

Required Report: Required - Public Distribution

Date: March 29, 2022

Report Number: MX2022-0003

Report Name: Livestock and Products Semi-annual

Country: Mexico

Post: Mexico City

Report Category: Livestock and Products

Prepared By: Gustavo Lara and Daniel Alvarado

Approved By: Daniel Alvarado

Report Highlights:

Mexico's livestock production is forecast to remain strong; in light of fluctuating feed market conditions, the sector remains profitable. Producers continue investing in better production methods, such as better genetics and increased biosecurity. Beef and pork production and consumption are forecast to increase, strongly rebounding from COVID-related economic shocks due to recoveries in the hotel, restaurant, and institution (HRI) and retail sectors.

Executive Summary

Cattle: In 2022, the calf crop is kept at 8.3 million head. The slaughter forecast is raised to 6.76 million head. Imports are forecast at 60,000 head on decreased availability from Central America and higher capacity for Mexican feedlots to domestically source slaughter cattle. The cattle export forecast is increased to 1.465 million head.

Beef: The 2022 beef production and import forecasts are kept at 2.19 million metric ton (MT) carcass weight equivalent (CWE) and 200,000 MT CWE, respectively. The export forecast is lowered to 370,000 MT CWE. Consumption is forecast higher at 2.02 million MT CWE on continued economic recovery from pandemic-related shocks, especially in Mexico City, Mexico State, Jalisco, and Nuevo Leon where income is higher and population is denser. Additionally, worldwide COVID waves are causing further lockdowns and travel restrictions, while Mexico maintains a relaxed posture to domestic and international tourism which is stimulating hotel, restaurant, and institution (HRI) demand.

Swine: The 2022 pig crop forecast is increased to 21.85 million head. The hog herd continues expanding, having remained healthy and free of major diseases. The pig slaughter forecast is increased to 20.6 million head. Slaughter at Federally Inspected (TIF) establishments has increased due to consumers' increasing preference for better food safety, which TIF is known for. TIF meatpackers also achieve better yields, especially those vertically-integrated companies investing in improved infrastructure along the production chain. Swine exports remain zero and imports are decreased to 20 thousand head for breeding.

Pork: The 2022 pork production forecast is increased to 1.58 million MT CWE. Producers are motivated by increased export demand (forecast increased to 385,000 MT CWE) and growing domestic consumption (forecast increased to 2.45 million MT CWE) driven by population growth and pork's affordability over beef. Producers continue putting out innovative and creative products at affordable prices. The pork import forecast is increased to 1.255 million MT CWE to help satisfy consumer demand. Complimentary U.S.–Mexico supply and production chain development is expected to continue.

Cattle

Table 1. Cattle – Production, Supply, and Demand (PSD)

Animal Numbers, Cattle Market Year Begins Mexico	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1,000 HEAD)	16,900	16,900	17,000	17,000	17,370	17,258
Dairy Cows Beg. Stocks (1,000 HEAD)	3,550	3,550	3,500	3,500	3,550	3,550
Beef Cows Beg. Stocks (1,000 HEAD)	7,900	7,900	7,950	7,950	8,000	8,000
Production (Calf Crop) (1,000 HEAD)	8,000	8,000	8,150	8,150	8,300	8,300
Total Imports (1,000 HEAD)	37	37	75	90	60	60
Total Supply (1,000 HEAD)	24,937	24,937	25,225	25,240	25,730	25,618
Total Exports (1,000 HEAD)	1,485	1,485	1,200	1,200	1,460	1,465
Cow Slaughter (1,000 HEAD)	1,380	1,380	1,420	1,530	1,470	1,470
Calf Slaughter (1,000 HEAD)	260	260	270	270	280	280
Other Slaughter (1,000 HEAD)	4,698	4,698	4,850	4,850	5,000	5,010
Total Slaughter (1,000 HEAD)	6,338	6,338	6,540	6,650	6,750	6,760
Loss and Residual (1,000 HEAD)	114	114	115	132	120	122
Ending Inventories (1,000 HEAD)	17,000	17,000	17,370	17,258	17,400	17,271
Total Distribution (1,000 HEAD)	24,937	24,937	25,225	25,240	25,730	25,618

(1,000 HEAD)

*Not official USDA data

Calf Crop: The forecast is kept at 8.3 million head. Despite rising prices in feed and energy, the livestock sector has managed to continue growing and remains profitable. Improving genetics and continued favorable sanitary status motivate producers to invest and expand past macroeconomic hurdles. Increased beef prices – in Mexico and globally – have helped support the profitability of the fed cattle market through volatile feed markets and adverse weather conditions. A decrease in corn prices and sustained export prices (at \$570 per head or more) would serve as a strong incentive to expand the domestic calf crop.

Slaughter: The forecast is increased to 6.76 million head. Mexico’s strong reopening from pandemic related lockdowns, as well as global demand, have stimulated slaughter for domestic consumption and beef exports. International and domestic travel to key Mexican tourist hotspots has returned to or surpassed pre-pandemic levels. The HRI sector continues to demand a large, steady supply to accommodate holiday surges and spikes from loosening travel restrictions in tourist origin countries. Vertical integration continues to be a major factor in increased domestic slaughter capacity and capability. Carcass prices continue increasing in Mexico, with 22 percent year-over-year growth according to the Economy Secretariat’s Market Information System ([SNIIM](#)).

Table 2. Distribution of TIF Slaughter by State in 2021

State	January	February	March	April	May	June	July	August	September	October	November	December	Total Bovine Carcasses 2021
Aguascalientes	5,245	5,510	5,494	5,321	5,974	5,303	5,117	4,749	5,151	5,346	5,590	5,603	64,403
Baja California	19,181	20,833	26,008	30,885	31,925	32,391	32,779	26,625	24,000	29,323	28,826	32,413	335,189
Chihuahua	6,728	5,783	6,654	6,803	6,344	6,541	6,617	6,031	6,856	5,804	5,415	4,191	73,767
Coahuila de Zaragoza	19,222	17,301	21,138	19,080	19,753	21,048	21,277	20,233	20,283	20,733	21,199	17,069	238,336
Durango	30,511	34,424	38,794	36,648	38,892	39,533	41,298	40,879	42,436	40,215	43,123	40,457	467,210
Guanajuato	7,647	6,736	8,146	7,481	8,498	8,724	9,126	8,101	7,377	7,578	7,270	4,803	91,487
Jalisco	487	447	497	464	504	631	593	547	526	511	454	536	6,197
Michoacán de Ocampo	22,688	29,111	36,671	31,271	35,848	37,961	39,426	36,575	28,503	29,129	29,162	31,691	388,036
México	65	220	410	181	92	195	235	325	246	111	208	285	2,573
Nuevo León	26,678	27,457	33,080	32,285	29,372	30,942	27,200	28,486	28,442	29,707	31,529	24,559	349,737
Querétaro	6,455	6,754	8,158	6,896	7,302	8,008	7,820	7,802	7,920	7,521	8,167	8,156	90,959
San Luis Potosí	57,947	56,736	62,815	58,736	58,620	61,729	62,556	61,149	59,648	61,572	57,576	61,680	720,764
Sinaloa	27,102	30,829	40,707	37,942	42,847	48,847	47,465	44,924	41,209	41,376	40,652	43,370	487,270
Sonora	7,955	7,825	7,640	7,510	7,966	7,835	8,553	8,172	8,258	8,359	8,657	8,234	96,964
Tamaulipas	7,893	7,678	7,069	7,709	7,685	7,897	7,526	7,864	8,225	8,505	8,899	7,974	94,924
Veracruz de Ignacio de la Llave	37,044	33,908	38,049	33,887	38,338	39,448	40,169	38,285	39,101	38,127	39,607	40,964	456,927
Yucatán	2,212	2,090	1,943	2,116	2,193	2,141	2,495	2,271	2,144	2,616	2,629	1,243	26,093
Zacatecas	1,408	1,224	1,653	1,172	1,144	1,631	1,435	1,157	1,048	1,335	1,293	1,160	15,660
Total of Bovine Carcasses 2021	286,468	294,866	344,926	326,387	343,297	360,805	361,687	344,175	331,373	337,868	340,256	334,388	4,006,496

Source: TIF Establishment Directorate, Food, Animal, and Plant Health Agency (SENASICA)

Imports: The forecast is kept at 60,000 head. Food price inflation and macroeconomic struggles hamper domestic beef demand, largely affecting the need for cattle imports from Central America. Feedlots will still require cattle imports to meet Mexico’s growing and diversifying (by product line, not destination) beef export capacity. If feeder cattle prices stabilize through the first half of 2022, cattle imports from the United States for slaughter in Mexico are expected to slow in the second half of 2022.

In 2021, Mexico’s live cattle imports considerably increased as beef prices and consumer demand for beef grew. Mexican beef processors purchased cattle at appealing prices, especially from the United States. Some Mexican companies were an attractive alternative for limited slaughtering capacity in the United States.

Exports: The 2022 forecast is raised to 1.465 million head. The calf crop is expected to grow, allowing for cattle to be available for export. The United States is expected to replenish its beef herd and feedlots, drawing from healthy and Mexican cattle for fattening. Mexican ranchers are capable of successfully taking on the up-front costs and risks for producing calves that are then well-suited for fattening and slaughter in the United States.

Beef

Table 3. Beef – PSD

Meat, Beef and Veal Market Year Begins Mexico	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1,000 HEAD)	6,338	6,338	6,540	6,540	6,750	6,750
Beginning Stocks (1,000 MT CWE)	0	0	0	0	0	0
Production (1,000 MT CWE)	2,079	2,079	2,120	2,110	2,190	2,190
Total Imports (1,000 MT CWE)	162	162	200	190	200	200
Total Supply (1,000 MT CWE)	2,241	2,241	2,320	2,300	2,390	2,390
Total Exports (1,000 MT CWE)	343	343	345	350	380	370
Human Dom. Consumption (1,000 MT CWE)	1,898	1,898	1,975	1,990	2,010	2,020
Other Use, Losses (1,000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1,000 MT CWE)	1,898	1,898	1,975	1,990	2,010	2,020
Ending Stocks (1,000 MT CWE)	0	0	0	0	0	0
Total Distribution (1,000 MT CWE)	2,241	2,241	2,320	2,340	2,390	2,390

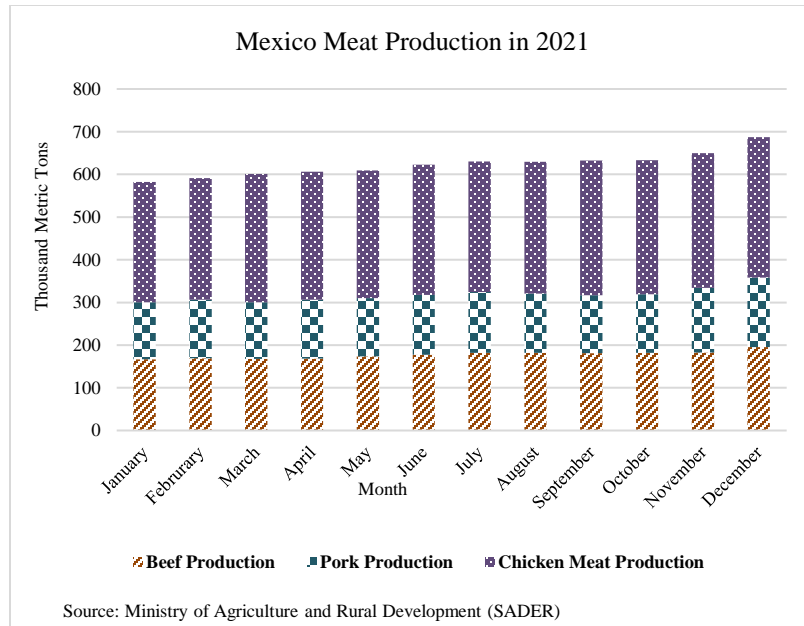
(1,000 HEAD), (1,000 MT CWE)

*Not official USDA data

Production: Beef production is forecast to remain 2.19 million MT CWE. National Statistics and Geography Service (INEGI) data show growing per capita demand for beef, as the Mexican economy (particularly in the tourism and HRI sectors) slowly recovers from 2020 and 2021 COVID-related slumps. Even though food price inflation remains above 7 percent and GDP growth is below 5 percent, beef demand continues to grow for higher-income consumers and as a share of exports.

Producers are incentivized to produce more and at better quality. TIF production, in particular, offers added quality and value with better food safety guarantees. TIF meatpackers offer a broader portfolio of products because they invest more in technology, innovation, food safety, and quality assurance. They can command higher prices and access the lucrative export market.

In 2021, the beef industry saw higher investment in better manufacturing practices and became more vertically integrated. The states of Veracruz, Jalisco, San Luis Potosi, Baja California, and Durango were the top five beef producers. States like Chihuahua or Sonora, which do have more advanced production methods, choose to export live cattle over beef.

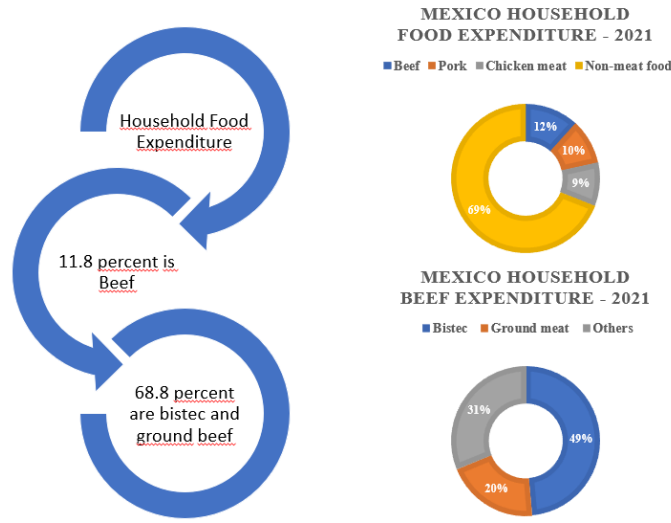


Consumption: Beef consumption is forecast to increase to 2.02 million MT CWE. Sustained beef consumption growth is driven by Mexico’s gradual economic recovery, with the states of Mexico City, Mexico State, Jalisco, and Nuevo Leon outperforming others due to higher incomes and denser population. Plus, the northern part of Mexico consumes more beef as part of its regional culture. Those northern states have experienced faster economic recovery from the pandemic-related economic slump thanks to their advanced, industrialized economic sectors. Additionally, beef processors have become better at identifying household consumption patterns across varied socio-economic sectors and are able to offer appropriate products.

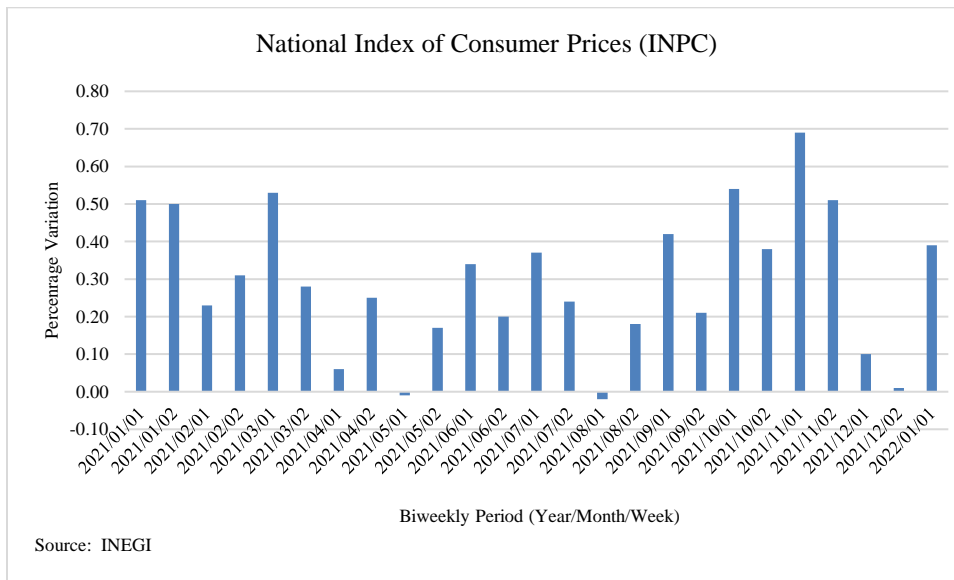
Local butcher shops represent 53 percent of beef sales, followed by retail with 19.5 percent. According to INEGI, with increased inflation and beef prices soaring, consumers are purchasing lower cost beef cuts, such as *bistec* (49 percent of sales) and ground beef (20 percent of sales).

In 2021, beef consumption growth was strongly driven by Mexico’s HRI sector, as tourism started back up in beach hotspots, such as in Baja California and Quintana Roo States.

Mexico Household Food Expenditure - 2021



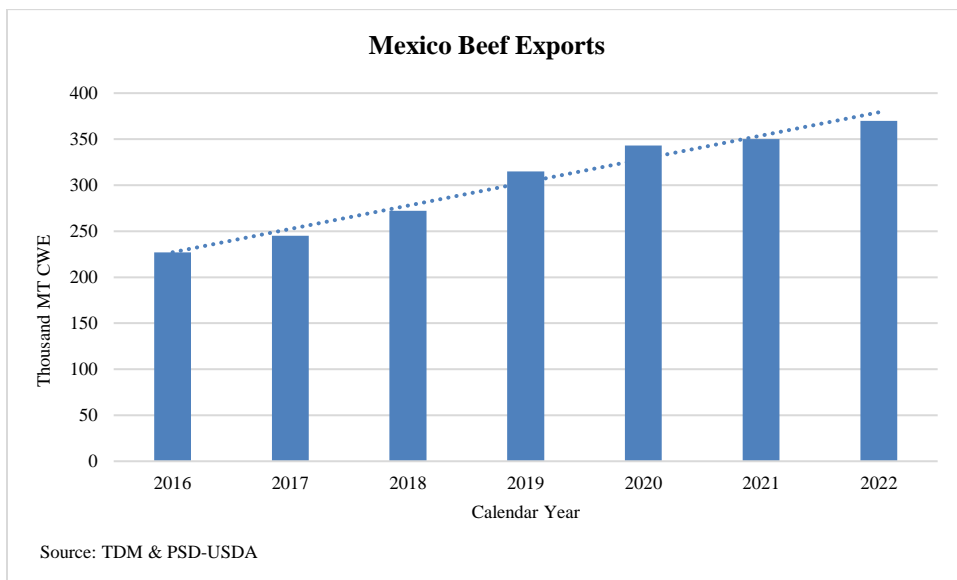
Source: INEGI



Imports: Beef imports are forecast to remain 200,000 MT CWE. As new waves of COVID infections around the world cause new lockdowns and travel restrictions, Mexico’s relaxed position in light of new outbreaks is driving growing demand for beef from the HRI sector. Imports also satisfy domestic niche markets demanding specific cuts for higher-income households. As the U.S. and Mexico markets continue to place their high value cuts or added-value products in each other’s market, bilateral beef trade is expected to continue growing.

Exports: Beef exports are forecast to decrease to 370,000 MT CWE. Mexico has market access to nearly 30 countries, but the main destinations for its beef are the United States, Japan, South Korea, Canada, and Hong Kong. Mexico’s joint efforts between government and producers have expanded export destinations, which led its beef exports to grow from 227,000 MT CWE in 2016 to 350,000 MT CWE in 2021. In 2022, exports could be expanded to 370,000 MT CWE if not hampered by volatile beef prices and an abundance of worldwide stocks of beef and other meats that could depress prices.

Mexican processors import primal cuts to be processed in Mexico and then export with added value or place domestically as high-value cuts in the HRI sector or in niche retail stores. Mexico is the second largest beef supplier to the United States, offering high quality and competitive prices. Mexican producers can meet demand from changing U.S. consumer trends for leaner, smaller portions, while keeping the familiar grain-fed flavor.



Hogs

Table 4. Swine – PSD

Animal Numbers, Swine Market Year Begins Mexico	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks (1,000 HEAD)	11,050	11,050	11,500	11,500	11,775	11,775
Sow Beginning Stocks (1,000 HEAD)	1,245	1,245	1,255	1,255	1,295	1,295
Production (Pig Crop) (1,000 HEAD)	20,291	20,291	20,810	20,810	21,750	21,850
Total Imports (1,000 HEAD)	25	25	15	15	25	20
Total Supply (1,000 HEAD)	31,366	31,366	32,325	32,325	33,550	33,645
Total Exports (1,000 HEAD)	0	0	0	0	0	0
Sow Slaughter (1,000 HEAD)	0	0	0	0	0	0
Other Slaughter (1,000 HEAD)	19,000	19,000	19,700	19,700	20,500	20,600
Total Slaughter (1,000 HEAD)	19,000	19,000	19,700	19,700	20,500	20,600
Loss and Residual (1,000 HEAD)	866	866	850	850	850	845
Ending Inventories (1,000 HEAD)	11,500	11,500	11,775	11,775	12,200	12,200
Total Distribution (1,000 HEAD)	31,366	31,366	32,325	32,325	33,550	33,645
(1,000 HEAD)						

*Not official USDA data

Production: The 2022 pig crop forecast is raised to 21.85 million head. The hog herd remains in general good health, with low prevalence of major diseases. Where yields do suffer, it is due in part to poor nutrition, housing, handling, environmental factors, and susceptibility to pathogens (diseases). Actions taken by industry to improve productivity are the re-location, design, and construction of farms; better feeding practices, improved access to water, welfare in handling, transportation, and mobilization; improved waste (manure) disposal and general farm management; vermin control; and better hog identification and traceability to improve application of medicines.

The threat of African Swine Fever (ASF) has pushed more advanced operations to reinforce their biosecurity measures, heighten best practices, and even diversify the herd into different regions in Mexico to mitigate disruptions to the production chain in case of an ASF outbreak. Industry expects production growth to be 2–3 percent per year. Continued collaboration between industry and Mexican animal health authorities is expected to help protect the herd from ASF and other diseases.

Despite input prices being stable in the last part of 2021, 2022 is presenting challenges to hog farmers, with increased costs of energy, fuels, and grains cutting into profits. Growing inflation and a decreasing gross domestic product (GDP) are challenges to hog sector growth in 2022.

Slaughter: Slaughter in 2022 is forecast to increase to 20.6 million head. In 2021 and into 2022, hog farmers increased slaughter at TIF establishments to help meet consumer demand for better food safety and to attain higher yields. Vertically-integrated, TIF-grade companies have invested in better infrastructure along the production chain. Pork processor demand for both HRI and household consumption helped drive increased slaughter. Post-pandemic reopenings have increased consumption demand for pork across all socio-economic classes and strained available pork supplies.

Table 5. Hog Slaughter at TIF Establishments in 2021

State	January	February	March	April	May	June	July	August	September	October	November	December	Total Hog Carcasses 2021
Chiapas	7,300	6,090	6,090	7,250	7,290	3,890	5,010	5,100	5,750	4,300	2,017	2,807	62,894
Chihuahua	693	942	870	1,038	1,116	1,227	1,056	926	1,170	704	681	1,187	11,610
Coahuila de Zaragoza	2,853	3,223	2,766	3,154	2,812	2,874	2,981	2,770	3,187	3,245	2,708	1,677	34,250
Durango	574	419	863	738	344	507	576	850	428	651	714	1,433	8,097
Guanajuato	123,995	116,793	115,863	118,181	113,371	117,035	121,955	123,145	113,253	109,718	99,050	86,468	1,358,827
Jalisco	113,573	115,667	131,715	124,659	126,835	116,621	120,522	128,544	128,553	133,551	129,532	132,726	1,502,498
Michoacán de Ocampo	4,280	2,444	3,491	3,742	2,722	3,690	3,672	3,963	3,638	3,218	4,506	5,440	44,806
México	106,162	98,941	101,197	102,674	98,285	91,181	92,373	99,028	99,316	100,989	103,134	79,017	1,172,297
Nuevo León	13,775	14,386	17,415	14,851	13,579	13,480	13,412	15,027	15,028	15,169	16,499	14,489	177,110
Puebla	73,327	73,331	106,819	88,877	84,895	78,313	80,643	70,836	66,763	70,648	68,997	72,807	936,256
Querétaro	15,202	14,771	16,044	15,498	15,751	14,265	14,546	15,260	15,503	14,410	14,402	18,653	184,305
Sinaloa	7,512	7,399	7,610	6,511	7,210	6,984	6,478	6,130	7,053	7,327	6,897	7,612	84,723
Sonora	270,017	242,540	266,103	238,769	244,747	219,072	208,899	228,706	242,136	244,269	252,802	262,322	2,920,382
Veracruz de Ignacio de la Llave	-	-	-	-	-	-	-	-	-	-	-	146	146
Yucatán	151,325	148,239	173,372	135,908	150,551	156,901	160,996	156,681	162,397	180,103	198,366	182,812	1,957,651
Zacatecas	527	421	508	342	-	-	-	-	-	-	-	-	1,798
Total Hog Carcasses 2021	891,115	845,606	950,726	862,192	869,508	826,040	833,119	856,966	864,175	888,302	900,305	869,596	10,457,650

Source: TIF Establishments Directorate – SENASICA

Imports: The 2022 import forecast is lowered to 20,000 head. Swine imports go mostly to improving the genetic pool. Industry reports imports of live swine is lower – particularly, compared to 2020 – in part due to the uncertainty of ASF outbreaks. Imports are forecast lower as breeders shift herd locations and focus on expanding the herd with domestic genetics.

Exports: The 2022 forecast remains zero. All domestic swine production is kept to satisfy domestic demand for pork, leaving no room for live animal exports.

Pork

Table 6. Pork – PSD

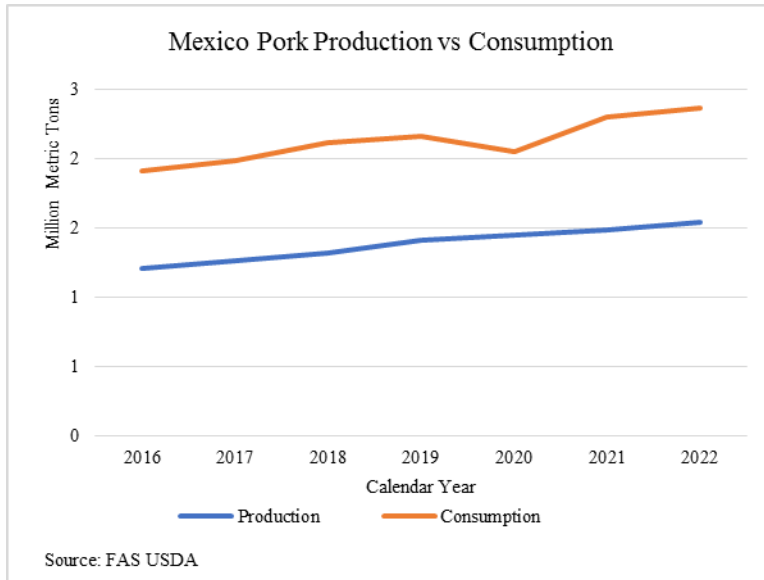
Meat, Swine Market Year Begins	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1,000 HEAD)	19,000	19,000	19,700	19,700	20,500	20,600
Beginning Stocks (1,000 MT CWE)	0	0	0	0	0	0
Production (1,000 MT CWE)	1,451	1,451	1,485	1,485	1,540	1,580
Total Imports (1,000 MT CWE)	945	945	1,150	1,150	1,175	1,255
Total Supply (1,000 MT CWE)	2,396	2,396	2,635	2,635	2,715	2,835
Total Exports (1,000 MT CWE)	344	344	330	330	350	385
Human Dom. Consumption (1,000 MT CWE)	2,052	2,052	2,305	2,305	2,365	2,450
Other Use, Losses (1,000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1,000 MT CWE)	2,052	2,052	2,305	2,305	2,365	2,450
Ending Stocks (1,000 MT CWE)	0	0	0	0	0	0
Total Distribution (1,000 MT CWE)	2,396	2,396	2,635	2,635	2,715	2,835
(1,000 HEAD), (1,000 MT CWE)						

*Not official USDA data

Production: The 2022 pork production forecast is increased to 1.58 million MT CWE. Growing exports and strong domestic demand continue to stimulate production increases, in both volume and quality. Producers are meeting domestic demand by providing more innovative and creative products at affordable prices. There is increased domestic demand in Mexico for pork as activities resume after COVID-related stops and restarts. People are eating out at restaurants or having street food, creating demand for a variety of dishes not available during the heights of the pandemic. On the export side, producers are looking to meet increased global demand for Mexico’s pork exports because of the quality and availability of its meat. Mexico is able to meet the stringent specifications of markets such as Japan and South Korea.

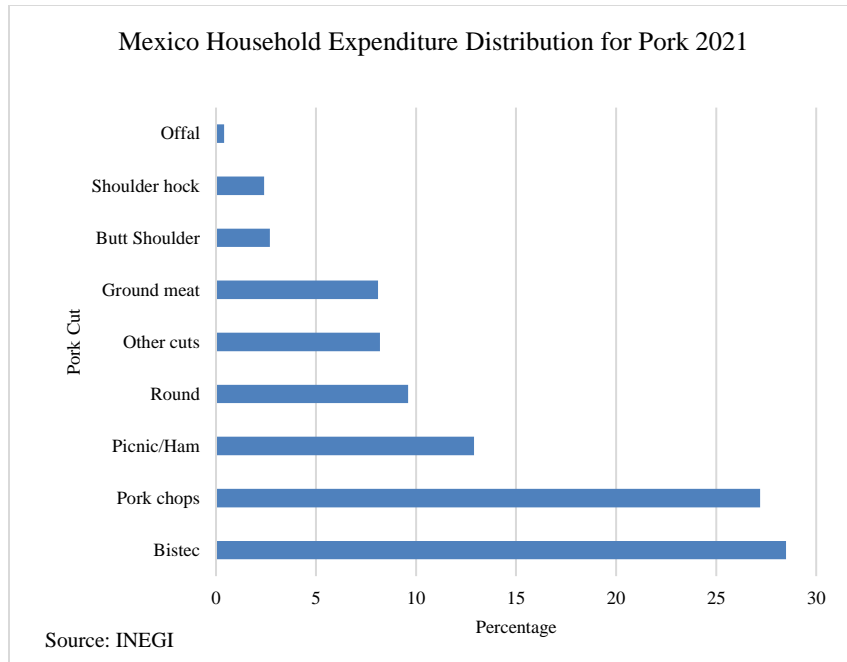
Table 7. Pork Consumption in Mexico in 2021

2021	January	February	March	April	May	June	July	August	September	October	November	December	Total
National Apparent Consumption (NAC)	210,566	195,063	198,473	214,469	219,030	226,835	224,111	231,489	227,954	235,415	261,216	265,458	2,710,079
Per capita consumption	1.6	1.5	1.5	1.6	1.7	1.7	1.7	1.8	1.7	1.8	2.0	2.0	20.6
NAC Volume expressed in MT													
Per capita consumption expressed in kilograms/person													
Source: INEGI													



Consumption: The 2022 pork consumption forecast is increased to 2.45 million MT CWE. Mexico’s is recovering from the pandemic-related slump, which is helping to drive consumption increases. INEGI reports an increase of 6.4 percent of household income expenditures going to purchase pork. Consumption in Mexico is driven by income (acquisitive power). Low-cost pork cuts such as *bistec* represent 28 percent of purchases, followed by pork chops with 27 percent, and ham (hind leg) trimmings at 13 percent.

Rising food price inflation will hamper some consumption growth. Mexico’s inflation remains above 7 percent and will affect purchasing decisions through 2022. Nevertheless, pork is expected to remain the second-most important animal protein for the Mexican retail consumer, following chicken. Consumer purchases will trend toward more affordable variety meats containing pork. Pork viscera and trimmings are expected to be the preferred meat ingredient in street food rather than muscles or high-value cuts.



Imports: The pork import forecast is increased to 1.255 million MT CWE. Domestic pork production alone cannot satisfy demand, a gap which Mexico fills with pork imports sourced mostly from the United States. The winter holiday season (going into January) and COVID reopenings after omicron-related partial shutdowns, have boosted import demand. High-value cuts, such as loins, are mainly destined for the HRI sector. For processors, hams (hind legs), picnics (fore legs), and bacon along with trimmings continue to be the main imports.

Exports: Pork exports are forecast to increase to 385,000 MT CWE. Mexico’s pork processors continue to focus on exporting high-value cuts and labor-intensive products to the United States, Japan, and Korea. These markets offer exporters higher profits for lower volume. Mexican Customs data show pork export value increased 8.4 percent from \$870 million in 2020 to \$944 million in 2021. Mexico retains a sanitary status that allows it expansive export market access.

Mexico pork exports to China have plateaued, but exports to Japan and Korea remain strong due to Mexico’s ability to offer great meat quality, added value, and food safety compliance with low labor costs. For China as an export destination, even though exports to that country plateaued, it is an important destination for Mexico’s pork exports.

Exporters are able to dedicate whole areas of their meatpacking plants to accommodate specific production methods, if requested by clients such as in Japan. Mexican companies continue to vertically integrate, allowing them increased capability to comply with stringent export requirements, such as for maximum residue limits for antibiotics and growth promoters.

-
Attachments:

No Attachments