

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mexico

### Grain and Feed Update

#### Wheat, Corn, and Sorghum Estimates Down Slightly; New Rice Program Announced

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**Report Highlights:**

Post's (MY) 2016/17 corn and sorghum production estimates have been revised downward from USDA/Official forecast due to smaller than previously estimated planted area and irregular weather conditions. Post's wheat production estimate has been revised slightly downward to 3.9 million metric tons (MMT) from the USDA/Official estimate based on updated official figures from the Mexican government. On July 23, 2016 the president of the National Rice Product System announced a new governmental support program for rice growers to boost domestic rice production and productivity and provide an alternative crop that improves farmers' income.

**Post:**

Mexico City

**WHEAT****Production:**

As a result of insufficient water for irrigation, the total wheat production estimate for marketing year (MY) 2016/17 has been revised slightly downward to 3.9 million metric tons (MMT) (see 2016 GAIN Report [MX6023](#) “June 2016 Grain and Feed Update”). Despite an upward revision to the harvested area estimate for MY2016/17 to 720,000 hectares (ha) to reflect updated official data, sources stated that the insufficient water supply adversely impacted yields. Also, unattractive prices in foreign markets stimulated producers to shift to alternative crops. According to official sources, for example, in Guanajuato approximately 60,000 ha were planted with barley instead of wheat in the 2015/16 fall-winter crop cycle.

**Consumption:**

Post’s feed consumption estimate for MY2015/16 has been revised downward to 300,000 MT based on official data of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA). Official sources state that due to higher domestic corn production in this marketing year, there is an increased possibility that livestock producers, particularly the hog sector, could increase the use of domestic white corn at the expense of domestic durum wheat.

**Trade:**

Post’s total wheat export estimate for MY 2016/17 has been revised downward from USDA/Official data to 1.2 MMT. The revised data reflects the impact of lower than previously estimated domestic production. Also, the total wheat export estimate for MY 2015/16 has been revised upward from USDA/Official data to 1.5 MMT, based on official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA for this marketing year.

**Stocks:**

Post’s ending stocks estimate for MY 2015/16 is less than the USDA/Official estimate (679,000 MT) as a result of higher-than-expected exports. The ending stocks estimate was reflected in the carry over for MY 2016/17, which was also adjusted downward.

**Production, Supply and Demand Data Statistics:**

**Table 1: Mexico Wheat Production, Supply and Demand for MY2014/15 to MY2016/17**

Wheat Market Begin Year Mexico	2014/2015		2015/2016		2016/2017	
	Jul 2014		May 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	707	707	825	825	710	720
Beginning Stocks	319	319	528	528	779	679
Production	3687	3687	3751	3751	3970	3900
MY Imports	4476	4476	4800	4800	4200	4200
TY Imports	4476	4476	4800	4800	4200	4200
TY Imp. from U.S.	3065	3065	0	2400	0	3200
Total Supply	8482	8482	9079	9079	8949	8779
MY Exports	1104	1104	1300	1500	1300	1200
TY Exports	1104	1104	1300	1500	1300	1200
Feed and Residual	400	400	400	300	450	450
FSI Consumption	6450	6450	6600	6600	6670	6670
Total Consumption	6850	6850	7000	6900	7120	7120
Ending Stocks	528	528	779	679	529	459
Total Distribution	8482	8482	9079	9079	8949	8779
(1000 HA) ,(1000 MT)						

## CORN

### Production:

Post's total corn production estimate for MY 2016/17 has been revised downward from USDA/Official data to 23.5 MMT, based on more complete data from SAGARPA. According to official sources, irregular rains during June and July have delayed the planting season in the non-irrigated areas of the 2016 spring/summer crop cycle. Sources indicated that this situation will adversely impact yields. Since approximately 75 percent of corn produced during the spring/summer cycle is rain fed, the monsoons starting in June continue to be the major source of irrigation.

Post's total production area estimate for the MY 2015/16 corn crop has been raised to 25.8 MMT, due to slightly increased planted area and very favorable weather conditions during the 2015/16 fall/winter crop cycle in the main producing areas. Total production for the 2015/16 fall/winter-corn crop is estimated at 8.4 MMT. This would be an increase from the previous year's 7.3 MMT, due to the high reservoir levels and increased planted area. For example, according to SAGARPA data, Sinaloa's planted area increased from 487,840 hectares in fall/winter 2014/15 crop to 566,123 hectares during the same period of 2015/16. Sinaloa is the principal white corn producing state, accounting for approximately 80 percent of the total output of the fall/winter crop. The higher production estimate for fall/winter 2015/16 crop also reflects greater yields from increased precipitation and ample irrigation supplies in Sinaloa.

At this point in the season, total estimated average yield for the 2015/16 fall/winter crop cycle is forecast to be higher than last year's at 6.4 MT/ha, due to the favorable weather conditions and the availability of water for irrigation. It should be noted that depending in large part on the level of technology used, yields continue to vary significantly throughout Mexico. In Sinaloa, for example, average yield is expected to reach 10.8 MT/ha in the 2015/16 fall/winter crop cycle, against 10.6 MT/ha reached the

same crop cycle last year, because of the factors already mentioned, and because the majority of corn is produced using advanced farming technology by the growers of this state.

### Trade:

Post’s total corn import estimate for MY 2015/16 has been revised downward from USDA/Official data to 13.0 MMT, based on official data from the SHCP and SAGARPA for the first nine months of this marketing year. The revised data reflects the impact of higher than previously estimated domestic production. Similarly, Post’s MY 2015/16 total exports estimates have been revised upward because of increased domestic production and based on official data from SAGARPA and SHCP for the same period mentioned for the exports estimate.

### Stocks:

Post’s MY2015/16 estimated ending stocks were revised upward, due to higher than previously estimated domestic production. The ending stocks estimate was reflected in the carry over for the MY 2016/17 which was also adjusted upward from USDA/Official estimate.

### Production, Supply and Demand Data Statistics:

**Table 2: Mexico Corn Production, Supply and Demand for MY2014/15 to MY2016/17**

Corn Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7325	7325	7200	7205	7100	7100
Beginning Stocks	2603	2603	4118	4118	5418	5618
Production	25480	25480	25000	25800	24500	23500
MY Imports	11269	11269	13500	13000	13500	13500
TY Imports	11269	11269	13500	13000	13500	13500
TY Imp. from U.S.	11168	11168	0	12500	0	12900
Total Supply	39352	39352	42618	42918	43418	42618
MY Exports	784	784	1000	1100	800	800
TY Exports	784	784	1000	1100	800	800
Feed and Residual	17700	17700	19400	19400	20100	20100
FSI Consumption	16750	16750	16800	16800	16900	16900
Total Consumption	34450	34450	36200	36200	37000	37000
Ending Stocks	4118	4118	5418	5618	5618	4818
Total Distribution	39352	39352	42618	42918	43418	42618
(1000 HA) ,(1000 MT)						

## SORGHUM

### Production:

Post’s MY 2016/17 (October/September) sorghum production estimate has been revised downward from USDA/Official forecast due to smaller than previously estimated planted area, irregular weather conditions, and the prevalence of sugarcane aphid infestations in many producing areas. These include Guanajuato, Michoacan, and Jalisco in West Central Mexico (called the “*Bajío*” region), where the bulk of the fall harvest is produced (see 2016 GAIN report [MX6004](#) Grain and Feed January Update

Mexico). In addition, government contacts stated that the rainy season this year has been very irregular which also contributes to slow plantings and could eventually cause a reduction in yields, compared to the initial expectations.

Post's total sorghum harvested area estimate for MY 2015/16 has been revised upward to 1.67 million ha, based on updated official data released by SAGARPA. These statistics include the final result of the 2015 spring/summer crop cycle, as well as available information as of June 30, 2016, for the 2015/16 fall/winter crop cycle.

### Consumption:

Post's total consumption estimate for MY2016/17 has been revised downward from the USDA/Official estimate to 7.2 MMT, based on information from official sources. Feed consumption is expected to shift away from sorghum to feed corn, due to lower than previously estimated domestic sorghum production.

### Stocks:

Post's estimated ending stocks for MY 2016/17 have been decreased to 288,000 MT in comparison with USDA/Official estimate in response to reduced domestic production.

### Production, Supply and Demand Data Statistics:

**Table 3: Mexico Sorghum Production, Supply and Demand for MY2014/15 to MY2016/17**

Sorghum Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Area Harvested	1715	1715	1622	1672	1800	1710
Beginning Stocks	647	647	338	338	388	388
Production	6270	6270	5550	5550	6900	6500
MY Imports	29	29	700	700	700	700
TY Imports	29	29	700	700	700	700
TY Imp. from U.S.	29	29	0	700	0	700
Total Supply	6946	6946	6588	6588	7988	7588
MY Exports	8	8	0	0	0	0
TY Exports	8	8	0	0	0	0
Feed and Residual	6500	6500	6100	6100	7400	7200
FSI Consumption	100	100	100	100	100	100
Total Consumption	6600	6600	6200	6200	7500	7300
Ending Stocks	338	338	388	388	488	288
Total Distribution	6946	6946	6588	6588	7988	7588
(1000 HA) ,(1000 MT)						

### RICE

#### Production:

Post’s total rice production estimate for MY 2015/16 (October to September) has been revised downward approximately 7 percent from the USDA/Official estimate to 217,000 MT (rough production), based on SAGARPA data as of June 30, 2016. This volume of rough rice production is equivalent to 149,000 MT of milled rice.

On July 23, 2016, the president of the National Rice Product System, Luis Bueno Torio, indicated that after more than a year of requesting government support, in June SAGARPA finally granted support payments of 3,000 pesos per hectare for irrigated plots (US\$161/ha) and 1,500 pesos per hectare for non-irrigated land (US\$80.50/ha) , for a period of three years (see 2015 GAIN Report [MX5011](#) 2015 Grain and Feed Annual Mexico). He pointed out this amount represents approximately 20 percent of cultivation cost and will benefit approximately 3,000 rice growers in seven states that should produce new rice varieties during the current and following two planting crop seasons.

According to the Mexican Rice Council, the main objective of this new support program is to boost domestic rice production and its productivity, in order to increase its market share in the Mexican market and provide an alternative crop to improve farmers’ income. The goal is the gradual establishment of 51,900 ha under this program over a period of three years.

Also, Bueno Torio explained that the support may be used by more than 50 percent of rice growers, who have the option to plant new varieties of long grain rice seeds, two of them developed by the National Institute of Forestry, Agriculture, and Livestock (INIFAP), a decentralized agency of SAGARPA. The goal is to increase domestic production by almost 200,000 MT in the 2018 crop cycle – at the end of the new support program – to reach up to 380,000 MT. This volume represents almost twice what it is produced currently. The producing states that will benefit with this new supports are: Campeche, Jalisco, Nayarit, Michoacan, Tamaulipas, Tabasco, and Veracruz. Lastly, Bueno Torio indicated that with this new support, Mexico is expected to import as much as 60 percent of its rice, which he said would help avoid unfair competition in the domestic rice market.

**Trade:**

Post’s total rice import estimate for MY 2015/16 has been revised downward from USDA/Official data to 690,000 MT. The revised data reflects the updated official information from SAGARPA and SHCP for the first nine months of this marketing year. Similarly, rice total export estimate for the MY2015/16 has decreased from the USDA/Official estimate to 2,000 MT. These figures are also based on official figures from SAGARPA and SHCP for the same period of this marketing year.

**Stocks:**

Post's ending stock estimate for MY 2015/16 (113,000 MT) is lower than the USDA/Official estimate as a result of lower than expected domestic production and imports. This was reflected in the carry over for the MY 2016/17, which was also adjusted downward.

**Production, Supply and Demand Data Statistics:**

**Table 4: Mexico Rice Production, Supply and Demand for MY2014/15 to MY2016/17**

Rice, Milled	2014/2015	2015/2016	2016/2017
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Market Begin Year Mexico	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	44	44	39	39	42	42
Beginning Stocks	155	155	161	161	133	113
Milled Production	179	179	160	149	173	173
Rough Production	261	261	233	217	252	252
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	709	709	700	690	750	750
TY Imports	719	719	700	690	750	750
TY Imp. from U.S.	620	620	0	545	0	600
Total Supply	1043	1043	1021	1000	1056	1036
MY Exports	2	2	3	2	2	2
TY Exports	2	2	5	2	2	2
Consumption and Residual	880	880	885	885	890	890
Ending Stocks	161	161	133	113	164	144
Total Distribution	1043	1043	1021	1000	1056	1036
(1000 HA) ,(1000 MT)						

### For More Information:

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

### Other Relevant Reports Submitted by FAS/Mexico

Report Number	Title of Report	Date Submitted
<a href="#">MX6023</a>	June 2016 Grain and Feed Update	6/6/2016
<a href="#">MX6009</a>	2016 Grain and Feed Annual Mexico	3/12/2016
<a href="#">MX6004</a>	Grain and Feed January Update Mexico	1/26/2016
<a href="#">MX5029</a>	Grain and Feed July Update Mexico	07/21/2015
<a href="#">MX5011</a>	2015 Grain and Feed Annual Mexico	03/18/2015
<a href="#">MX5001</a>	Grain and Feed January Update Mexico	01/15/2015
<a href="#">MX4073</a>	Grain and Feed October Update Mexico	10/17/2014