Required Report: Required - Public Distribution **Date:** February 02, 2023

Report Number: MX2023-0003

Report Name: Grain and Feed Update

Country: Mexico

Post: Mexico City

Report Category: Grain and Feed

Prepared By: Susan Karimiha

Approved By: Daniel Archibald

Report Highlights:

Corn, rice, and sorghum production forecasts are revised downward in marketing year MY 2022/23, while the wheat production estimate is increased to 3.6 MMT. Mexico's corn production estimate for MY 2021/22 was revised downward based on updated planting data to 26.5 million metric tons (MMT). Mexico's corn imports are forecast to increase to 17.3 MMT in MY 2022/23. Corn imports in MY 2021/22 reached a record 18.1 MMT. Mexico's imports of all other grains in MY2021/22 are also adjusted upward. Mexico's corn exports in MY 2022/23 are estimated to decline as recent policy changes place a 50 percent tariff on white corn exports through June 2023.

EXECUTIVE SUMMARY

Mexico's corn production forecast for MY 2022/23 was revised downward to 27.4 MMT based on updated planting data. Additionally, FAS/Mexico also adjusts estimated corn production for MY 2021/2022 to 26.5 MMT based on updated harvest data. While Mexico's MY 2022/23 and MY 2021/2022 corn export estimates are revised downward, imports are forecast to 17.3 MMT in MY 2022/23 following a record setting pace in MY 2021/22.

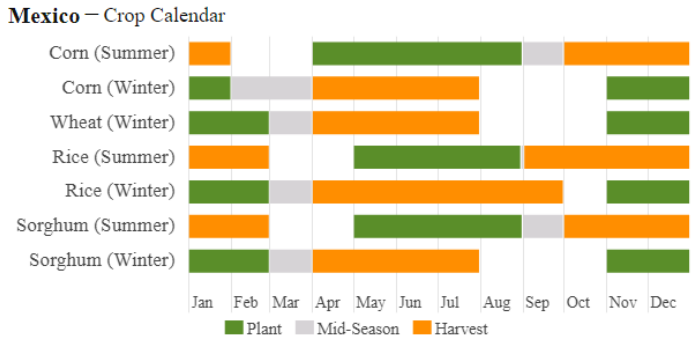
Mexico's wheat production estimate in MY 2022/23 is set to 3.6 MMT. Imports are estimated at 5.0 MMT and exports are revised upward to 950,000 MT. Mexico's imports and exports for MY 2021/22 are 5.3 MMT and 924,000 MT respectively. Higher trade is driven by available supply of durum wheat for export, with marginal consumption growth and stagnant production of Mexico's wheat for bread/tortillas supporting an increase in imports.

Mexico's milled rice production in MY 2022/23 is estimated at 170,000 MT due to cost and availability of key inputs. Milled production for MY 2021/22 was revised downward fractionally from the USDA official estimate to 172,000 MT. The lower production estimate is based on the most recent data from the Secretariat of Agriculture and Rural Development (SADER) and less access to chemical inputs for production due to increased prices. Imports were adjusted upward to 807,000 MT based on the latest trade data.

Lastly, Mexico's sorghum production in MY 2022/23 is estimated at 4.8 MMT, with imports estimated at 250,000 MT. Production for MY 2021/22 is adjusted upward to 4.9 MMT to reflect updated harvest data. Imports are revised upward to 412,000 MT, due to increased trade in the last quarter of the marketing year.

The following calendar reflects Mexico's crop cycles for corn, wheat, rice, and sorghum.

Figure 1. Mexico's Crop Calendar for Corn, Wheat, Rice, and Sorghum



Corn

Table 1. Mexico, Corn Production, Supply, and Distribution

Corn	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7143	7143	7093	7320	7200	7200
Beginning Stocks (1000 MT)	3515	3515	3079	3079	3163	3288
Production (1000 MT)	27346	27346	26762	26467	27600	27400
MY Imports (1000 MT)	16498	16498	17572	18105	17200	17300
TY Imports (1000 MT)	16498	16498	17572	18105	17200	17300
TY Imp. from U.S. (1000 MT)	15735	15735	16773	16758	0	0
Total Supply (1000 MT)	47359	47359	47413	47651	47963	47988
MY Exports (1000 MT)	480	480	250	263	600	200
TY Exports (1000 MT)	480	480	250	263	600	200
Feed and Residual (1000 MT)	25600	25600	25800	25900	26000	26100
FSI Consumption (1000 MT)	18200	18200	18200	18200	18200	18200
Total Consumption (1000 MT)	43800	43800	44000	44100	44200	44300
Ending Stocks (1000 MT)	3079	3079	3163	3288	3163	3488
Total Distribution (1000 MT)	47359	47359	47413	47651	47963	47988
Yield (MT/HA)	3.8284	3.8284	3.773	3.6157	3.8333	3.8056

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Production

Post revises production for 2022/2023 downward one percent to 27.4 MMT from previous reporting, reflecting lower yields, high input costs, and dry weather patterns on the Gulf Coast corn regions. Mexico's corn production for MY 2021/2022 (October 2021-September 2022) is set at 26.5 MMT based on updated figures from SADER.

Harvest for the MY 2021/22 winter corn cycle ended in August 2022. Farmers in the top states for winter corn production reported minimal losses. Despite both drought and damaging frosts in Tamaulipas, farmers reported good grain quality. The winter corn cycle accounts for 30 percent of total corn production in Mexico. While states such as Sinaloa and Sonora reported yields of 12.17 and 11.19 mt/ha, respectively, the average yield from the winter corn harvest was reported to be 6.61 mt/ha.

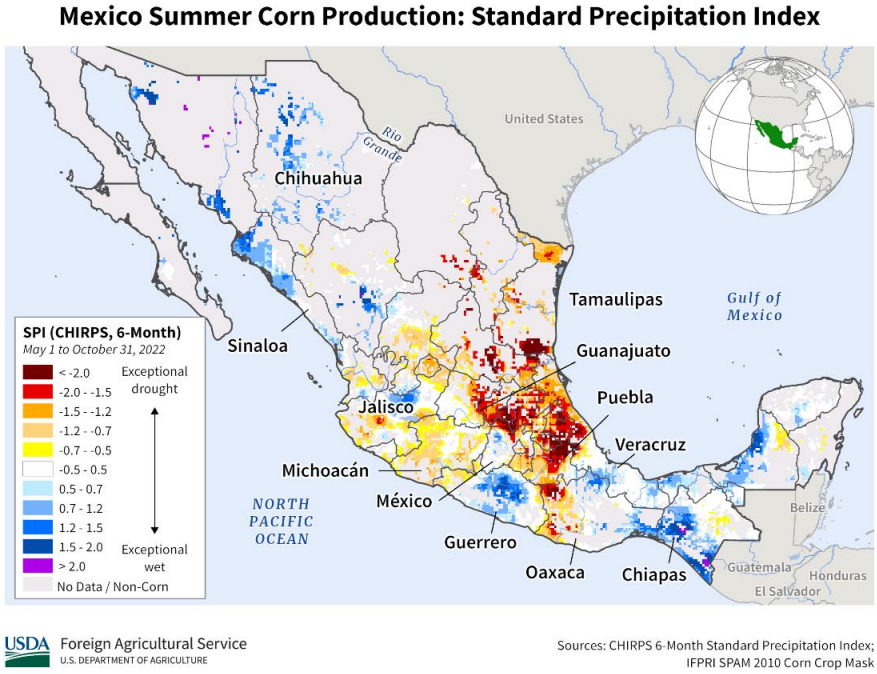
For the MY 2022/23 summer crop cycle, the harvest in Tamaulipas is underway and overall grain quality appears good. Due to an aflatoxin outbreak, a percentage of white corn originally destined for human consumption will be used for livestock feed. In Durango, the harvest begins in December and is expected to be completed by January 2023. In Chihuahua, which produces nearly seven percent of Mexico's summer corn, late September flood damage resulted in lowered production levels. In the Bajio region, which encompass the states of Jalisco, Guanajuato and Michoacán, harvest is expected to last through February 2023.

Table 2. Final Winter Corn Cycle Harvest Results, MY 2021/22 (Top 10 States)

	State	Production (MT)	Yield (MT/HA)	Planted Area (HA)	Harvest (HA)	Loss (HA)
1	Sinaloa	5,218,995	12.17	429,013	429,013	0
2	Veracruz	516,305	2.50	206,111	206,111	0
3	Tamaulipas	409,150	5.41	76,037	75,597	440
4	Chiapas	197,682	1.75	114,164	112,756	1,408
5	Oaxaca	180,221	2.53	71,343	71,343	0
6	Sonora	168,929	11.19	15093	15093	0
7	Guerrero	120,735	3.88	31,146	31,146	0
8	Tabasco	78,118	2.02	38,692	38,692	0
9	Puebla	48,156	2.22	21,734	21,734	0
10	Campeche	42,534	2.62	16,230	16,230	0

Source: SIAP/SADER

Figure 2. Mexico Summer 2022 Corn Production – Drought and Wet Conditions



Trade

Post's import estimate for MY 2022/23 is 17.3 MMT. Although projected down from the record import volume for MY 2021/22, this would still represent Mexico's second-highest annual import total on a market-year basis. Sustained growth in Mexico's livestock sector will continue to drive feed demand upwards, and thus corn imports as well. Mexico's exports for MY 2022/23 are estimated at 200,000 MT to reflect slightly lower domestic production, but also Mexico's recent decision to apply a 50 percent tariff upon white corn which will further depress exports.

Mexico's imports for MY 2021/22 finished strongly at a record 18.1 MMT to reflect the latest trade data. This figure more than offsets the decline in MY 2021/22 domestic production from the year prior. FAS/Mexico revises estimated exports for MY 2021/22 downward to 263,000 MT, based on the latest production and trade data indicating there was lower availability of white corn for export.

Consumption

Post estimates MY 2022/23 total domestic consumption at 44.3 MMT due to a rise of slightly less than one percent in domestic feed consumption, with year-to-year food consumption static. Total consumption in MY 2021/22 is estimated at 44.1 MMT, also less than one percent higher than the previous marketing year based on nearly unchanged food consumption levels and higher feed demand from the livestock industry, which continues to see increased investment and sustained demand for animal protein.

Stocks

Post projects ending stocks for MY 2022/23 at 3.5 MMT, up 6 percent from ending stocks for MY 2021/22, which are estimated at 3.2 MMT due to higher than previously estimated imports. Post has observed record corn sales in Mexico as some processors look to build inventory in a changing policy environment.

Wheat

Table 3. Mexico, Wheat Production, Supply, and Distribution

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	556	556	547	546	590	590
Beginning Stocks (1000 MT)	385	385	262	262	520	505
Production (1000 MT)	2965	2965	3281	3285	3570	3570
MY Imports (1000 MT)	4724	4724	5326	5332	5000	5000
TY Imports (1000 MT)	4724	4724	5326	5332	5000	5000
TY Imp. from U.S. (1000 MT)	3861	3861	0	4084	0	0
Total Supply (1000 MT)	8074	8074	8869	8879	9090	9075
MY Exports (1000 MT)	612	612	924	924	900	950
TY Exports (1000 MT)	612	612	924	924	900	950
Feed and Residual (1000 MT)	200	200	225	250	300	300
FSI Consumption (1000 MT)	7000	7000	7200	7200	7300	7300
Total Consumption (1000 MT)	7200	7200	7425	7450	7600	7600
Ending Stocks (1000 MT)	262	262	520	505	590	525
Total Distribution (1000 MT)	8074	8074	8869	8879	9090	9075
Yield (MT/HA)	5.3327	5.3327	5.9982	6.0165	6.0508	6.0508

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Production

Post estimates Mexico's MY 2022/23 wheat production at 3.6 MMT. Total wheat production for MY 2021/22 (July to June) also remains unchanged based on the most recent data from SADER. This data includes final figures for the 2021/22 winter crop cycle.

Table 4. Final Winter Wheat Cycle Harvest Results, MY 2022/23 (Top 10 States)

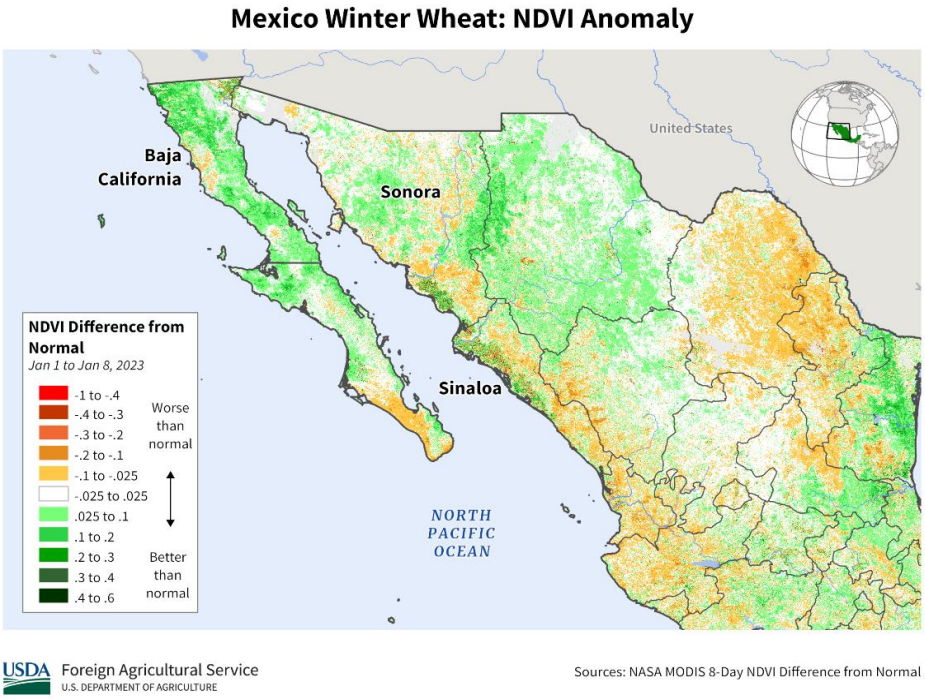
	State	Production (MT)	Yield (MT/HA)	Planted Area (HA)	Harvest (HA)	Loss (HA)
1	Sonora	2,018,450	7.09	284,587	284,587	0
2	Guanajuato	370,886	6.71	55,272	55,272	0
3	Sinaloa	283,974	6.50	43,676	43,676	0
4	Baja California	258,588	6.33	43,071	40,881	2,190
5	Michoacán	220,838	5.88	37,528	37,528	0
6	Jalisco	145,172	5.88	24,691	24,691	0
7	Chihuahua	74,893	5.40	13,865	13,865	0
8	Nuevo León	31,464	2.57	12,606	12,238	369
9	Baja California Sur	22,040	5.80	3,800	3,800	0
10	Coahuila	11,613	3.18	3,649	3,649	0

Source: SIAP/SADER

In Mexico's main wheat-producing state, Sonora, yields reached 7.09 mt/ha, down from 7.3 mt/ha in the previous year. Guanajuato had the second largest production in the country where yields reached 6.71 mt/ha, followed by Sinaloa with yields of 6.50 mt/ha.

Wheat production in Mexico is dispersed throughout the country, with the largest producing states being Sonora, Guanajuato, Baja California, and Sinaloa, which together account for approximately 96 percent of Mexico's total wheat production. Conditions through major producing area are variable, but there are currently no reports or available data to suggest widespread crop issues.

Figure 3. Normalized Difference Vegetation Index (NDVI) Difference from Normal as of early January 2023 Near Major Winter Wheat Areas for MY 2023/24



Trade

Currently, Post is not recommending further changes to MY 2022/23 import figures for wheat. MY 2022/23 exports are revised upwards to 950,000 MMT to reflect the pace of trade to date. Mexico's exports for MY 2021/22 are set to 924,000 MT, based on updated trade data. In addition, imports are adjusted upwards to 5.3 MMT. Relatively stagnant domestic production of non-durum varieties necessitate slightly higher exports to meet demand for bread, tortillas, and other wheat-based products.

Consumption

Mexico's estimated total consumption for MY 2022/23 is 7.6 MMT, revised upward from previous reporting to reflect slight growth in food use. Feed use will remain low based on wheat's lack of competitiveness price-wise relative to other feedstuffs. Mexico's MY 2021/22 consumption is estimated at 7.5 MMT, up 3 percent from the year prior based primarily on moderate growth in food use.

Stocks

Mexico's ending stocks for MY 2022/23 are forecasted at 525,000 MT. Post estimates that ending stocks for MY 2021/22 rose to 505,000 MT, as increased production and strong imports more than outpaced the rise in exports and marginal consumption growth.

Rice

Table 5. Mexico, Rice Production, Supply, and Distribution

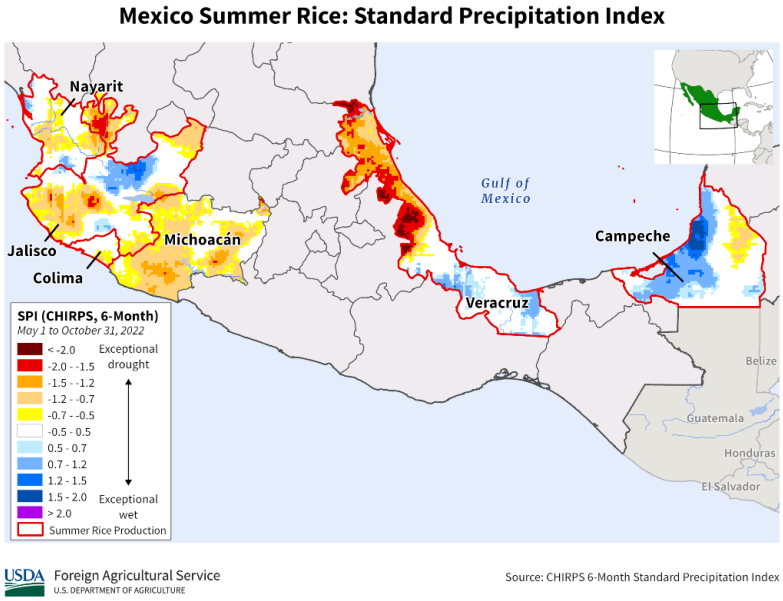
Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	47	47	41	41	40	40
Beginning Stocks (1000 MT)	171	171	204	204	155	178
Milled Production (1000 MT)	201	201	181	172	175	170
Rough Production (1000 MT)	293	293	263	250	255	247
Milling Rate (.9999) (1000 MT)	6870	6870	6870	6870	6870	6870
MY Imports (1000 MT)	811	811	750	807	800	800
TY Imports (1000 MT)	759	759	775	850	800	800
TY Imp. from U.S. (1000 MT)	561	561	0	513	0	0
Total Supply (1000 MT)	1183	1183	1135	1183	1130	1148
MY Exports (1000 MT)	19	19	10	5	10	10
TY Exports (1000 MT)	20	20	10	5	10	10
Consumption and Residual (1000 MT)	960	960	970	1000	970	990
Ending Stocks (1000 MT)	204	204	155	178	150	148
Total Distribution (1000 MT)	1183	1183	1135	1183	1130	1148
Yield (Rough) (MT/HA)	6.234	6.234	6.4146	6.0976	6.375	6.175

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023

Production

Post estimates total milled rice production for MY 2022/23 (October to September) at 170,000 MT. Post's total rice production estimate for MY 2021/22 of 172,000 MT is down 14 percent from the year prior, based on updated figures from SADER. Industry reports that decreased rice yields are a result of increased prices for chemical inputs.

Figure 4. Standard Precipitation Index, May 1-October 31, 2022



In Mexico, the top four producing areas in descending order are Nayarit, Campeche, Michoacan, and Veracruz. Precipitation across those areas have varied as indicated above, but the largest producing state of Nayarit has experienced some precipitation shortfalls for the summer planting cycle.

Trade

Post maintains MY 2022/23 rice imports at 800,000 MT, while MY 2021/22 imports are adjusted upward to 807,000 MMT. Stronger demand for rice among consumers vis-à-vis other staple grains, coupled with lower year-to-year production, will continue to sustain import demand. Mexico's exports of rice are minimal. Post estimates MY 2022/23 exports at 10,000 MT, and revises downward estimated MY 2021/22 exports to 5,000 MT, based on updated trade data.

Consumption

Mexico's rice consumption for MY 2022/23 is estimated at 990,000 MMT, as demand is expected to decline slightly compared to MY 2021/22, but remain strong relative to Mexico's historical consumption trend. Mexico's consumption for MY 2021/22 is revised upward to 1.0 MMT. With food price inflation in Mexico increasing the cost of many food items, demand for basic goods such as rice has expanded, particularly among the country's most price sensitive consumers.

Stocks

Ending stocks for MY 2022/23 are forecasted at 148,000 MT. Post estimates that increased supply via trade did not fully offset higher consumption, and that MY 2021/22 stocks sunk to 178,000 MT.

Sorghum

Table 6. Mexico, Sorghum Production, Supply, and Distribution

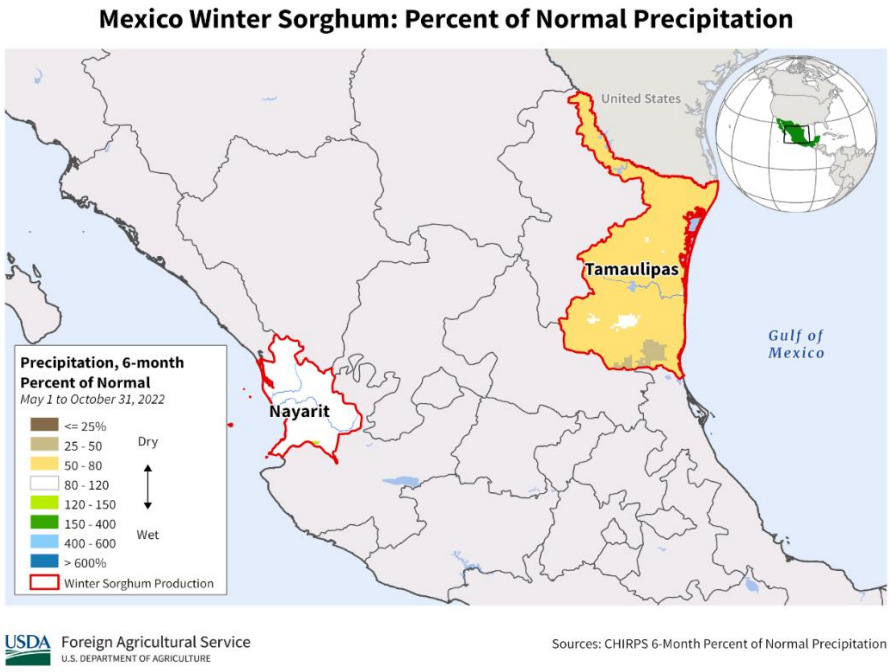
Sorghum	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1289	1289	1395	1395	1420	1420
Beginning Stocks (1000 MT)	153	153	102	102	303	344
Production (1000 MT)	4348	4348	4840	4931	4850	4800
MY Imports (1000 MT)	133	133	362	412	200	250
TY Imports (1000 MT)	133	133	362	412	200	250
TY Imp. from U.S. (1000 MT)	133	133	362	412	0	0
Total Supply (1000 MT)	4634	4634	5304	5445	5353	5394
MY Exports (1000 MT)	32	32	1	1	1	1
TY Exports (1000 MT)	32	32	1	1	1	1
Feed and Residual (1000 MT)	4400	4400	4900	5000	5000	5000
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	4500	4500	5000	5100	5100	5100
Ending Stocks (1000 MT)	102	102	303	344	252	293
Total Distribution (1000 MT)	4634	4634	5304	5445	5353	5394
Yield (MT/HA)	3.3732	3.3732	3.4695	3.5348	3.4155	3.3803

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Production

Post estimates MY 2022/23 production at 4.8 MMT. Total sorghum production for MY 2021/22 is 4.9 MMT based on updated SADER data. The harvest in Tamaulipas is currently underway for summer sorghum, with grain quality reported as good.

Figure 5. Percent of Normal Precipitation from May 1- October 31, 2022



Although grain quality reports are positive, much of Northern Mexico including Tamaulipas has experienced drier than normal conditions in recent years. Nationally, roughly 53 percent of sorghum production is irrigated. However, the Tamaulipas winter sorghum crop is roughly 62 percent rainfed.

Trade
Post maintains its import and export estimates for MY 2022/23. Mexico's sorghum imports for MY 2021/22 are revised upward to 412,000 MT, based on data from October 2021-September 2022 showing very brisk trade in the last quarter of the marketing year that helps to address higher feed demand.

Consumption
Post increases slightly Mexico's estimated consumption in MY 2022/23 to 5.1 MMT with demand expected to remain steady from the previous marketing year. MY 2021/22 consumption is also set at 5.1 MMT. Post's year-to-year figures reflects stable sorghum consumption, with increased supply carrying over into the current year.

Stocks
Ending stocks for MY 2022/23 are estimated at 293,000 MT. Ending stocks in MY 2021/22 were revised upward to 344,000 MT with increased production and imports more than offsetting increased feed demand.

Policy (All Grains)
The Government of Mexico (GOM) published a series of inflation related Decrees which temporarily allow the duty-free import of certain food products including corn, wheat, rice, and sorghum (See GAIN MX2023-0002 and GAIN MX2022-0057). The Decree temporarily exempts select importers from the payment of import duties for certain goods and facilitates administrative easing. The decree is valid until December 2023.

On January 16, 2023, the GOM announced a presidential decree for a temporary 50 percent tariff on Mexico's white corn flour exports through June 30, 2023. The following tariff code applies to the new Decree:

CODE	DESCRIPTION	UNIT	TARIFF		NOTE
			IMPORTS	EXPORTS	
10.05	**Corn.**				
1005.90.04	White corn (for flour).	kg	Excluded	Fifty	In import, only for human consumption (not genetically modified).

According to the Decree, the purpose for the law is to control the supply, production, and price of white corn in Mexico, and therefore control the prices of the various consumer products made from white corn, mainly tortillas. The decree was announced as Mexico wrestles with high tortilla prices and food inflation. It joins existing government Decrees to control food prices through the duty-free import of certain food products including corn, (See GAIN MX2023-0002 and GAIN MX2022-0057). Despite these inflationary related measures, prices of tortillas have not stabilized. Last year on January 16, 2022,

the national average cost of tortillas was 18.73 pesos per kilogram. At the same time this year, that figure is 22.12 pesos per kilogram, representing an 18 percent price increase.

Table 7. National Average of Tortilla Prices in Tortillerías and Supermarkets in Mexico (Mid-January 2018-2023, Price per Kilo)

Mid-January	Tortilla Price per Kilo (pesos)
2018	14.07
2019	14.36
2020	15.13
2021	15.55
2022	18.73
2023	22.12

Source: Sistema Nacional de Información e Integración de Mercados (SNIIM)

The official notice in Mexico's Official Gazette (DOF) can be located here.

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com.mx or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting

Report Number	Title	Dated
MX2022-0048	Grain and Feed Update	09/20/2022
MX2022-0036	Grain and Feed Update	06/24/2022
MX2022-0020	Grain and Feed Annual	03/17/2022
MX2022-0002	Grain and Feed Update	12/2//2021
MX2021_0055	Grain and Feed Update	9/22/2021

Attachments:

No Attachments