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Report Highlights:

Corn and wheat production for marketing year (MY) 2023/2024 are forecast lower based on less planted area and unfavorable weather conditions. Rice and sorghum production are forecast to increase. Meanwhile, Mexico's MY 2023/2024 imports of corn, wheat, rice, and sorghum are forecast higher than in MY 2022/2023 on increased consumption. Production and trade forecasts and estimates were revised based on updated planting and trade data.

EXECUTIVE SUMMARY

Mexico's corn production forecast for marketing year (MY) 2023/2024 is reduced nine percent to 25.5 million metric tons (MMT), based on more complete figures from Mexico's Secretariat of Agriculture and Rural Development's (SADER) Servicio de Información Agroalimentaria y Pesquera (SIAP). The forecast reduction reflects unfavorable weather conditions which resulted in reduced planted area and lower yields than initially expected. The corn production estimate for MY 2022/2023 is 28.1 MMT based on updated harvest data.

Mexico's MY 2023/2024 corn imports are forecast one percent higher than the previous year, albeit at a slower rate of growth compared to MY 2022/2023, to meet increasing demand for starch and animal feed production. Analysts continue to forecast that in MY 2023/2024 the "super peso," which has strengthened Mexico's import outlook since late 2022, may continue to depreciate to more average levels. Meanwhile corn exports, although minimal, are forecast to slightly increase due to the expiration of the 50 percent export tariff on white corn.

Mexico's MY 2023/2024 wheat production is forecast at 3.5 MMT, three percent lower than MY 2022/2023 production, based on updated official data which suggests reduced forecast planted area. MY 2023/2024 imports are revised upward four percent to 5.5 MMT based on forecast lower production and forecast increased consumption. Meanwhile exports of mostly durum wheat are forecast to increase by four percent to 830,000 metric tons (MT).

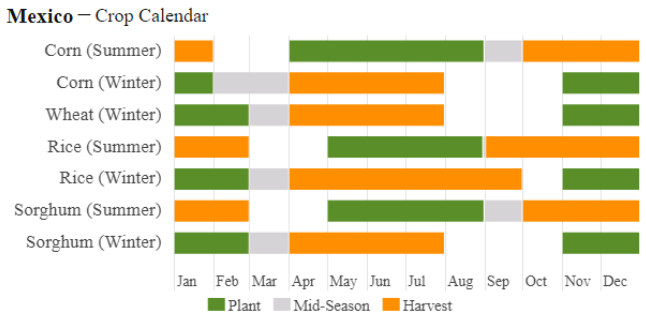
Rice production for MY 2023/2024 is five percent higher than the previous year at 150,000 MT on a milled basis, based on forecast higher planted area. Estimated milled rice production for MY 2022/2023 is revised to 143,000 MT, down approximately 21 percent from the year prior, attributed to lower-than-expected reported planted area. MY 2023/2024 rice imports are forecast to increase by ten percent to 830,000 MT based on increased consumption demand.

Mexico's sorghum production for MY 2023/2024 is estimated at 4.9 MMT, slightly higher than MY 2022/2023. Imports in MY 2023/2024 are forecast 14 percent higher than the previous year at 200,000 MT.

In 2023/2024, the United States is forecast to continue to supply virtually all of Mexico's grain imports due to supply chain and tariff advantages.

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	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7093	7093	6891	6891	6520	6520
Beginning Stocks (1000 MT)	3079	3079	3163	3163	4499	4499
Production (1000 MT)	26762	26762	28077	28077	25500	25500
MY Imports (1000 MT)	17572	17572	19359	19359	19600	19600
TY Imports (1000 MT)	17572	15572	19359	19359	19600	19600
TY Imp. from U.S. (1000 MT)	16802	16773	16488	16488	0	0
Total Supply (1000 MT)	47413	47413	50599	50599	49599	49599
MY Exports (1000 MT)	250	250	100	100	200	200
TY Exports (1000 MT)	250	250	100	100	200	200
Feed and Residual (1000 MT)	25800	25800	27500	27500	28000	28000
FSI Consumption (1000 MT)	18200	18200	18500	18500	18600	18600
Total Consumption (1000 MT)	44000	44000	46000	46000	46600	46600
Ending Stocks (1000 MT)	3163	3163	4499	4499	2799	2799
Total Distribution (1000 MT)	47413	47413	50599	50599	49599	49599
Yield (MT/HA)	3.773	3.773	4.0744	4.0744	3.911	3.911

(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 2023/2024 = October 2023 - September 2024

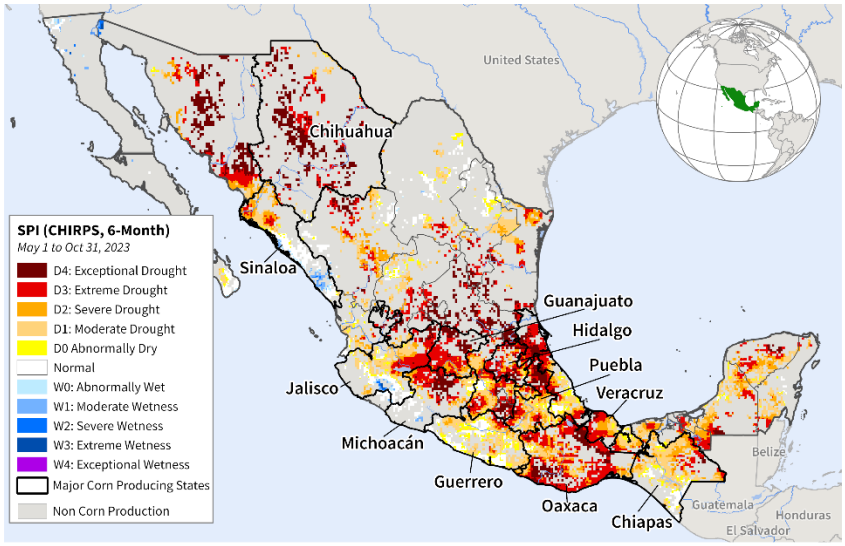
Production

Corn production for MY 2023/2024 is forecast nine percent lower than the previous marketing year at 25.5 MMT. The lowered forecast reflects reduced official SADER planted area data, consistently dry weather patterns, and lower yields reported in corn producing regions across the country. In addition, due to lower water availability in producing regions, authorities have promoted the production of crops with reduced water requirements such as sorghum. Additionally, while corn planted area has decreased over the last decade, the Government of Mexico through Price Guarantee program, aims to increase planted area and through the Fertilizers for Well-Being Program increase production (see policy section).

2023/2024 spring/summer corn

As of December 31, 2023, the 2023/2024 spring/summer corn harvest was 78 percent complete. Reported crops loss was roughly eight percent of total planted area. In Chihuahua, the harvest started in September 2023 (mostly yellow corn) and is expected to be complete by January 2024. Over 30 percent of Chihuahua's spring/summer corn is rainfed production. So far, reported damage attributed to severe drought conditions is 55,654 hectares (HA). Additionally, irrigated production was restricted due to limited power supply for the use of aquifers. In the Bajio region, which includes the states of Jalisco, Guanajuato, and Michoacán, harvest is forecast lower than expected due to drought conditions, followed by untimely rainfall. In Jalisco, the harvest is expected to last through February 2024, later than usual, due to weather conditions. The initial harvest in Jalisco was reported as almost a complete loss. However, sources suggest the remainder of the harvest should improve due to improved moisture levels. While rains have brought much needed moisture, untimely rains are also reported to have reduced grain quality due to increased field fungi.

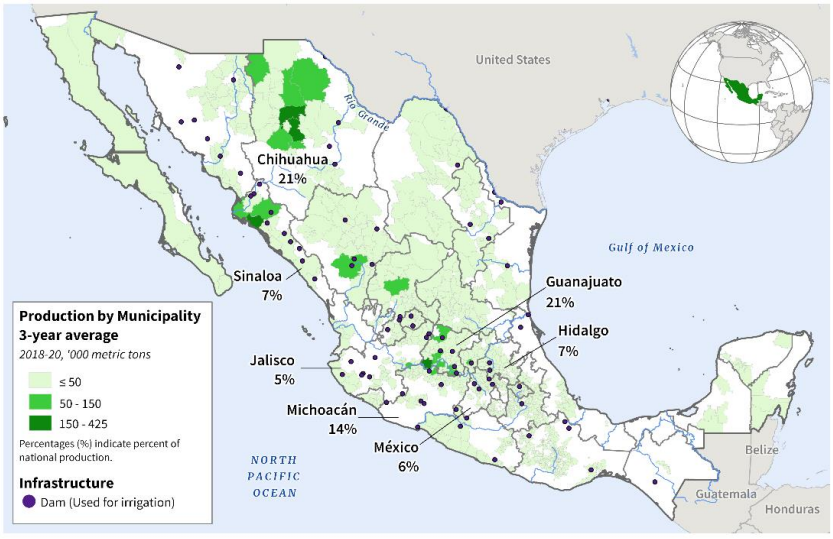
Figure 2. Mexico's Spring/Summer Corn Standardized Precipitation Index, May 1-October 31, 2023



Source: UCSB CHIRPS 6-Month Standardized Precipitation Index (SPI), International Food Policy Research Institute (IFPRI) Spatial Production Allocation Model (SPAM) Corn Mask, 2010

While over 80 percent of the spring/summer planted corn area is rainfed, several dams, in addition to aquifers, are used to irrigate corn. In recent history, some corn production in Mexico lost planted area to crops with less water usage such as agave. Contacts in Jalisco report that corn farmers responded to high agave demand, better prices, and less water-use. However, spring/summer corn contacts signal that prices of agave might have bottomed out, and that the trend towards increased agave planting may shift due to the crop becoming less profitable. Corn farmers also indicate that in addition to crops with less water use, some farmers may continue to seek better profits from production of high-value horticultural crops such as berries.

Figure 3. Mexico's Irrigated Spring/Summer Corn Planted Area and Dam Locations



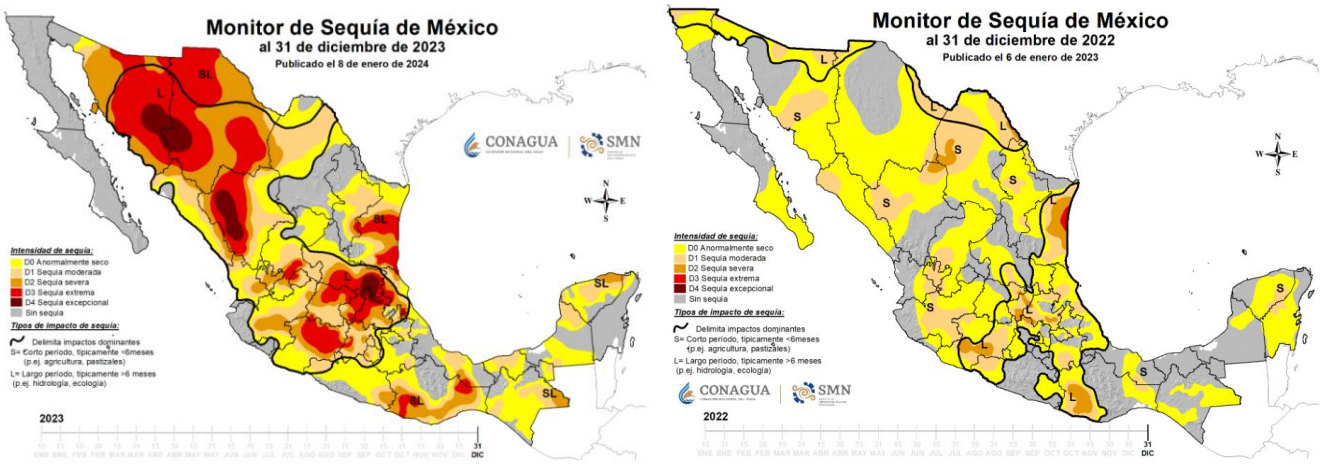
USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Sources: INEGI, Servicio de Información Agroalimentaria y Pesquera (SIAP), Mexico; Global Dam Watch

Despite bringing some moisture to the fall/winter corn planting areas, the hurricane season in the Pacific Ocean had a negative impact on spring/summer corn production in different states. Hurricanes Lidia and Norma, both category 4, which landed on October 10 and 17 respectively, damaged 4,250 HA in Jalisco and 3,300 HA in Guanajuato. Hurricane Otis, category 5, landed in Guerrero on October 25 and impacted the municipalities of Acapulco de Juárez and Coyuca de Benítez, with official sources reporting 546 HA of corn damage in total.

While dry weather conditions and sporadic rainfall impacted most corn producing states for the spring/summer crop cycle, which is over 80 percent rainfed, less rainfall also reduced the dam levels for fall/winter production, which is mostly irrigated. From May through October, exceptional and extreme drought conditions prevailed in two thirds of the country.

Figure 4: Year-to-Year Drought Situation, December 31, 2022 vs. December 31, 2023



Source: Comisión Nacional del Agua (CONAGUA) and Servicio Meteorológico Nacional (SMN)

2023/2024 fall/winter corn

Official SADER data shows decreased planted area for 2023/2024 fall/winter corn. In Sinaloa, which produces over 20 percent of Mexico's corn, the State Agricultural Council for Sustainable Development, in agreement with the National Water Commission (CONAGUA), approved permits for 670,000 HA of irrigated planted area for various crops. Total approved irrigated planted area for 2023/2024 fall/winter corn is 327,800 HA, a 40 percent decrease from fall/winter 2022/2023.

Figure 5. Mexico Irrigated Winter Corn Planted Area and Dam Locations

However, sources report that despite the 40 percent decrease in approved irrigated land, farmers may plant corn without a guarantee of water access and that final planted area may be updated in coming weeks. While water availability is a driver for planted area decision making, contacts report that lower corn prices compared to the heights reach in 2021-2022 are also an incentive to shift planted area to less water intensive crops such as wheat, sunflower, safflower, chickpeas, and barley.

Meanwhile, early January freezes are reported to have caused partial damage to crop area in Sinaloa, including Valle de Carrizo and Ahome, which is expected to decrease some yield, however, the corn is expected to recover.

Image 1. Partial Corn Damage in Valle de El Carrizo from Low Temperatures early January 2024

Source: Secretaría de Agricultura y Ganadería del Gobierno del Estado de Sinaloa (SAyG)

MY 2022/2023 corn production

Mexico's corn production for MY 2022/2023 is updated to 28.1 MMT based on updated official data from SADER. The harvest for the MY 2022/2023 winter corn cycle ended in September 2023. Farmers in the top states for winter corn production reported minimal losses. Despite drought, followed by excessive rainfall 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 12.54 and 11.46 MT/HA, respectively, the average yield from the winter corn harvest was reported to be 7.35 MT/HA.

Table 2. Final Winter Corn Cycle Harvest Results, MY 2022/2023 (Top 10 States)

	State	Production (MT)	Yield (MT/HA)
1	Sinaloa	6,485,273	12.54
2	Veracruz	514,830	2.57
3	Sonora	490,959	11.46
4	Tamaulipas	429,365	5.59
5	Chiapas	197,230	1.77
6	Oaxaca	182,768	2.58
7	Guerrero	125,499	3.92
8	Nayarit	83,300	8.2
9	Tabasco	81,910	2.08
10	Puebla	50,962	2.29
	Rest of states	242,290	2.84
	Total production	8,884,386	

Source: Servicio de Información Agroalimentaria y Pesquera (SIAP)

In Sinaloa, Seguridad Alimentaria Mexicana (SEGALMEX) purchased 1.63 MMT from small and medium-scale farmers through the Price Guarantee Program to supply over 24,000 government run Diconsa stores.

Trade

Post's import forecast for MY 2023/2024 is 19.6 MMT, which represents Mexico's 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. Although forecast to grow, the rate of import growth in 2023/2024 is forecast slower than the previous year. Analysts continue to forecast the "super peso," which has strengthened Mexico's import outlook since late 2022, may continue to depreciate to more average levels.

Mexico's imports for MY 2022/2023 reached 19.4 MMT and updated to reflect the latest trade data. Through November 2023, Mexican imports of U.S. white corn were down 80 percent year on year. The

decrease is attributed to the Presidential Corn Decree (see policy section), limited availability of non-GE white corn on the global market, and a strong 2022/2023 Sinaloa corn harvest.

Mexico's exports for MY 2023/2024 are forecast at 200,000 MT. On December 31, 2023, a 50 percent *import* tariff on white corn expired. The tariff was in effect since June of 2023. Likewise on December 31, 2023, a 50 percent *export* tariff on white corn expired. The export tariff was in effect since January 2023. While the impacts were negligible on imports, Mexico's exports are forecast to increase in the following year due to the export tariff expiration.

Consumption

FAS Mexico forecasts MY 2023/2024 total domestic consumption at 46.6 MMT, one percent higher than the previous year. Total consumption in MY 2022/2023 is estimated at 46 MMT, more than four percent higher than the previous marketing year. Increased feed demand from the livestock industry, which continues to see increased investment and sustained demand for animal protein, and from the corn processing sector, is expected to sustain corn demand in Mexico.

Stocks

Post projects ending stocks for MY 2023/2024 at 2.8 MMT, down 60 percent from ending stocks for MY 2022/2023, which are estimated at 4.49 MMT. The decrease in stocks is attributed to less production, and increased exports and consumption.

WHEAT

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

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	547	547	588	588	555	560
Beginning Stocks (1000 MT)	262	262	520	520	613	613
Production (1000 MT)	3281	3281	3572	3572	3455	3455
MY Imports (1000 MT)	5326	5326	5221	5221	5400	5450
TY Imports (1000 MT)	5326	5326	5221	5221	5400	5450
TY Imp. from U.S. (1000 MT)	4305	4305	3610	3610	0	0
Total Supply (1000 MT)	8869	8869	9313	9313	9468	9518
MY Exports (1000 MT)	924	924	800	800	1000	830
TY Exports (1000 MT)	924	924	800	800	1000	830
Feed and Residual (1000 MT)	225	225	300	300	300	300
FSI Consumption (1000 MT)	7200	7200	7600	7600	7600	7650
Total Consumption (1000 MT)	7425	7425	7900	7900	7900	7950
Ending Stocks (1000 MT)	520	520	613	613	568	738
Total Distribution (1000 MT)	8869	8869	9313	9313	9468	9518
Yield (MT/HA)	5.9982	5.9982	6.0748	6.0748	6.2252	6.1696

(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 2023/2024 = July 2023 - June 2024

Production

Post estimates Mexico's MY 2023/2024 wheat production at 3.5 MMT, three percent lower than MY 2022/2023 due to smaller planted area. Mexico's wheat planting started in November 2023 and is expected to last through March. Both bread and durum wheat have forecast reduced planted area. SIAP reports that less water availability in the Lázaro Cárdenas dam will likely reduce 2024 durum production in the state of Sonora. The durum planting is expected to be complete by March 2024.

Total wheat production for MY 2022/2023 was 3.6 MMT, a nine percent increase compared to MY 2021/2022, reflecting the latest official data from the SIAP. This data includes final figures for the 2022/2023 winter crop cycle. Harvest result indicates an estimated 1.9 MMT of durum wheat and 1.5 MMT of bread wheat. The MY 2022/2023 fall/winter cycle represented over 90 percent of national production. Sonora leads production, followed by Sinaloa, Baja California, and Michoacán. Sonora and Baja California showed an increase in yields, which offset reduced planted area.

Table 4. Final Winter Wheat Cycle Harvest Results, MY 2022/2023 (Top 10 States)

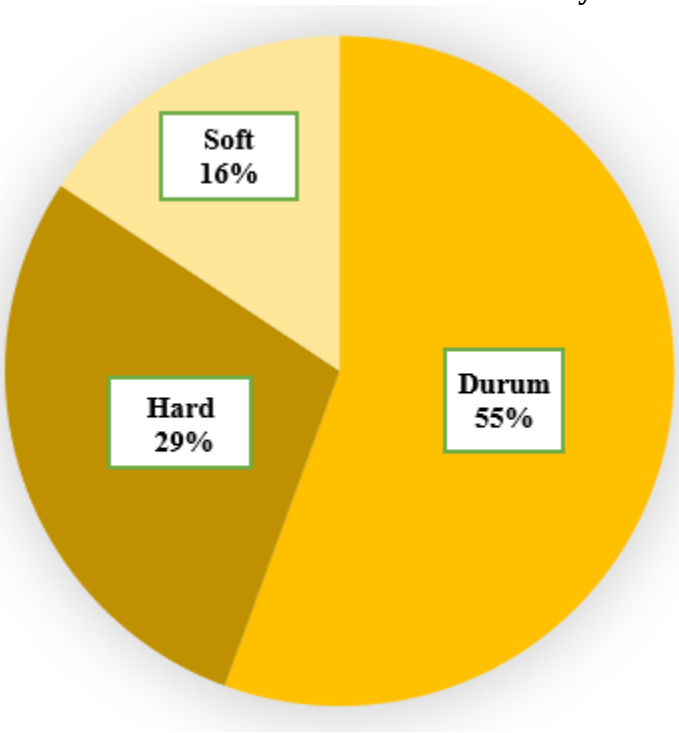
1	Sonora	1,994,457	7.44
2	Sinaloa	293,678	6.50
3	Baja California	261,545	6.68
4	Michoacán	253,789	6.00
5	Guanajuato	247,383	6.83
6	Jalisco	124,826	5.67
7	Chihuahua	92,823	5.42

8	Nuevo León	25,578	1.99
9	Baja California Sur	22,800	6.00
10	Coahuila	16,059	3.37
	Rest of states	20,486	1.83
	Total production	3,353,424	

Source: Servicio de Información Agroalimentaria y Pesquera (SIAP)

According to SIAP, the durum wheat yield during this cycle was 7.6 MT/HA, seven percent higher than the previous year. Sonora produced 84 percent of total domestic durum wheat production, whereas Baja California, particularly Mexicali, produced 11 percent to overall production. Yield for bread wheat was 5.8 MT/HA during the MY 2022/2023 fall/winter cycle, a similar figure to the previous cycle. Sonora, Sinaloa, and Guanajuato accounted for 68 percent of total production.

Figure 6. Mexico's 2022/2023 Wheat Production by Class



Source: National Chamber of the Wheat Milling Sector (CANIMOLT) with data from Servicio de Información Agroalimentaria y Pesquera (SIAP) and partner mills. Production figures as of October 31, 2023.

The National Chamber of the Wheat Milling Sector (CANIMOLT) reports that in 2023, close to 54 percent of Mexico's wheat production was financed by the milling industry. Local industry contacts report that domestic production meets around 30 percent of Mexico's milling industry needs, with the remainder being covered by imports. Mexico currently has 94 wheat mills with a 10.7 MMT installed capacity. In calendar year 2023, Mexico's flour mills reached 62 percent use, equivalent to 6.65 MMT of actual grinding.

Trade

Post forecasts MY 2023/2024 imports to increase by four percent to 5.5 MMT to offset lower production and support steady domestic demand. Lower domestic production of non-durum varieties requires slightly higher imports to meet demand for bread, pastries, and other wheat-based products. According to local industry data, in 2023 Mexico increased wheat imports from Russia, attributed mainly to more competitive pricing compared to the previous year. Additionally, Mexico's imports of Russian wheat outpaced its imports of Canadian wheat. As long as shipping costs remain relatively competitive, Mexican importers are expected to continue sourcing Russian wheat.

MY 2023/2024 exports are forecast four percent higher than the previous year at 830,000 MT. The Post forecast is 17 percent lower than the official USDA forecast, to reflect the latest pace of trade to date. Additionally, less durum wheat production in Mexico is expected to weigh down exports.

Table 5. Mexico's Wheat Imports 2021 – 2023 (MT)

Country	2021	2022	2023*
United States	4,277,932	4,051,072	2,738,940
Canada	718,078	561,081	874,054
Russia	30,379	246,657	739,522
Ukraine	190,844	0	18,000
France	86,722	45,000	63,560
Argentina	39,202	277,486	0
Brazil	0	0	19,295
Lithuania	0	0	77,000
TOTAL VOLUME	**5,343,157**	**5,181,296**	**4,530,371**

*Data from January-October 2023.
Source: National Chamber of the Wheat Milling Sector (CANIMOLT) with data from Customs (SAT)

Table 6. Mexico's Durum Wheat Exports 2021 – 2023 (MT)

Country	2021	2022	2023*
Algeria	521,320	471,981	523,006
Venezuela	61,091	127,950	60,800
France	0	0	42,000
Guatemala	43,254	52,299	31,634
Canada	0	0	24,650
Nigeria	25,427	38,768	13,966
United States	1,024	3,632	4,709
Niger	0	0	1,261
Cyprus	0	0	460
Turkey	0	69,634	0
Swaziland	31,248	0	0
Tunisia	16,883	0	0
Italy	11,117	0	0
Others	6	31	4
TOTAL VOLUME	**711,370**	**764,295**	**702,490**

*Data from January-October 2023.

Source: National Chamber of the Wheat Milling Sector (CANIMOLT) with data from Customs (SAT)

Consumption

Mexico's estimated total consumption for MY 2023/2024 is 8.0 MMT, reflecting a one percent increase compared to last year, due to increased domestic demand. Mexico's main wheat uses are hard wheat flour (bread), bran, soft wheat flour (confectionery), and semolina (pasta and bread). Feed use will remain low based on wheat's lack of price competitiveness relative to other feedstuffs.

Stocks

Mexico's ending stocks for MY 2023/2024 are forecast higher at 738,000 MT due to forecast increased imports compared to the rate of consumption.

RICE

Table 7. Mexico, Rice Production, Supply, and Distribution

Rice, Milled	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	41	41	31	31	33	33
Beginning Stocks (1000 MT)	204	204	143	143	83	83
Milled Production (1000 MT)	181	181	143	143	150	150
Rough Production (1000 MT)	263	263	208	208	218	218
Milling Rate (.9999) (1000 MT)	6870	6870	6870	6870	6870	6870
MY Imports (1000 MT)	738	738	782	782	825	830
TY Imports (1000 MT)	796	796	750	750	825	830
TY Imp. from U.S. (1000 MT)	316	316	0	0	0	0
Total Supply (1000 MT)	1123	1123	1068	1068	1058	1063
MY Exports (1000 MT)	10	10	10	10	10	10
TY Exports (1000 MT)	10	10	10	10	10	10
Consumption and Residual (1000 MT)	970	970	975	975	980	990
Ending Stocks (1000 MT)	143	143	83	83	68	63
Total Distribution (1000 MT)	1123	1123	1068	1068	1058	1063
Yield (Rough) (MT/HA)	6.4146	6.4146	6.7097	6.7097	6.6061	6.6061

(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 2023/2024 = January 2024 - December 2024

Production

Post estimates total rice production for MY 2023/2024 at 218,000 MT (rough basis), roughly a five percent annual increase based on higher planting acreage. The rough production forecast volume converts to 150,000 MT of milled rice. For the MY 2023/2024 spring/summer cycle, planting intention is reported to be 30,821 HA. As of December 31, planted area was 76 percent complete at 23,291 HA. Nayarit is reported to lead planted area, followed by Veracruz, and Michoacan. Although production and planted area are forecast to increase, rice production remains at the lowest levels recorded over the last nine years, which is attributed to lower profits from rice production and competition from less water intensive crops. Additionally, farmers report that some planted area has also shifted to sugarcane, which compared to rice requires less inputs and offers better prices.

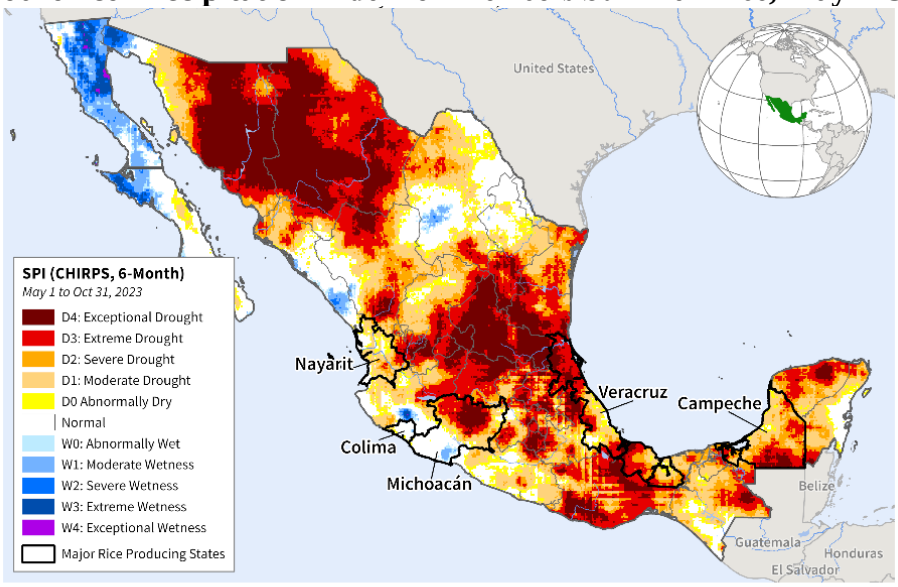
Estimated milled rice production for MY 2022/2023 is revised to 143,000 MT, down 30 percent from the year prior, based on updated figures from SADER. Industry reports that decreased rice yields are a result of drought conditions and a lack of adequate access to needed chemical inputs.

Image 2: Morelos 2022/2023 Fall/Winter Rice Harvest October 2023

Source: USDA FAS Mexico City

During the summer rice planting season, dry weather conditions prevailed in the largest rice producing states. Nayarit municipalities with severe drought more than doubled from May to September. However, the state received substantial rainfall from hurricanes Norma and Lidia in October which improved production conditions. Michoacan registered severe drought in 87 percent of its municipalities under during summer months, increasing water-stress in its territory. Meanwhile, Veracruz and Campeche reported a few municipalities under abnormally dry or moderate drought conditions.

Figure 7. Standardized Precipitation Index for Mexico's Summer Rice, May 1-October 31, 2023



Source: UCSB CHIRPS 6-Month Standardized Precipitation Index (SPI)

Trade

Post estimates MY 2023/2024 rice imports ten percent higher than the previous year at 830,000 MT. Higher consumption is forecast to increase imports. Meanwhile, MY 2022/2023 imports are adjusted higher to 782,000 MMT based on updated trade data. Mexico's exports of rice are minimal. Post

estimates MY 2023/2024 exports at 10,000 MT and maintains estimated MY 2022/2023 exports at 10,000 MT, based on updated trade data.

In MY 2022/2023, Mexico's imports of U.S. rice were down compared to the previous year, while imports of Brazilian rice were up percent. The increase in Latin America origin rice imports is related to the Presidential Anti-Inflation decree (see policy section), which allows zero tariff imports from non-free trade agreement countries. The Anti-Inflation decree, which has been in place since May 2022, allows rice imports with zero tariffs from any trading partner with a sanitary and phytosanitary (SPS) protocol with Mexico.

Consumption

Mexico's rice consumption for MY 2023/2024 is forecast two percent higher than the previous year at 990,000 MT. As Mexico's food price inflation remains above general inflation, demand for basic goods such as rice has expanded, particularly among the country's most price sensitive consumers.

Stocks

Ending stocks for MY 2023/2024 are forecasted to decrease to 63,000 MT on slightly higher consumption and less carry over from MY 2022/2023 ending stocks.

SORGHUM

Table 8. Mexico, Sorghum Production, Supply, and Distribution

Sorghum	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1395	1395	1398	1398	1420	1420
Beginning Stocks (1000 MT)	102	102	303	303	270	270
Production (1000 MT)	4840	4840	4892	4892	4800	4900
MY Imports (1000 MT)	362	362	176	176	200	200
TY Imports (1000 MT)	362	362	176	176	200	200
TY Imp. from U.S. (1000 MT)	362	362	176	176	0	0
Total Supply (1000 MT)	5304	5304	5371	5371	5270	5370
MY Exports (1000 MT)	1	1	1	1	1	1
TY Exports (1000 MT)	1	1	1	1	1	1
Feed and Residual (1000 MT)	4900	4900	5000	5000	4900	5000
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	5000	5000	5100	5100	5000	5100
Ending Stocks (1000 MT)	303	303	270	270	269	293
Total Distribution (1000 MT)	5304	5304	5371	5371	5270	5394
Yield (MT/HA)	3.4695	3.4695	3.4993	3.4993	3.3803	3.4507

(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 2023/2024 = October 2023 - September 2024

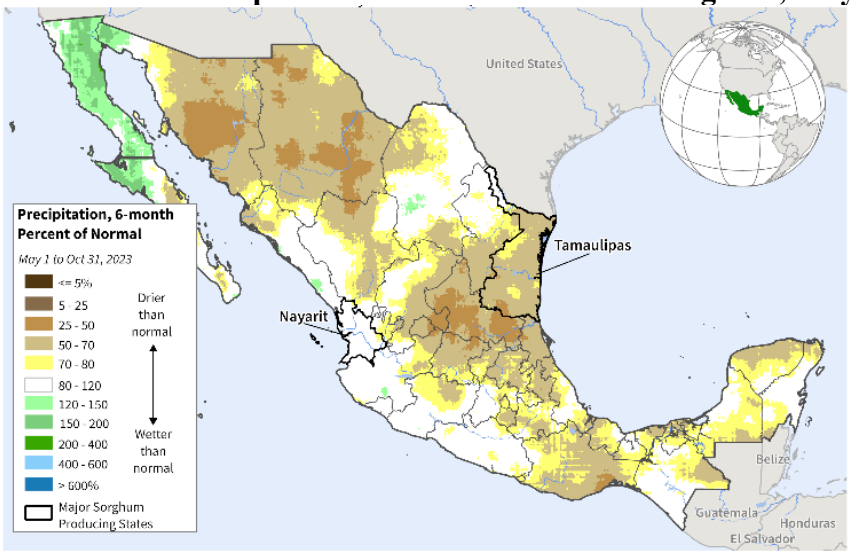
Production

Post estimates MY 2023/2024 production at 4.9 MMT, nearly unchanged from the previous year. The harvest in Guanajuato and Michoacan is currently underway for summer sorghum but delayed due to a lack of precipitation which resulted in late plantings. Grain quality is reported as good.

Much of the Bajío region and northern Mexico have experienced severe drought in recent months. On September 30, over 95 percent of municipalities in Guanajuato and Michoacan were under severe and extreme drought conditions. Given that sorghum has less water requirements and is more resistant to drought than corn, its acreage was less affected, and will not decrease substantially considering less water availability from local dams and aquifers. Total sorghum production for MY 2022/2023 is 4.9 MMT based on updated SADER data.

In MY 2022/2023, production is estimated at 4.9 MMT, one percent higher than previous year. Winter sorghum from Tamaulipas made up 42 percent of total production, from which roughly 66 percent was rainfed.

Figure 8. Percent of Normal Precipitation for Mexico's Winter Sorghum, May 1-October 31, 2023



Source: UCSB CHIRPS 6-Month Percent of Normal Precipitation

Trade

Post forecasts MY 2023/2024 imports 14 percent higher than the previous year at 200,000 MT. Mexico's sorghum imports for MY 2022/2023 are revised downward to 176,000 MT, based on data from October 2022-September 2023 showing minimal trade in the last quarter of the marketing year, attributed to higher domestic production.

Consumption

Post forecasts MY 2023/2024 consumption steady at 5.1 MMT. Post's year-to-year figures reflect stable sorghum demand. MY 2022/2023 consumption is estimated two percent higher than the previous year at 5.1 MMT.

Stocks

Ending stocks for MY 2023/2024 are forecast at 293,000 MT, nine percent higher than the previous year due to increased production and stable consumption.

POLICY

Anti-Inflation Decree

On December 27, 2023, the Government of Mexico (GOM) published a decree to extend the exemption of tariffs and easing of administrative procedures for the importation of basic food basket products under the, *"Decree exempting the payment of import tariffs and granting administrative facilities to various goods in the basic basket and basic consumption of families"* (See GAIN_MX2023-0045 and GAIN MX2023-0002). The decree is valid through December 31, 2024 and temporarily exempts select importers from the payment of import duties for certain goods and facilitates administrative easing. The modifications were published in Mexico's Federal Register here. The following are HS codes related to grains and feed under the anti-inflation decree:

Code	Product	Tariff	Notes
10.01	**Wheat and meslin.**		
1001.11.01	For sowing.	Ex.	
1001.19.99	Others.	Ex.	
1001.91.99	Others.	Ex.	
1001.99.99	Others.	Ex.	
10.05	**Corn.**		
1005.90.04	White corn (floury).	Ex.	For human consumption only (not genetically modified).
1005.90.99	Others.		Yellow corn for animal feed only.
10.06	**Rice.**		
1006.30.99	Others.	Ex.	Only the so-called long grain (3:1 ratio, or greater, between the length and width of the grain).
10.07	**Grain sorghum (graniferous).**		
1007.90.01		Ex.	When the operation is carried out within the period between December 16 and May 15.
1007.90.02		Ex.	When the operation is carried out within the period between May 16 and December 15.

11.01	**Wheat or meslin flour (tranquillón)**	Ex.	
11.02	**Cereal flour, except wheat or meslin.**		
1102.20.01	Cornmeal.	Ex.	
11.08	**Starch and starch; inulin.**		
1108.12.01	Cornstarch.	Ex.	
23.09	**Preparations of a kind used in animal feeding.**		
2309.10.01	Dog or cat food, put up for retail sale.	Ex.	

Price Guarantee Program
On January 8, the Government of Mexico (GOM) announced minimum purchase prices for grains, beans, and dairy in 2024. The GOM's guaranteed purchase price for corn is 6,915 pesos (USD 407) per MT, for up to 35 MT per growing season, and up to five HA. The price guarantee for bread-making wheat from medium-scale producers is 7,050 pesos (USD 410) per ton for up to 200 MT, whereas wheat from small-scale producers is 7,600 pesos (USD 442) for up to 50 MT. Mexico's food security body, *Seguridad Alimentaria Mexicana* (Segalmex) will operate the program. The *Diario Oficial* announcement is available here.

Fertilizers for Well-being Program
SADER's 2024 Fertilizers for Well-being program received a budget allocation of 17.5 billion pesos (USD 1.03 billion), almost one-fourth of the SADER's total 2024 budget. This allocation marks the highest-recorded level for free farmer fertilizer assistance in Mexico's history. The program aims to distribute up to 300 kg of free fertilizers per hectare, or up to 600 kg total per small farmer for priority crops such as corn, beans, and rice.

Rail Line Embargoes Hamper Freight Rail in Mexico, with Implications for U.S. Grains
Since early September 2023, various rail embargoes implemented by private rail companies have slowed bulk agricultural exports, including grain shipments, entering Mexico by rail from the United States. The reasons cited by Ferromex (FXE) at its Eagle Pass and El Paso gateways include an unprecedented number of migrants traveling on its freight network and congestion from resulting closure of commercial traffic at the border, as U.S. Customs and Border Protection (CBP) also suspended operations at those ports of entry (POEs) to divert staff to processing migrant arrivals. While rice imports to Mexico from the United States rely more heavily on barge and vessel through the Gulf of Mexico, nearly 60 percent of corn and 75 percent of wheat export volume to Mexico relies on freight rail. Although the rail embargoes are not estimated to impact current trade forecasts, a non-steady flow of grains through rail could impact logistics and trade decisions in the future.

February 2023 Corn Decree
On February 13, 2023, Mexico published a presidential decree that includes an immediate prohibition on the use of biotech corn in Mexico's dough and tortilla production. On June 2, 2023, the United States requested dispute settlement consultations with Mexico under the USMCA. On August 17, 2023, the United States Trade Representative announced the establishment of a dispute settlement panel under USMCA regarding certain Mexican measures concerning biotech corn.

2024 General Election
On June 2, 2024, Mexico will elect a new president for a six-year term. Voters will determine a replacement for President Andrés Manuel López Obrador of the National Regeneration Movement (Spanish: Morena). Food price inflation for grain products, especially corn, will be a key dialogue point during the election season. The sector remains attentive to any pre- or post- election changes to agricultural policy which could impact their operations.

For More Information

Visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Report Number	Title	Dated
MX2023-0045	Grain and Feed Update	09/27/2023
MX2023-0032	Grain and Feed Update	06/21/2023
Commodity Intelligence Report	Mexico Corn Near-Average Production Expected	05/23/2023
MX2023-0011	Grain and Feed Annual	03/22/2023
MX2022-0020	Grain and Feed Annual	03/17/2022

Additionally, the FAS International Production Assessment Division Crop Explorer provides information on Mexico's grain production:

Corn Explorer
Wheat Explorer
Rice Explorer
Sorghum Explorer

Attachments:

No Attachments