



Welcome to this week's WeatherManager, your weekly journal for ideas and developments in the weather risk market, brought to you by *eWeatherRisk*.

The headlines continue to support what we have been discussing all fall that it looks like the La Nina pattern is back for the winter but with some unusual twists with a dry and cold PNW see [Unimpressed skiers ask: Where's the spectacular La Nina snow?](#)

The shorter term pattern has seen rain breaking out of Southern California and traveling east delivering much needed rains to some drought stricken areas and keeping the northern ski resorts dry as well as the WCB. The longer term outlook favors a warm and dry south and continued expansion to the cooler and wetter north. Excess precipitation/cool spring hedges are in order for the north, winter freeze a greater risk in CA, TX and Florida and drought/heat hedges for the southern plains in the spring/summer.

We encourage you to send the newsletter to your clients and friends so they can read about current and future weather risks and how to manage that risk through *eWeatherRisk*.

*Merry Christmas and
a Prosperous 2012.*

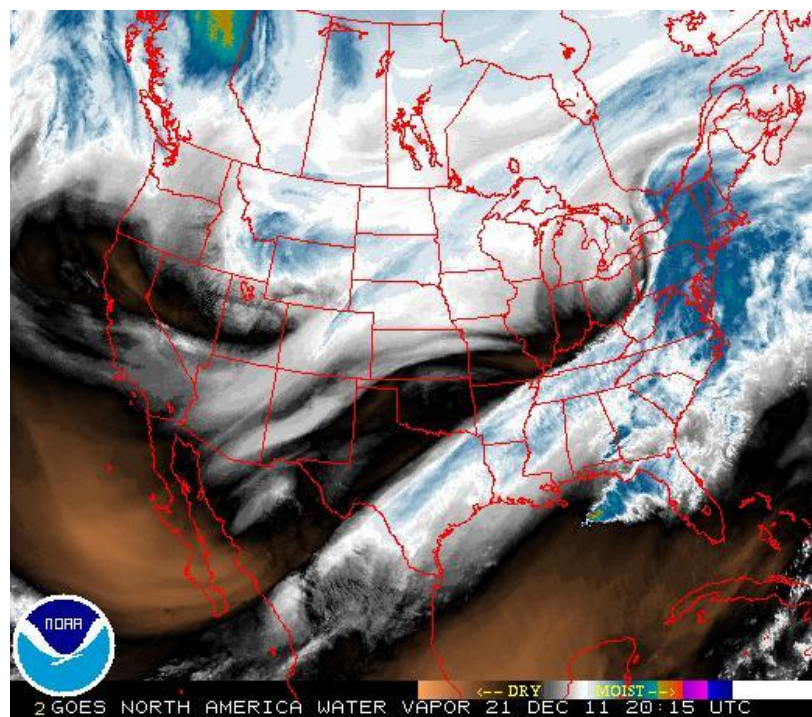
[Wild Weather of 2011: Blame La Niña](#) - To say 2011 has been a wild weather year would be a huge understatement. From tornadoes to floods to wildfires, weather records were set across the United States this year, but not in a good way. This year the United ...*msnbc.com* · 1 day ago

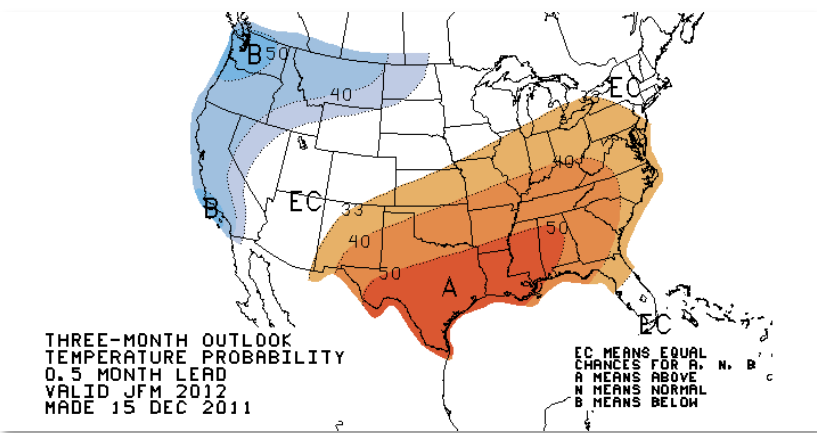
[La Nina pattern back in control of Calif. weather for winter](#) - SACRAMENTO, Calif. — La Nina is back in control of California's weather, and like last winter, her temper seems to be flaring. First it was strafing November winds. Then persistent December frost. Now half the state is dry ...*McClatchy* · 12/14/2011

[Nebraska Enters Second Winter with La Nina Conditions](#) - Syracuse Journal-Democrat - 2 hours ago – The state is entering its second straight winter with *La Nina* conditions in the Equatorial Pacific, but the Nebraska state climatologist said ...

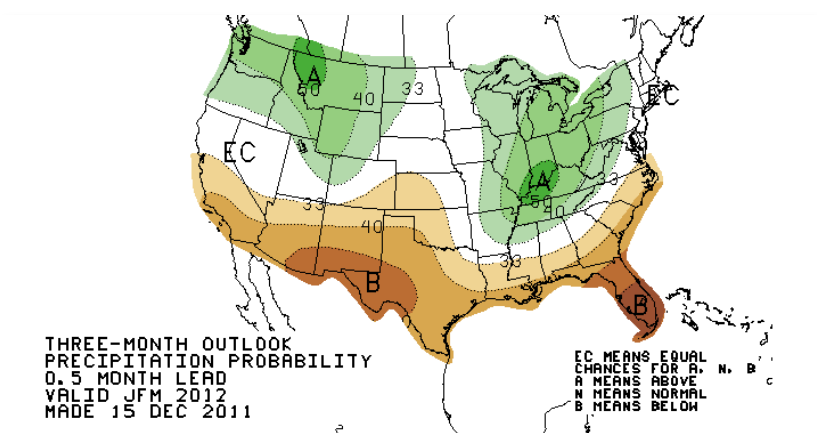
[Unimpressed skiers ask: Where's the spectacular La Nina snow?](#) - Seattle Post Intelligencer - 1 day ago - Skiers are asking - where's this *La Nina* winter we keep hearing about? The crowds at Snoqualmie Summit on Sunday were average. The Summit enjoyed an early ...

[Mixed Outlook For Cotton And Apparel Sector - La Nina Impact ...](#) Seeking Alpha - 23 minutes ago - La Nina winters produce dry/*drought* conditions across the southern United States from Florida, to California. The graph below shows the latest *forecast* from ...



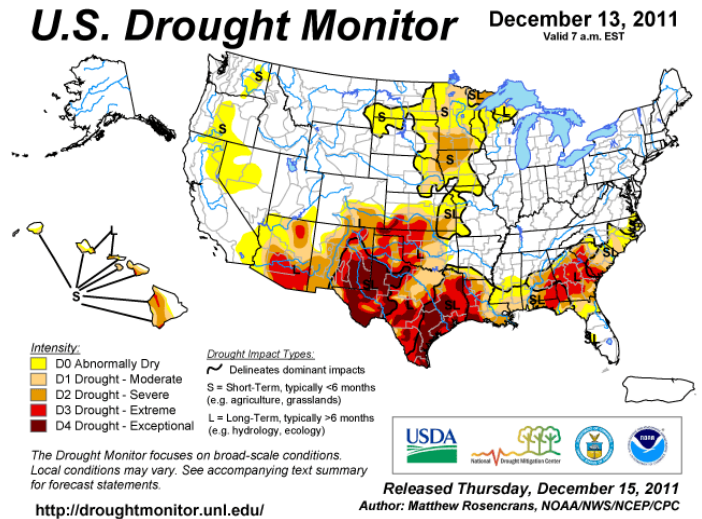


The upper map shows the January, February, March (JFM) half month outlook issued Dec 21 and made December 15th. The above normals and mild conditions continue across the entire southern tier from New Mexico to Florida and north to the Great Lakes. Below normal conditions are isolated to the West Coast and the PNW east to the western Dakotas. The inter-mountain west and through the upper plains have equal chances of above or below normal conditions.

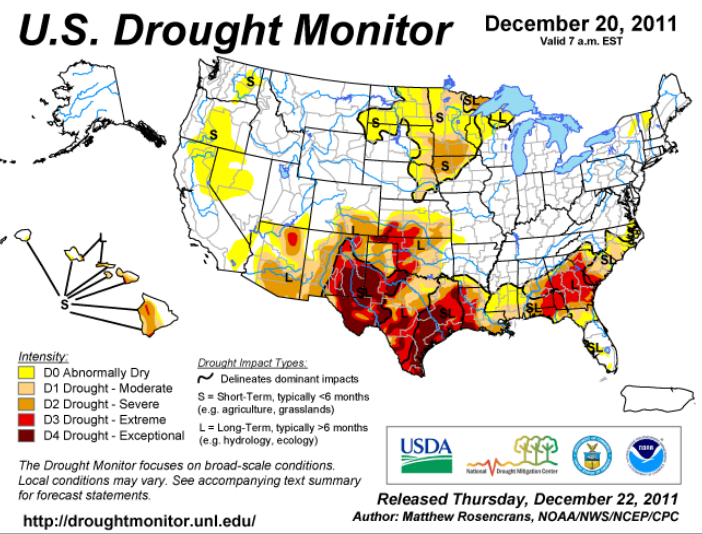


The lower map is the JFM precipitation outlook with above normal rainfall centered over the ECB into the Great Lakes as well as back in the PNW and Missouri River watershed. Consistent with a La Nina forecast, the entire southern tier is forecasted to below normal particularly West TX into the SW and Florida up through the mid-Atlantic. The unaffected slivers of the country have equal chances. If this delivers, it will lead to a wet Central and ECB and likely problems at planting that can be hedged against now before they worsen and become more expensive.

3 month outlooks
Valid: JFM 2012
Updated: 15 Dec 2011

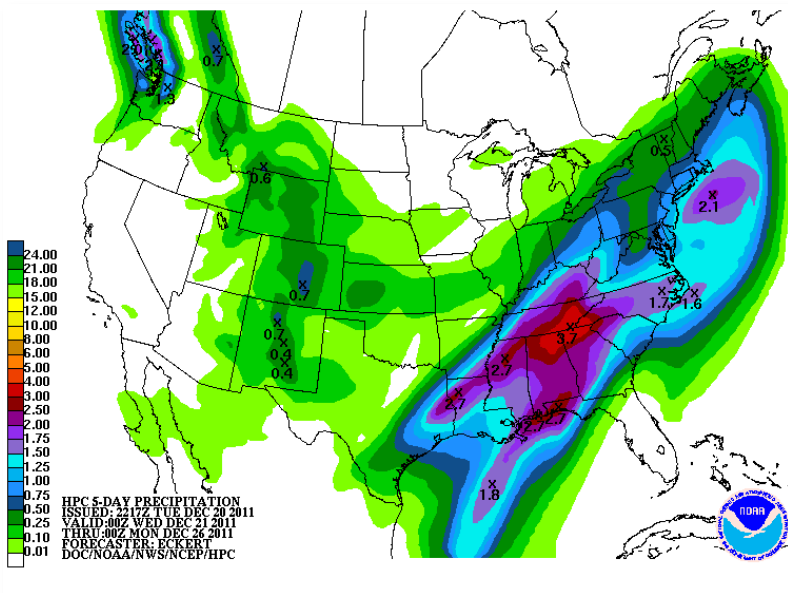


The upper map was issued December 15th and showed worsening conditions in the Sierra's into Nevada. Iowa, Eastern NE, all of MN and parts of MI and the Dakotas as well as the entire southern tier show conditions from Abnormally Dry to Exceptional Drought. The lower map was issued December 22nd and shows improvement in KS, OK and New Mexico and expansion in the Sierras.



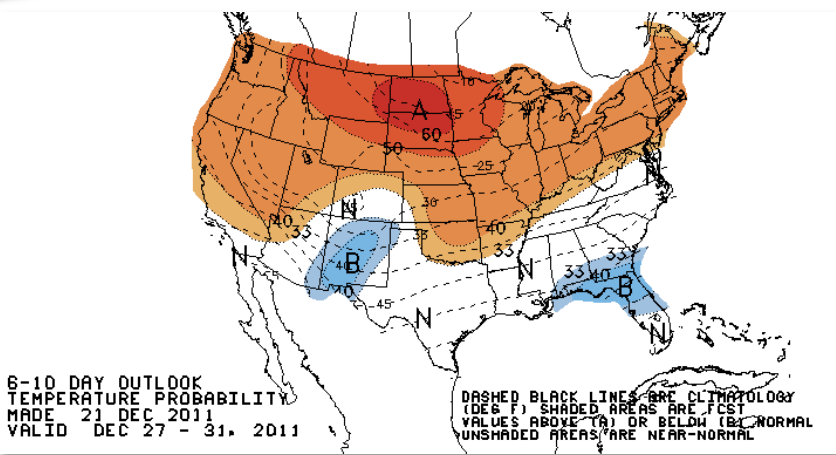
Headlines and the longer term forecasts show the dryness and heat are likely to continue along the south and excess rain in the Ohio Valley and northern tiers notwithstanding the dry start to the winter see [La Nina pattern back in control of Calif. weather for winter](#). Remember dry conditions produce low dew points and increase the likelihood along with blocking patterns of cold air surging far south and impacting winter crops. This should also create difficult growing conditions for winter wheat and spring plantings with excess daytime heat and lower overnight lows associated with the dry conditions.

eWeatherRisk can help you and your customers design a hedge solution specific to their weather risk.

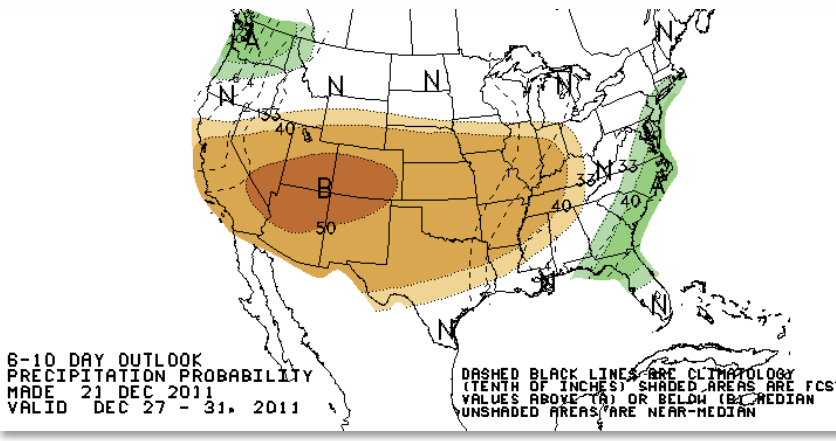


The map to the left is the 5 day precipitation outlook issued December 20th valid through Monday the 26th. This continues the wetter short term pattern with a good portion of the US seeing rains and finally some decent rains getting into Texas and through the Tennessee Valley. Again, continued excess rain in the Ohio Valley and throughout the Great Lakes and even into East Texas and along the Gulf States. The Southwest and all of the West Coast except the extreme PNW dry out. The Upper Plains and even the dry areas of Iowa stay dry. This sets up for what we have been suggesting will be a wet winter in the ECB and delayed planting next spring.

We continue to be concerned that the features of last winter with the cold and wet north and the warm and dry south look to continue despite this short term relief. Protecting this moisture with excess heat hedges which would evaporate the moisture and stress the crop going into winter are suggested along with winter kill for wheat. Next spring excess heat or drought hedges are recommended in the south and excess precipitation hedges at planting in the North and Eastern Belt.

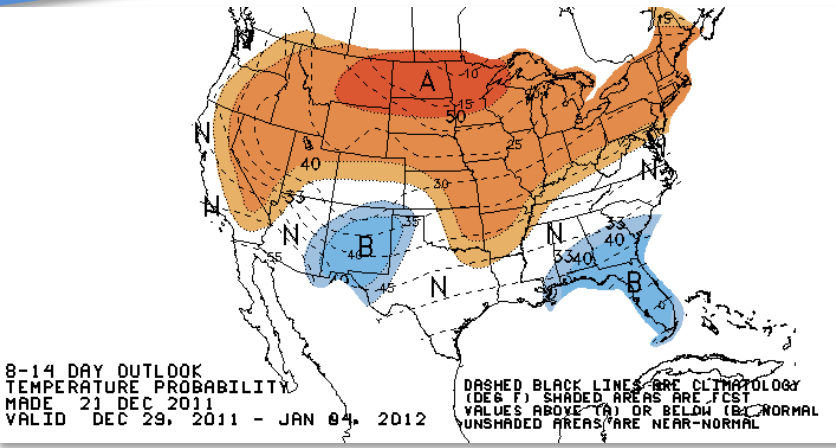


The upper map shows the 6-10 temperature outlook issued December 21st. The above normals and mild conditions dominate the northern tier extending from the PNW to New England and quite far south into Southern California and even OK and AR. Below normal temperatures persist in New Mexico and into the Eastern Gulf. Only the mid-Atlantic and along the South see normal conditions.

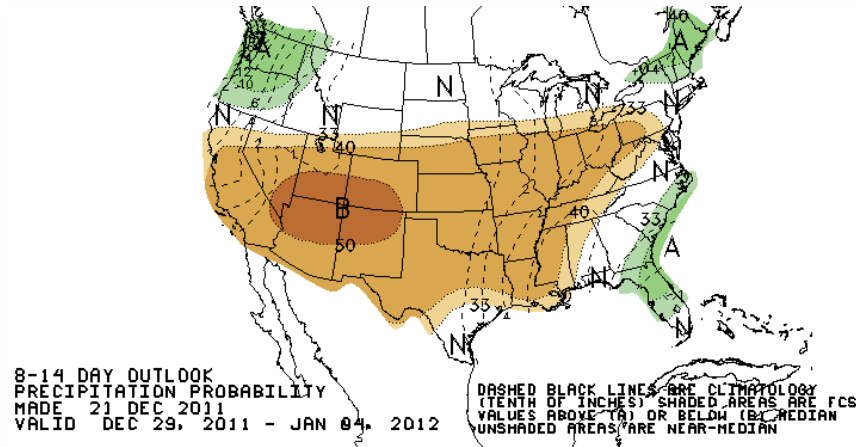


The lower map is the 6-10 day precipitation outlook with most of the country drying out with below normal conditions concentrated in the 4 corners which had gotten above normal rainfall with the cut off lows coming off of Southern California. A sliver of above normal finally gets into the PNA and along the Eastern Seaboard. Below normal conditions spread from the Ohio and TN valleys all the way to California and once again the entire wheat belt. Again, this suggests drought and excess heat hedges for the wheat belt in the spring and winter kill and late spring freeze risk for wheat that can be hedged against now before conditions worsen and hedges become more expensive.

6 to 10 Day Outlooks
Valid: December 27 2011 to December 31 2011
Updated: 21 Dec 2011



The upper map is Wednesday's 8-14 day temperature outlook for December 29th to January 4th. The heat stays centered over the northern tier even farther south into North TX but retreats from the West Coast but just on the coastline. Below normal temperatures continue to stay centered from New Mexico along the Gulf all the way to the eastern Carolinas with the rest of the country experiencing "normal" temp's but remember the reference point is the second week of winter.



The lower map is Wednesday's 8-14 day precipitation outlook which continues drying out the SW and West Coast and spreading quite far east with the most below normals in the 4 corners (remember, mean reversion) Above normals are only in the PNW, New England and the East Coast.

Winter kill and drought and heat hedges for the wheat belt and spring planting and freeze in TX and along the Gulf for winter crops should be considered.

8 to 14 Day Outlooks

Valid: December 29 2011 to January 04 2012

Updated: 21 Dec 2011



eWeatherRisk's weekly case studies, articles and discussions are to assist you in weather risk strategy development and provide ideas that can further your understanding of how to structure, price and purchase a weather risk instrument.

In this edition we take a look at drought on winter wheat in western KS as well as excess heat at heading leading to poor test weights, excess heat in MS during corn pollination, a dry winter in Colorado for skiing and excess precipitation at emergence in Minnesota and Illinois. If you would like similar structures for your area please let us know.

These are all examples of weather hedges that can be used effectively in your area or other structures you are concerned with.

You can call or email us with your ideas that are specific to your area and client concerns to hedge risk in Agriculture, Agri-business and any enterprise that has weather risk.

WeatherManager Weekly

Dodge City, KS

Insufficient Cumulative Precipitation

Weather Station Information for this Contract

Station Name	Station ID	Weight
Dodge City Regional Airport	14216413985	100%

Contract Value \$ 100,000

Date Start 4/1/2012

End Date 5/31/2012

Historical (60 yr) Average

Precip 4.71

Historical Min Precip 1.72

Damage Begins at 3.00

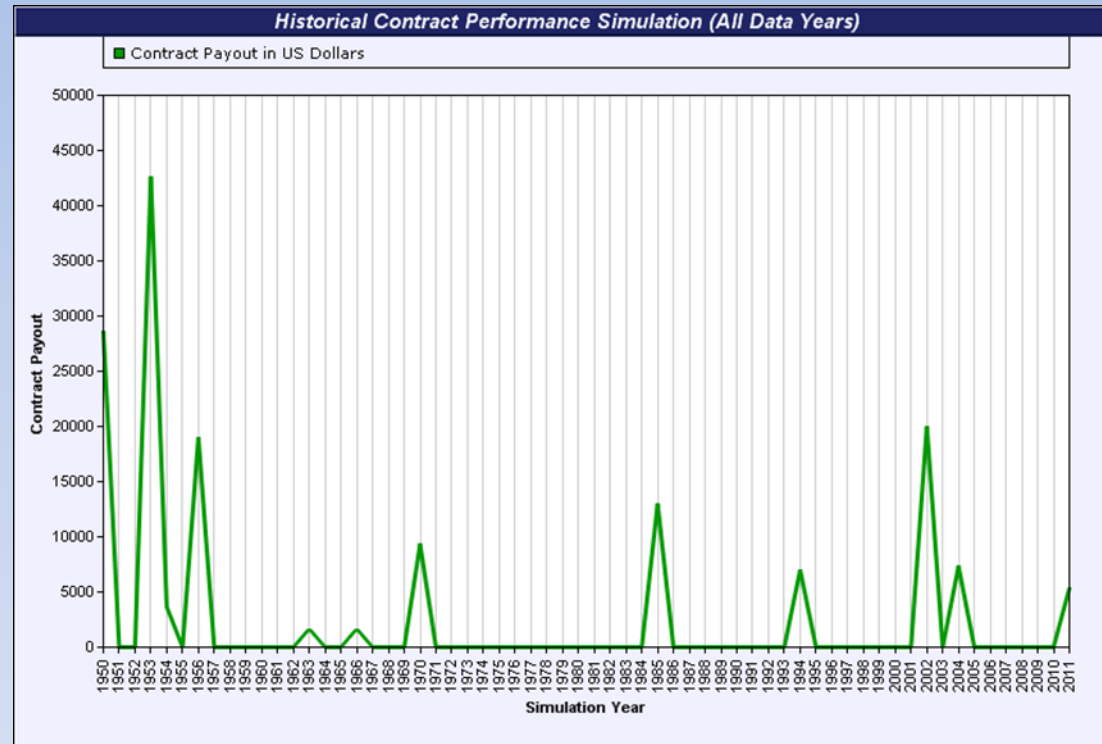
Total Damage 0.00

Payout per 1/10th of an

Inch \$ 3,333

Premium \$ 13,200

Indicative Rate 13.20%



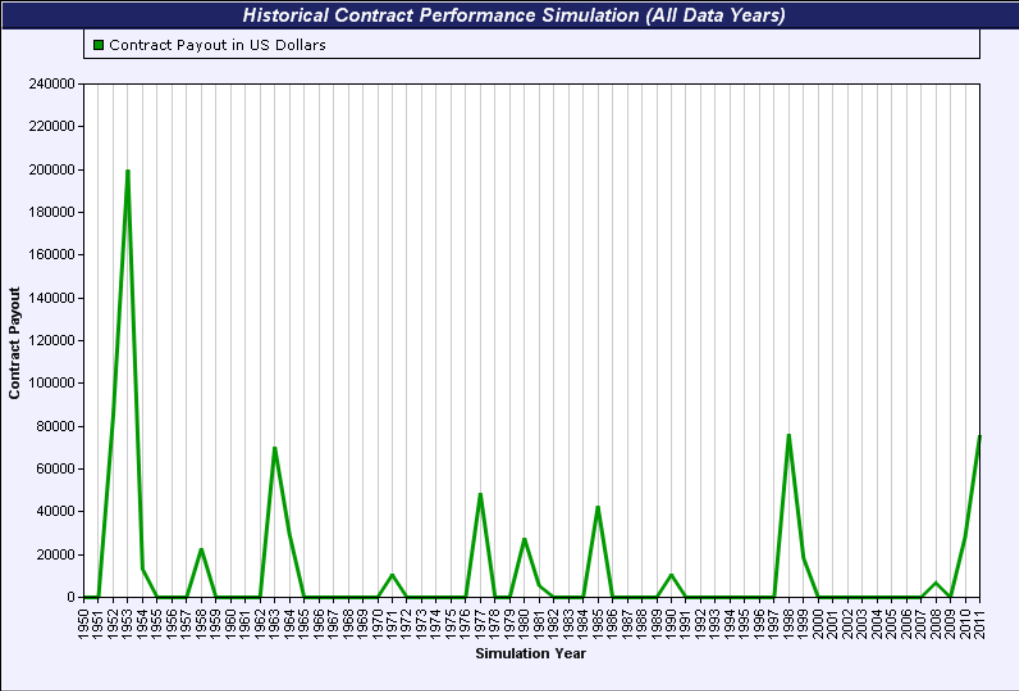
WeatherManager Weekly

NW MS
Excessive Heat DD above 80F AVG high temp

Weather Station Information for this Contract

Station Name	Station ID	Weight
Moorhead	22600999999	33%
Clarksdale	22170799999	33%
Cleveland	22173899999	33%

Contract Value	\$	100,000
Start Date		5/27/2012
End Date		6/17/2012
Threshold Temperature in Daily Average Temp		80
Historic (60yr) Avg DD excess 80		20.23
Historic (60yr) Maximum DD excess 80		123.32
Damage Begins at		23
Total Damage		123
Payout per Cumulative Degree	\$	1,000
Premium	\$	11,260
Premium Rate		11.26%



SE MN Excessive Cumulative Precipitation

Weather Station Information for this Contract

Station Name	Station ID	Weight
Caledonia	21119899999	50%
Genoa Dam 8	47303899999	50%

Contract Value \$ **100,000**

Date Start **5/1/2012**

End Date **5/31/2012**

Historical (60 yr) Average Precip **3.97**

Historical Max Precip **10.65**

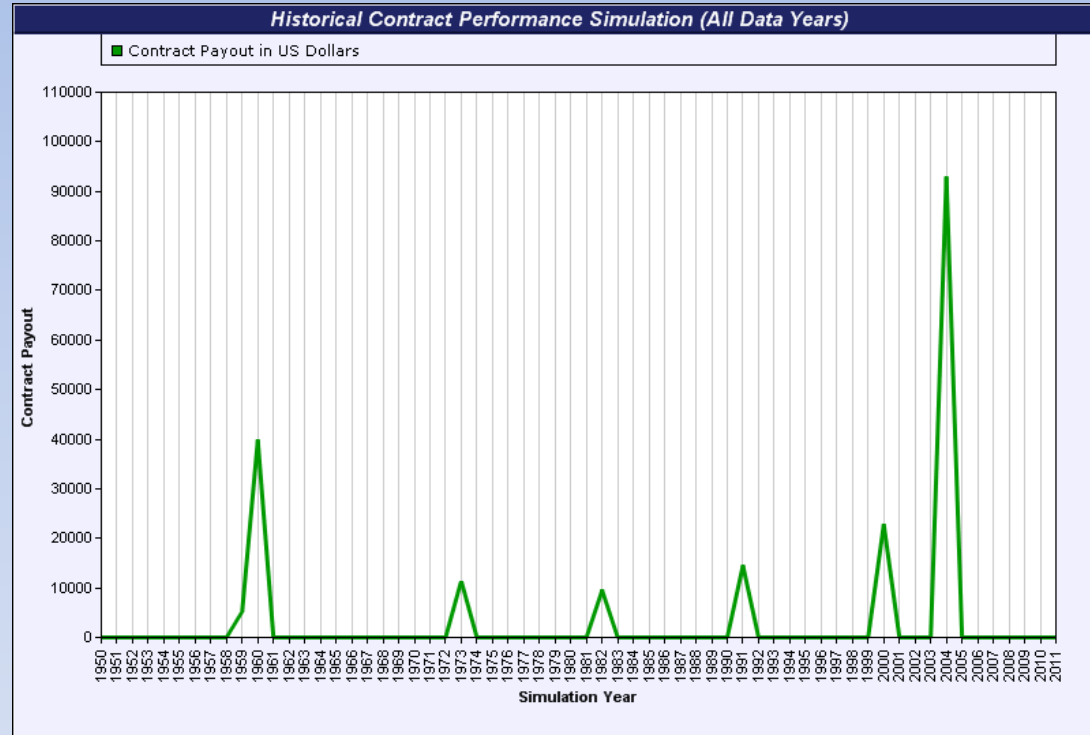
Damage Begins at **6.00**

Total Damage **11.00**

Payout per 1/10th of an Inch \$ **2,000**

Premium \$ **14,640**

Indicative Rate **14.64%**

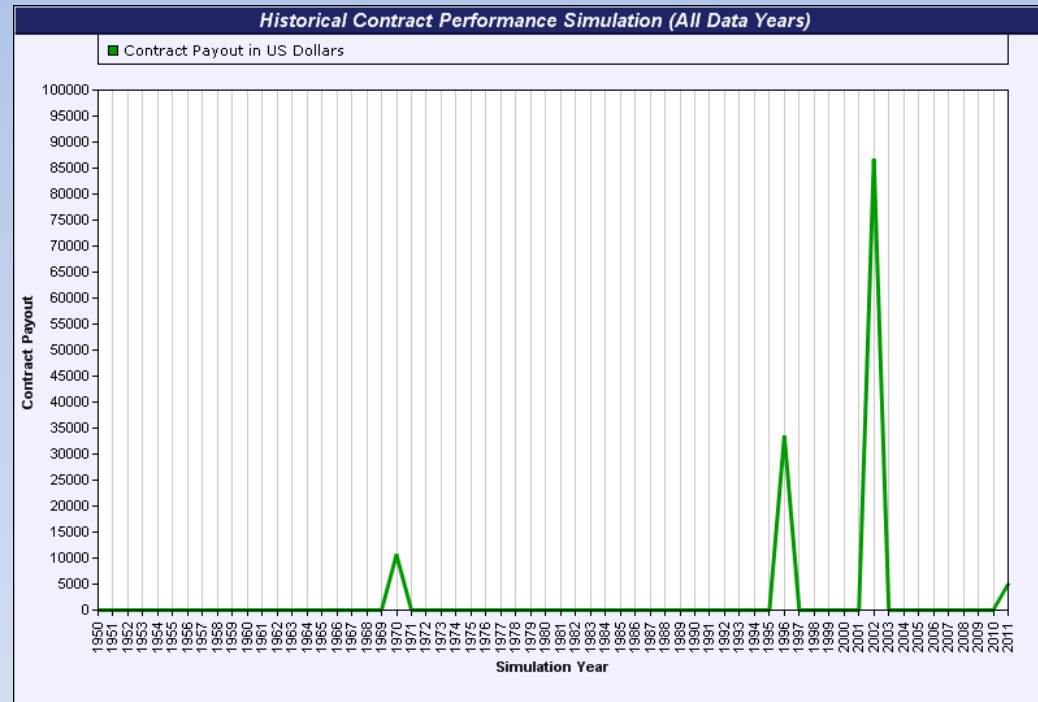


Fayette, IL Excessive Cumulative Precipitation

Weather Station Information for this Contract

Station Name	Station ID	Weight
Vandalia	11878199999	100%

Contract Value	\$	100,000
Date Start		5/1/2012
End Date		5/31/2012
Historical (60 yr) Average Precip		6.22
Historical Max Precip		16.21
Damage Begins at		11.00
Total Damage		17.00
Payout per 1/10th of an Inch	\$	1,667
Premium	\$	16,280
Indicative Rate		16.28%





Points to Consider...

- Risk strategies can be tested using indices you and your client design;
- There are now close to 6,000 weather stations that are available, single or in combination to cover your weather risk, take a look to see how expanded the coverage is if you have not looked lately!
- Immediate pricing allows you to see what possible outcomes may occur for your client;
- Contract purchase at the desktop or through structure support means fast turn around on contracts.
- The company behind eWeatherRisk.com products is a Standard and Poor's A rated multi-national reinsurer.
- Contact us or your agent for specific needs at 800-603-3605 or email:
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 - Jim: Jim.Jubb@eweatherrisk.com