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Grain and Feed Update

Grain and Feed January Update Mexico

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Report Highlights:
Favorable weather conditions throughout Mexico's crop producing regions have resulted in higher production expectations in marketing year (MY) 2014/15 for corn and rice. On the other hand, less area was planted to sorghum than initially expected in several Mexican states during the 2014 spring/summer crop cycle. The Post/New MY 2014/15 (January/December) dry beans production estimated has been revised slightly downward to 1.15 MMT based on updated information from official and private sources. No changes reported for wheat since last report (GAIN Report MX4073).

Corn

Production

Post's total corn production estimate for MY 2014/15 (October to September) has been revised slightly upward from the USDA/Official estimate to 23.2 million metric tons (MMT), due to more complete data from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA). Corn output was increased due to higher than expected harvested area and favorable weather conditions. Official sources stated that the rainy season was regular and timely. These same sources estimated that for the 2014 spring/summer crop cycle, which is almost complete, production could reach 18 MMT. At the same time, the expectation for the current 2013/14 fall/winter season remains optimistic. Official sources expect that production will reach approximately 5.2 MMT, similar to the level reached a year ago. The Post/New total production estimate for the MY 2013/14 has been adjusted slightly downward based on SAGARPA final information.

Consumption

The total corn consumption estimate for MY 2014/15 has been revised slightly upward from the USDA/Official estimate based on information obtained from SAGARPA and industry contacts. These contacts stated that the low domestic corn prices along with lower than expected domestic sorghum production (see Sorghum Production section) provoked an increase for feed and residual demand.

Stocks

The Post/New ending stocks estimate for MY 2014/15 is slightly higher than the USDA/Official estimate (2.94 MMT) as a result of higher than previously estimated domestic production. Also, the Post/New ending stocks for MY 2013/14 has been revised downward to 2.69 MMT, from USDA/Official estimate, due to lower domestic production than previously forecast.

Production, Supply and Demand Data Statistics:
Table 1: Mexico, Corn Production, Supply and Demand for MY2012/13 to MY2014/15

Corn Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,896	6,896	7,052	7,052	6,950	7,080
Beginning Stocks	1,316	1,316	1,061	1,061	2,774	2,694
Production	21,591	21,591	22,960	22,880	23,000	23,200
MY Imports	5,676	5,676	10,954	10,954	10,900	10,900
TY Imports	5,676	5,676	10,954	10,954	10,900	10,900
TY Imp. from U.S.	4,875	4,875	10,918	10,918	0	10,790
Total Supply	28,583	28,583	34,975	34,895	36,674	36,794
MY Exports	522	522	501	501	500	500
TY Exports	522	522	501	501	500	500
Feed and Residual	11,000	11,000	15,200	15,200	16,500	16,600
FSI Consumption	16,000	16,000	16,500	16,500	16,750	16,750
Total Consumption	27,000	27,000	31,700	31,700	33,250	33,350
Ending Stocks	1,061	1,061	2,774	2,694	2,924	2,944
Total Distribution	28,583	28,583	34,975	34,895	36,674	36,794
1000 HA, 1000 MT, MT/HA						

Sorghum

Production

The Post/New sorghum production estimate for MY 2014/15 (October/September) has been revised downward as harvested area was lower than expected in the 2014 spring/summer crop cycle. According to official sources, states such as Tamaulipas and Sinaloa planted approximately 100,000 ha less sorghum than initially expected during the 2014 spring/summer crop cycle, as growers decided to plant alternative crops, like white corn. As a result, industry sources now estimate that the 2014 spring/summer crop cycle could produce approximately 3.75 MMT of sorghum, compared with 4.3 MMT initially forecasted. This 2014 spring/summer crop cycle will account for approximately 51 percent of total sorghum production whereas the remainder of the crop will come from the 2014/15 fall-winter cycle.

Despite the fact that the official estimate indicates that sorghum production in the current 2014/15 fall-winter crop cycle could be similar to the level reached last year (near 4.3 MMT), most industry sources consider that estimation to be extremely optimistic. In Tamaulipas for example, the main sorghum producing state, production reached 3.1 MMT in the 2013/14 fall/winter crop cycle, which was considered historical by official and private sources. These sources stated that this harvest was the second largest in the state since 1980 and the result of excellent weather conditions. Industry sources consider it highly unlikely that such similar favorable weather conditions would repeat itself again in Tamaulipas in order to achieve another near record back to back sorghum crop in the 2014/15 fall-winter crop cycle.

Trade

In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2014/15 has been revised upward to 250,000 MT. The difference arose from lower domestic production than previously estimated. Despite this adjustment, the estimated import level is substantially lower compared to the historical import average of the few last years (before MY 2013/14).

Consumption

The sorghum consumption estimate for MY 2014/15 has been revised slightly downward from the USDA/Official estimate based on the most recent information from private sources. Traders and buyers indicate that as a result of low corn prices and lower than estimated sorghum domestic production, some hog and poultry producers could opt to purchase more imported yellow corn for their livestock and poultry operations.

Stocks

The Post/New ending stocks estimate for MY 2014/15 has been revised downward to 593,000 MT from USDA/Official estimate, due to lower than previously expected domestic production.

Policy

Responding to demands from various grower organizations about low commodity prices and the need for more assistance at the farm level, on November 28, 2014 SAGARPA announced in Mexico’s Federal Register (“Diario Oficial”) specific guidelines applicable to the 2014 crop year for two new support programs available in the states of Sinaloa and Tamaulipas for sorghum growers and buyers (as well as rice supports offered in several Mexican states). In addition, on November 27, 2014, SAGARPA's agency of Commercialization and Agriculture Markets Development (ASERCA) announced updated price levels associated with the Income Target Price Program (see 2014 GAIN Report MX4083 "Mexico Announces Additional Supports for Sorghum and Rice").

Production, Supply and Demand Data Statistics:
Table 2: Mexico, Sorghum Production, Supply and Demand for MY2012/13 to MY2014/15

Sorghum Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,644	1,644	2,073	2,073	1,900	1,800
Beginning Stocks	418	418	281	281	643	643
Production	6,174	6,174	8,500	8,500	7,700	7,300
MY Imports	1,789	1,789	162	162	100	250
TY Imports	1,789	1,789	162	162	100	250
TY Imp. from U.S.	1,360	1,360	162	162	0	250
Total Supply	8,381	8,381	8,943	8,943	8,443	8,193
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	8,000	8,000	8,200	8,200	7,700	7,500
FSI Consumption	100	100	100	100	100	100
Total Consumption	8,100	8,100	8,300	8,300	7,800	7,600
Ending Stocks	281	281	643	643	643	593
Total Distribution	8,381	8,381	8,943	8,943	8,443	8,193
1000 HA, 1000 MT, MT/HA						

Rice, Milled

Production

The Post/New total rice production estimate for MY 2014/15 (October to September) has been revised upward from USDA/Official estimates to 226,000 MT (rough production) reflecting the most recent data from SAGARPA and industry sources. The increased rough production is equivalent to 155,000 MT of milled rice. Essentially, rice output was increased due to favorable weather conditions leading to favorable yields. In Michoacan for example, it is expected that yields will reach 9 MT/ha, in the 2014 spring/summer crop cycle, compared with the national average yield of 5.6 MT/ha.

Stocks

The Post/New ending stocks estimate for MY 2014/15 is higher than the USDA/Official estimate (195,000 MT) as a result of higher than expected domestic production.

Policy

On December 10, 2014 the Secretariat of Economy (SE) published in the "Diario Oficial" a decree that modifies the Tariff of the General Import and Export Tax Law for imported rice. The decree imposes a 9 percent tariff on imported paddy rice and a 20 percent tariff on husked, long grain and other imported rice. For several months the Mexican Rice Council (MRC) had been lobbying the SE and the SAGARPA, requesting for the re-establishment of rice import tariffs from all countries that Mexico does not have free trade agreements. The United States is exempt from the announced tariffs because of the

North America Free Trade (NAFTA) Agreement it has with Mexico (see 2014 GAIN Report MX4085 "Mexico Announces Rice Import Tariffs").

Production, Supply and Demand Data Statistics:
Table 3: Mexico, Rice Production, Supply and Demand for MY2012/13 to MY2014/15

Rice, Milled Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	35	35	35	35	39	39
Beginning Stocks	152	152	189	189	158	158
Milled Production	131	131	131	131	147	155
Rough Production	191	191	191	191	214	226
Milling Rate (.9999)	6,870	6,870	6,870	6,870	6,870	6,870
MY Imports	743	743	700	700	775	775
TY Imports	746	746	700	700	775	775
TY Imp. from U.S.	655	655	0	514	0	590
Total Supply	1,026	1,026	1,020	1,020	1,080	1,088
MY Exports	2	2	2	2	3	3
TY Exports	2	2	2	2	5	0
Consumption and Residual	835	835	860	860	890	890
Ending Stocks	189	189	158	158	187	195
Total Distribution	1,026	1,026	1,020	1,020	1,080	1,088
1000 HA, 1000 MT, MT/HA						

Dry Beans

Production

The Post dry beans harvested area and production estimates for MY 2014/15 (January to December) have been revised slightly downward, reflecting the latest Mexican government official data published by SAGARPA. Official sources stated that the planted area in the 2014/15 fall/winter crop cycle was slightly lower than initially expected, as a result of the bearish domestic dry bean market outlook, mainly in the states of Chiapas and Nayarit.

Trade:

The import estimate for MY 2014/15 has been revised downward based on the data from SAGARPA and General Customs Directorate of the Secretariat of Finance (SHCP) for first eleven months of CY 2014. Similarly, the Post/New dry bean export estimate for MY2014/15 has been revised downward from our previous estimate to 67,000 MT, based on preliminary official data from SAGARPA and SHCP covering the first eleven months of the CY 2014.

Stocks:

The ending stocks estimate for MY 2014/15 has been decreased slightly to 298,000 MT because of lower than expected domestic production.

Production, Supply and Demand Data Statistics:
Table 4: Mexico, Dry Beans Production, Supply and Demand for MY2012/13 to MY2014/15

Dry Beans Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	1559	0	1801	0	1571
Beginning Stocks	0	8	0	137	0	361
Production	0	1063	0	1335	0	1155
MY Imports	0	232	0	133	0	76
TY Imports	0	232	0	133	0	76
TY Imp. from U.S.	0	172	0	117	0	72
Total Supply	0	1303	0	1605	0	1592
MY Exports	0	16	0	31	0	67
TY Exports	0	16	0	31	0	67
Feed and Residual	0	0	0	0	0	0
FSI Consumption	0	1150	0	1213	0	1227
Total Consumption	0	1150	0	1213	0	1227
Ending Stocks	0	137	0	361	0	298
Total Distribution	0	1303	0	1605	0	1592
1000 HA, 1000 MT, MT/HA						

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Other Relevant Reports Submitted by FAS/Mexico

Report Number	Title of Report	Date Submitted
MX4073	Grain and Feed October Update Mexico	10/17/2014
MX4059	Grain and Feed July Update	07/31/2014
MX4020	2014 Grain and Feed Annual	03/14/2014
MX4009	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014
MX3078	Extreme Weather conditions Bring Mixed Result to Mexico's Grain Production	10/31/2013
MX3024	Favorable Growing Conditions for Higher Corn, Wheat, and Dry Beans Forecast, Sorghum Mixed, Rice Down	3/15/2013
MX3010	Grain Production Up Due to Good Weather Conditions	01/29/2013