026–27 CROP

650K MT

at least −16% vs 750K+ MT (2025/26) · COCOBOD

ORIGINS

- **Ghana** 650K MT for 2026/27, 13–16% from 2025/26 output of >750K MT. Swollen shoot disease + aging farms + El Niño
- **Ivory Coast** 2025/26 arrivals +20% YoY (strong). 2026/27 forecast −11% to −20%. Pod counters see main crop at 1.35–1.45M MT vs 1.6M MT

FORWARD RISK WINDOW

- **Sept–Nov** pod development enters peak El Niño stress window
- **Substitution** flexibility may weaken if multiple origins face production losses
- **Next read** October arrivals data — first real signal on 2026/27 crop size

Cocoa is now moving at 2× the July pace. The June–July sprint was +27.5%; extending the window six weeks lifts the move to +53.5% — implying the July–August leg alone was ~+20%. Drivers: Ghana COCOBOD confirming a 650K MT floor (13–16% down); West Africa flooding + Harmattan uncertainty.

PRIOR STRONG-EL-NIÑO ANALOGS · WEST AFRICAN COCOA

VERY STRONG	SUPER	SUPER	SUPER	FORECAST
1972–73	**1982–83**	**1997–98**	**2015–16**	**2026–27**
	worst on record · >25%			

Major El Niño events have historically reduced West African cocoa production; the worst (1982–83) exceeded 25%. Under strong-to-very-strong events, production stress is common but magnitude varies. Pod development begins September.

Sources: StoneX (Jul 29); COCOBOD, Bloomberg; ICCO; USDA; World Bank; CNBC Africa; Oxford Economics. ICCO May 2026 surplus estimate was substantially lower (~48K MT); methodological differences exist.

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Coffee, palm oil, sugar, copper. Four risks, one direction.

Distinct transmission windows — all four point higher through Q4 2026 and into 2027.

Coffee Arabica

HIGH

+34.07%

Arabica · $335.50 c/lb

- Brazil harvest ~65% arabica / 76% total by end-July *(per Rabobank)*, still behind the prior-year pace
- ICE Arabica stocks near multi-decade lows (total certified stocks near 24–26-year lows; on-warrant stocks at ~2.5-year low)
- Flowering season falls into peak El Niño window

Palm Oil

HIGH

+10.53%

~$1,224/mt · trend confirmed — early stage

- Indonesia implemented a world first 50% palm-biodiesel mandate on July 1, 2026,— tightens exportable supply
- Wilmar FFB yield −6% YoY; Kalimantan rainfall declining
- El Niño yield lag hits 2027–28 (SD Guthrie)

Sugar

HIGH

+20.4%

ICE Sugar No. 11 (world raw sugar) · $17.27 c/lb

- ISO forecasts 262K MT global deficit for 2026/27
- In early/mid-July 2026, Centre-South mills sent ~41% of crushed cane to sugar in some biweekly periods (UNICA), vs. ~49.5% prior-year avg; season outlook ~48%
- India extended sugar export ban through Sept 30, 2026, and is now considering curbing cane-to-ethanol diversion to tame domestic record-high prices; also, reopened a 1M-tonne duty-free import quota

Copper

HIGH

+7.0%

$6.71/lb· tightening

- LME stocks slumped from 401K to 214.5K tons; Copper hit a record close of $14,201/t (Aug 24) and an August intraday high of $14,396/t (Aug 17)
- DRC formalized/enforced its long-standing ban on raw copper and cobalt concentrate exports under a June 2026 ministerial order, revoking existing derogations
- Chile storm disruptions + Peru community blockades

Sources: USDA Coffee Circular; Cooxupé; ICE; MPOB; SD Guthrie; ISO; Conab; LME; ICSG; Bloomberg.

Rice & wheat — the grains surprise.

Two grains flagged moderate-risk in June, both now spiking on El Niño + policy + war.

Rice

HIGH

+21.84%

14.87 $/cwt

- India monsoon: rainfall deficit hit 397 districts; paddy-growing regions along the Ganga in drought-like conditions
- India kharif rice acreage down ~3.7% YoY to 365 lakh ha as of Aug 14
- Philippines rice imports +18% YoY; rice inflation ~15%
- Forward risk: India could reimpose the non-basmati export ban if the kharif harvest disappoints.
- Peak El Niño coincides with harvest window Oct–Dec

Wheat

HIGH

+19.86%

$703.25 c/bu

- Russian August wheat exports on track for decade low amid Black Sea attacks
- Ukraine grain exports fell 75% in first two weeks of August
- Combined Russia + Ukraine = 27.3% of global wheat exports in MY 2025–26
- COCERAL cut EU+UK wheat forecast to 140.8 Mt; EU+UK grain output −23.4 Mt vs 2025
- Australia ABARES: winter crop forecast −21%
- Forward risk: further Black Sea escalation adds $0.50–1.00/bushel; Australia harvest downside not yet fully priced

Sources: Down to Earth; Tridge (Aug 21); Reuters (Aug 13); Moscow Times (Aug 11); S&P Global (Aug 20); Farm Progress; ABARES.

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Two waterways, same quarter

An unprecedented compound logistics risk ahead of peak-season demand.

CENTRAL AMERICA

Panama Canal

35 PRIOR → **32** TRANSITS/DAY

Transits cut first to **34/day (4 Sep)**, then **32 (15 Sep)**. Watershed rainfall **-34%** (May–Aug); inflows –44%. ACP cites El Niño

SLOT AUCTIONS
~$1.1M–$2.5M
Aug 2026 avg · Individual bids to ~$4M

CONTAINER SURCHARGE
~$130–$500 / TEU
Hapag-Lloyd $130, ONE $150, MSC $149–376, CMA CGM $500

PEAK DISRUPTION
Q1 2027
Reversal from May stance

EUROPE

Rhine at Kaub

~6-8 cm
KAUB GAUGE

CARGO CAPACITY
barges at ~10–20% capacity at mid-Aug record low

Freight cost multiplier **~4×**. Commerzbank est. GDP drag **–0.35 ppt** if critical levels persist through mid-Sept.

PRIOR LOW RECORD
25 cm
October 2018

GERMAN INLAND FREIGHT
~80–86%
Routed via Rhine · Partially Recovered Late Aug

MOST EXPOSED
Chem · Steel · Grain
Chemical + industrial priority

Rebounding from Record Low; Still Below GlW Threshold (77 cm)

Energy knock-on: Low Rhine + Danube levels compound EU energy stress. Romania forced to cut nuclear reactor cooling (Danube); barge freight for coal/oil products up 4–5×. Feeds directly into TTF gas price pressure

Sources: Panama Canal Authority (ACP), France24, Insurance Journal, Commerzbank via Bloomberg (Aug 12, 2026).

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Regional Status — Where it's hitting, where it's heading

+49M **more people into acute hunger by end-2027**

225M → 274M across 45 countries (+22%) · WFP / UN News, Aug 5, 2026

ACTIVE

SOUTH ASIA · INDIA

−1.5%

kharif sowing gap, late Aug (was −20% early July)

- Monsoon stalled early July (−20% kharif, −40% oilseed) then recovered
- Gap narrowed to −1.5% by Aug 21
- Compressed season raises yield and quality risk
- 12 states flagged · Sugar export ban extended

ACTIVE

EAST AFRICA · HORN

3.3M

acute food insecure in Kenya (+52% YoY)

- 400K at emergency hunger
- Kenya MPs urged a national disaster declaration
- short rains (2025) failed; long rains (Mar–May '26) below expectations in ASAL areas

INTENSIFYING

EUROPE

€180B

est. GDP cost of heat (~1%) — Triodos

- Rhine freight €45→€150/t · barges at ~10–20% capacity at mid-Aug record low; now recovering to ~25%
- Romania shut both Cernavodă reactors (Danube cooling)

ACTIVE

SOUTHEAST ASIA

285K ha

scorched in Indonesia (Aug 24)

- ~600 schools closed in Sarawak, Malaysia (transboundary haze)
- Philippines rice +20.1% YoY (H1 2026); inflation 13.7% (July)

INTENSIFYING

LATIN AMERICA · BRAZIL

2.7M acres

burned Jan–Jun 2026 (MapBiomas)

- +318K vs +~218K in 2025
- Aug 2024 saw 38,266 alerts (+120% vs 2023) · 2026 tracking similar or worse
- Researchers warn worst fire season expected H2 2027 (lagged dry season)

FORWARD RISK

AUSTRALIA

−21%

winter crop forecast (ABARES)

- Wheat area at 6-yr low · Rice output → “very low”
- BOM: 60–75% prob. below-median rainfall, eastern states

IMPACT CASCADE · NOW → H2 2028

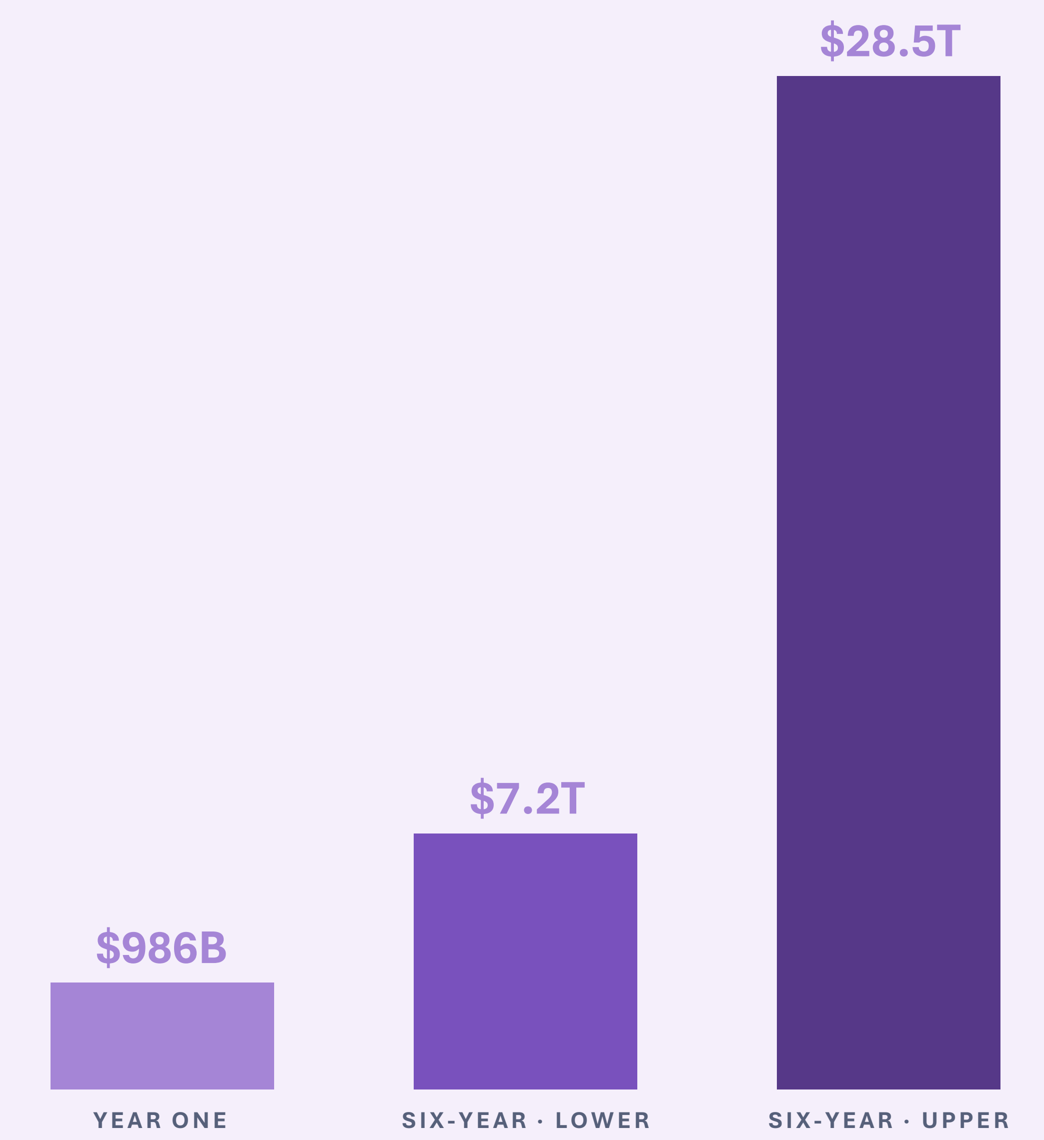
NOW	Aug–Sep	Oct–Dec '26	Q1 2027	H1 2027	H2 2027	H2 2028
India monsoon · Horn hunger	Indonesia fires · EU rivers	Peak El Niño · cocoa stress	Harvest gaps · export bans	Consumer price pass-through	Amazon fire peak · palm lag	Full transmission (GS +15.8%)

Sources: WFP/UN News Aug 5 · USDA FAS · CARE IPC · BMKG · INPE · MapBiomas · Amazon Conservation Association · ABARES · BOM · CNBC · Triodos Bank · Manila Bulletin · Down to Earth · Washington Post

The economic toll widens

PIIE six-year loss range: **$7.2T to $28.5T** (central est. ≈ **$17.6T**) in cumulative global GDP — year-one hit ≈ **$986B** (0.8% of global GDP).

PIIE global GDP loss estimates (USD)



Year-one loss ≈ 0.8% of global GDP · six-year CI $7.2T–$28.5T (PIIE, Hendrix, rev. Aug 18).

HISTORICAL EL NIÑO FOOD PRICE IMPACT

+9% *peak food commodity price impact around month 16 during strong El Niño episodes; a very-strong event may exceed +9%*

CURRENT EVENT INTENSITY

Above Very Strong Threshold

Weekly SST anomaly exceeds strong El Niño levels

> "From sugar and cocoa to copper and credit, El Niño could create divergent risks across commodities, regions and asset classes."
>
> — **Morgan Stanley Research**, "El Niño: A Cross-Asset Event," morganstanley.com/insights, August 12, 2026

> "This is supply-driven inflation, the kind that monetary policy can struggle to address. We do not believe current market pricing adequately reflects this risk."
>
> — **David Waugh**, Associate Portfolio Manager, Neuberger Berman, June 18, 2026

> "The question is not whether disruption will occur, but how prepared organisations are to anticipate and respond to it."
>
> — **Neil Dalus**, Risk Assessment Manager, TT Club, July 7, 2026

Sources: PIIE (rev. Aug 18), World Bank / ECB (2023), Morgan Stanley, Neuberger Berman, TT Club, Commerzbank via Bloomberg.

From field to shelf, in five phases

Transmission follows a documented sequence. We are in Phase 1 today.

P01 · NOW
Q3 2026

Production disruption begins

Initial commodity price pass-through begins. USDA ERS forecasts 2.5% food-at-home CPI for 2026 (forecast interval 1.7–3.3%).

FOOD COMMODITY PRICE IMPACT

P02
Q4 2026

Peak El Niño (*anticipated*)

Peak El Niño conditions. Commodity spot prices accelerate.

FOOD COMMODITY PRICE IMPACT

P03
Q1 2027

Supply Shortfalls (*anticipated*)

Harvest shortfalls materialize. Export restrictions proliferate.

FOOD COMMODITY PRICE IMPACT

P04
Q2–Q3 2027

Consumer pass-through

Consumer pass-through peaks. Goldman Sachs: Combined oil + fertilizer + El Niño shocks add +1pp to SE Asia food inflation at 6 months, +2.1pp at 12 months

FOOD COMMODITY PRICE IMPACT

P05
H2 2027–28

Lagged impacts peak

Global food commodity prices could rise 15.8% cumulatively under a very strong El Niño scenario (*Goldman Sachs estimate; full impact projected by H2 2028*); Delayed impacts from perennial crops (palm oil, coffee, cocoa) filter through, per Goldman Sachs

FOOD COMMODITY PRICE IMPACT

+15.8%

The window that matters most for procurement is **Phase 1–2**. **+15.8%**

Sources: Goldman Sachs (via LifeGate Jul 22; CNBC Jun 22), USDA ERS Food Price Outlook (Aug 2026), World Bank Commodity Markets Outlook

What buyers are already doing

Origin diversification, alternative ingredients, and one notable hedging retreat.

Barry Callebaut — COCOA

Origin diversification and bean blending. Noted "strong surplus" in early 2026 — but 2025/26's **~415K MT** surplus will not repeat; StoneX forecasts just **25K MT** for 2026/27 (Jul 29).

Hershey — COCOA

Ecuador/Brazil sourcing diversification. **$500M** Cocoa For Good program (2018–2030). **$1B** North American processing expansion (PA facility).

Nestlé — COCOA

Scaling **ChoViva** cocoa-free; expanding TogetherCocoa Foundation.

Mondelēz International — COCOA

SNACKING MADE RIGHT

Cell-cultured cocoa with **Celleste Bio** ; medium-term hedge.

Starbucks — COFFEE

Q3 2026 beat; CEO Brian Niccol noted coffee remains a "cost headwind" but easing. Flags El Niño as forward-cost risk

Wilmar — PALM OIL

FFB yield **−6% YoY** H1; Kalimantan rainfall declining. Lag flagged 2027–28.

Kraft Heinz — FMCG

Custom tomato seed development, precision irrigation, supplier expansion.

Danone — FMCG

ONE PLANET. ONE HEALTH

Continuous climate monitoring; selective price hikes to pass through.

Britannia / Dabur — INDIA FMCG

Britannia: shrinkflation on Rs 5–10 packs; expects **1.5–2%** pricing action in Q2. Dabur: selective price hikes across food portfolio.

Sources: FoodNavigator; Starbucks Q3 FY2026 earnings (Jul 29); Hershey sustainability; StoneX

The procurement roadmap

Three horizons. The window on freight and copper closes first.

HORIZON 01
0–14 DAYS
URGENT

Panama freight. Rebook Sep–Dec via Panama priority-slot auctions or reroute via Cape of Good Hope (avoid Red Sea); hold 2–3 wk safety stock.

Rhine backup. Activate rail + road for chemical/industrial; pre-position downstream.

Copper cover. Extend hedge tenor to Q2 2027 covering 60–70% of forecast demand; layer LME forwards + consumer options.

HORIZON 02
15–90 DAYS
NEAR-TERM

Palm origins. Diversify beyond Indonesia; lock Malaysian, Thai, and Guatemalan volumes. Ensure EUDR-compliant traceability documentation.

Rice alternatives. Prioritize Vietnam and Thailand; qualify Pakistan as secondary. Screen Myanmar volumes for sanctions/ESG exposure before contracting.

Coffee hedges. Layer forward cover on Arabica (Brazil) and Robusta (Vietnam) into H1 2027; add call options against frost/drought spikes.

Cocoa allocation. Secure Q1–Q2 2027 tonnage via laddered forward buys (avoid single-point pricing at multi-year highs); diversify origin (Ecuador, Brazil) alongside West Africa.

HORIZON 03
3–12 MONTHS
STRATEGIC

Budget buffers. Build **15–25%** cost contingency into 2027 for El Niño categories.

Parametric insurance. Evaluate rainfall/SST-indexed products for cocoa (West Africa) and coffee (Brazil, Vietnam); target payout triggers aligned to El Niño ONI thresholds.

FX hedging. Strengthen coverage on AUD, BRL (deliverable); use NDFs for IDR and COP — budget for wider spreads.

Supplier stress-test. Tier 1 & 2 resilience in El-Niño-exposed origins.

Our Comprehensive Services

Procurement Resource delivers data-driven procurement intelligence that helps businesses make faster, more informed sourcing decisions. Through an array of digital solutions and customized studies, we turn complex market information into clear, actionable insights. Powered by research, analytics, and AI, our solutions help procurement teams identify savings opportunities, strengthen negotiations, manage supply risks, and build more resilient sourcing strategies.

- Commodity Price Database
- Should Cost Models
- Trade Data Analytics
- Category Intelligence
- Competitor Benchmarking
- Intirty AI

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