

Required Report: Required - Public Distribution

Date: February 21, 2023

Report Number: MX2023-0007

Report Name: Poultry and Products Semi-annual

Country: Mexico

Post: Mexico City

Report Category: Poultry and Products

Prepared By: Gustavo Lara

Approved By: Susan Karimiha

Report Highlights:

Mexico's chicken meat production is forecast to increase by three percent in 2023. Although chicken meat is one of the most impacted proteins during Mexico's inflation crisis, consumption per capita continues to increase, albeit at a slower pace on a year-to-year basis. The United States is Mexico's number one destination for chicken meat exports, which are lowered slightly in 2023, as demand wanes due to Highly Pathogenic Avian Influenza (HPAI) H5N1 recovery in the United States.

Executive Summary

Production. FAS/Mexico forecasts chicken meat production in 2023 to rise three percent compared to the previous year and in line with the USDA official forecast at 4.06 million metric ton (MMT). Additionally, post's 2022 estimate remains at 3.94 MMT, a 3.3 percent increase from 2021, and remains in line with the USDA official estimate.

Consumption. FAS/Mexico forecasts chicken meat consumption in 2023 to rise 2.4 percent compared to the previous year and slightly below USDA official forecast at 4.96 MMT. Post's 2022 estimate remains at 4.84 MMT, a 2.5 percent increase from 2021, and remains in line with the USDA official estimate.

Imports. FAS/Mexico forecasts chicken meat imports in 2023 at 910,000 metric tons (MT), a marginal decrease compared to the previous year and a slight decrease from USDA official forecast of 915,000 MT. Post's 2022 estimate remains at 915,000 MT, a slight decrease from 2021, and in line with the USDA official estimate.

Exports. FAS/Mexico forecasts chicken meat exports in 2023 at 11,000 MT, a decrease of 18 percent compared to the previous year and 18 percent less than the USDA official forecast of 13,000 MT. Post's 2022 estimate remains at 13,000 MT, an almost double increase from 2021, and in line with the USDA official estimate.

Chicken

Table 1. Chicken – Production, Supply, and Distribution (PSD)

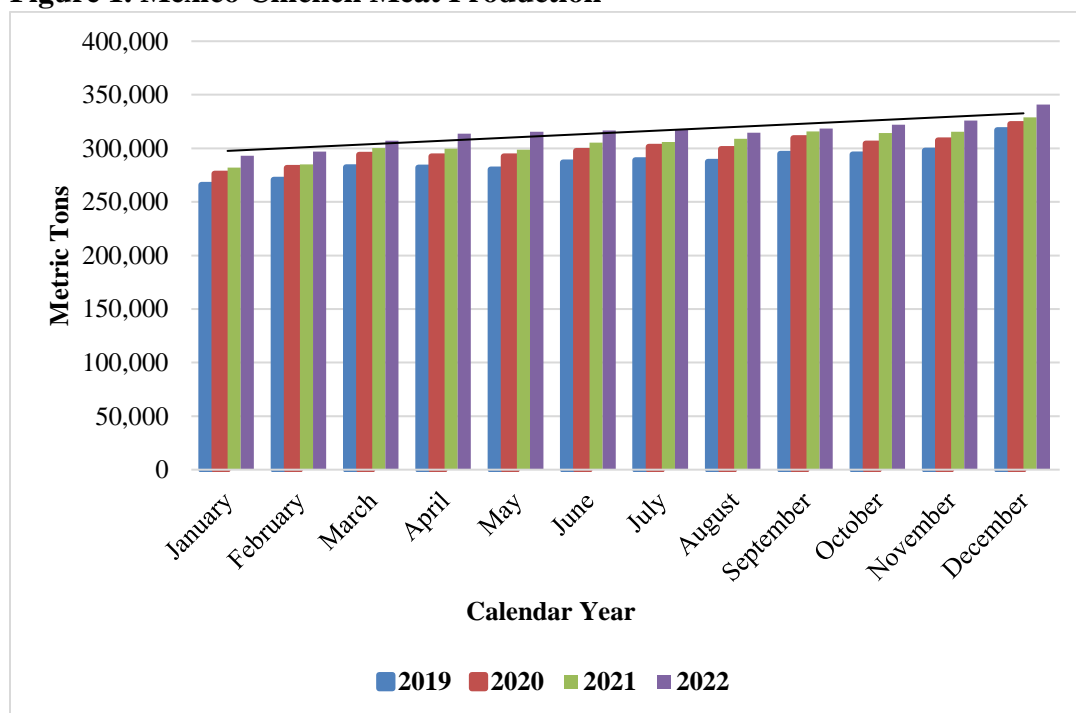
Meat, Chicken Market Year Begins Mexico	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	3,815	3,815	3,940	3,940	4,060	4,060
Total Imports (1000 MT)	917	917	915	915	915	910
Total Supply (1000 MT)	4,732	4,732	4,855	4,855	4,975	4,970
Total Exports (1000 MT)	7	7	13	13	13	11
Human Consumption (1000 MT)	4,725	4,725	4,842	4,842	4,962	4,959
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	4,725	4,725	4,842	4,842	4,962	4,959
Total Use (1000 MT)	4,732	4,732	4,855	4,855	4,975	4,970
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	4,732	4,732	4,855	4,855	4,975	4,970

(1000 MT)

Production

FAS/Mexico forecasts chicken meat production in 2023 to rise three percent compared to the previous year and in line with the USDA official forecast at 4.06 million metric ton (MMT). The 2022 chicken meat production estimate remains unchanged.

Figure 1. Mexico Chicken Meat Production



Source: Mexican Agri-food Information System (SIAP) (Note: 2020 SIAP data includes gaps from the source)

2023

Poultry production in 2023 is expected to increase, however at a slower pace compared to the previous year. Breeding facilities in Mexico that were impacted by Highly Pathogenic Avian Influenza (HPAI) H5N1 in 2022 culled their flocks and restocked with U.S. breeders. As of early 2023, Mexico continues to face limited disruptions in live animal production due to HPAI. Domestic commercial facilities are expected to continue to supply domestic demand for chicken meat.

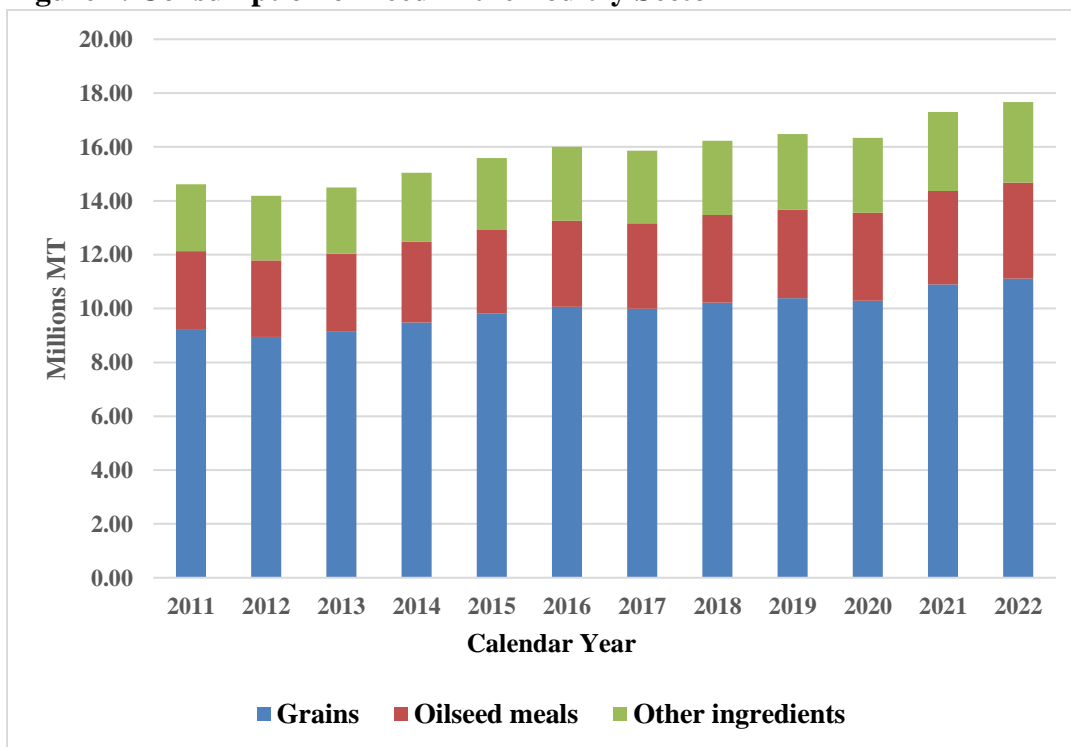
Although grain prices remain elevated for Mexico’s producers, sources predict an easing of grain and feed prices throughout first quarter of 2023, and it is expected that farmers will further grow their flocks and increase chicken meat production.

2022

In September 2022, HPAI outbreaks started in Mexico, which resulted in a quick response by Mexico’s authorities and producers to reinforce biosecurity in commercial flocks and isolation and quarantine of backyard birds.

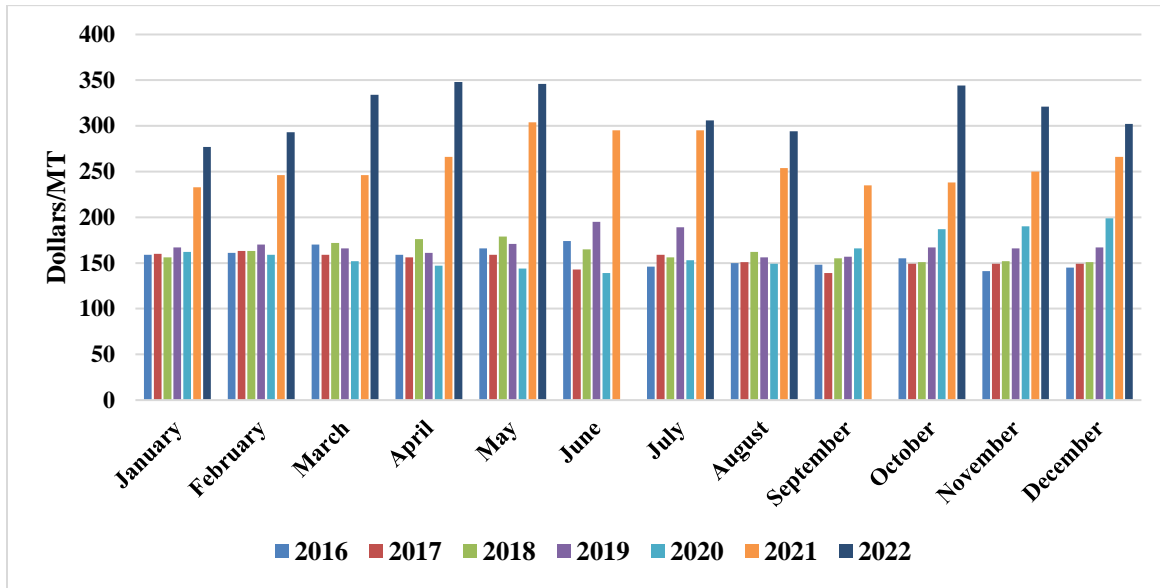
Despite high grain and feed prices, Mexico’s poultry sector grew. According to industry sources, the poultry sector consumes around 17.5 MMT of balanced feed per year consisting of basic grains (mostly corn), oilseeds, and other ingredients. The feed industry estimates a growth in 2022 of 3.5 percent for feed volume to satisfy the poultry sector demand.

Figure 2. Consumption of Feed in the Poultry Sector



Source: National Organization of Poultry Producers (UNA)

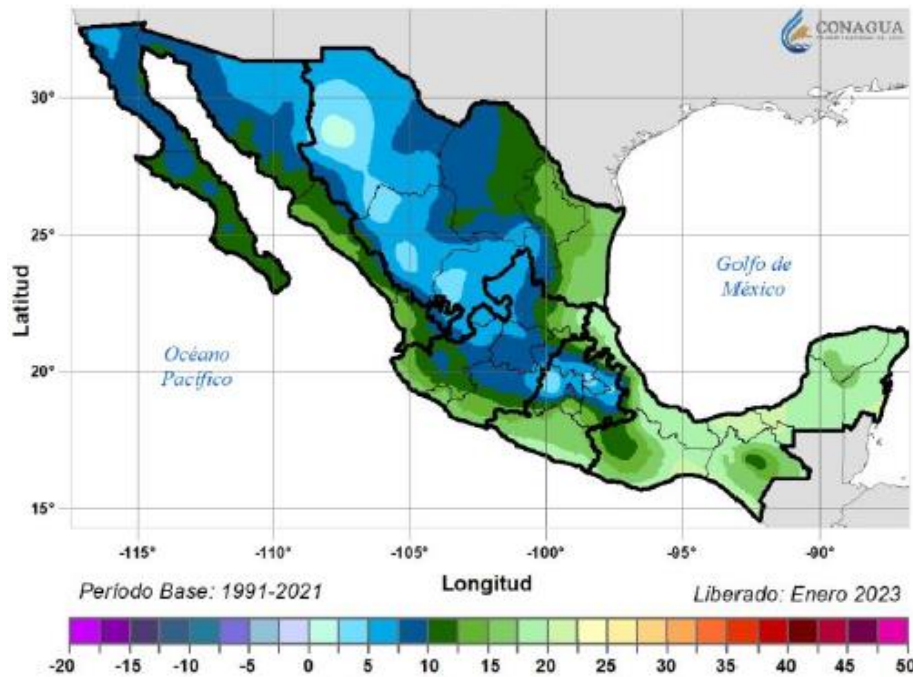
Figure 3. Yellow Corn Prices for Feed in Mexico



Source: Mexican Agri-food Information System (SIAP) (Note: 2022 SIAP data includes gaps from the source)

Weather conditions have limited impact on commercial chicken meat production in Mexico, but extreme conditions do have the ability to hamper production. Temperatures are forecast as favorable for chicken production in the first quarter of 2023. Although La Niña is expected for a third consecutive year, dry conditions are not expected to impact commercial chicken meat production.

Figure 4. Minimum Temperature Forecast for March 2023 (Celsius)



Source: National Meteorological System (SMN)

Consumption

FAS/Mexico forecasts chicken meat consumption in 2023 to rise 2.4 percent compared to the previous year and fractionally below the USDA official forecast of 4.96 MMT.

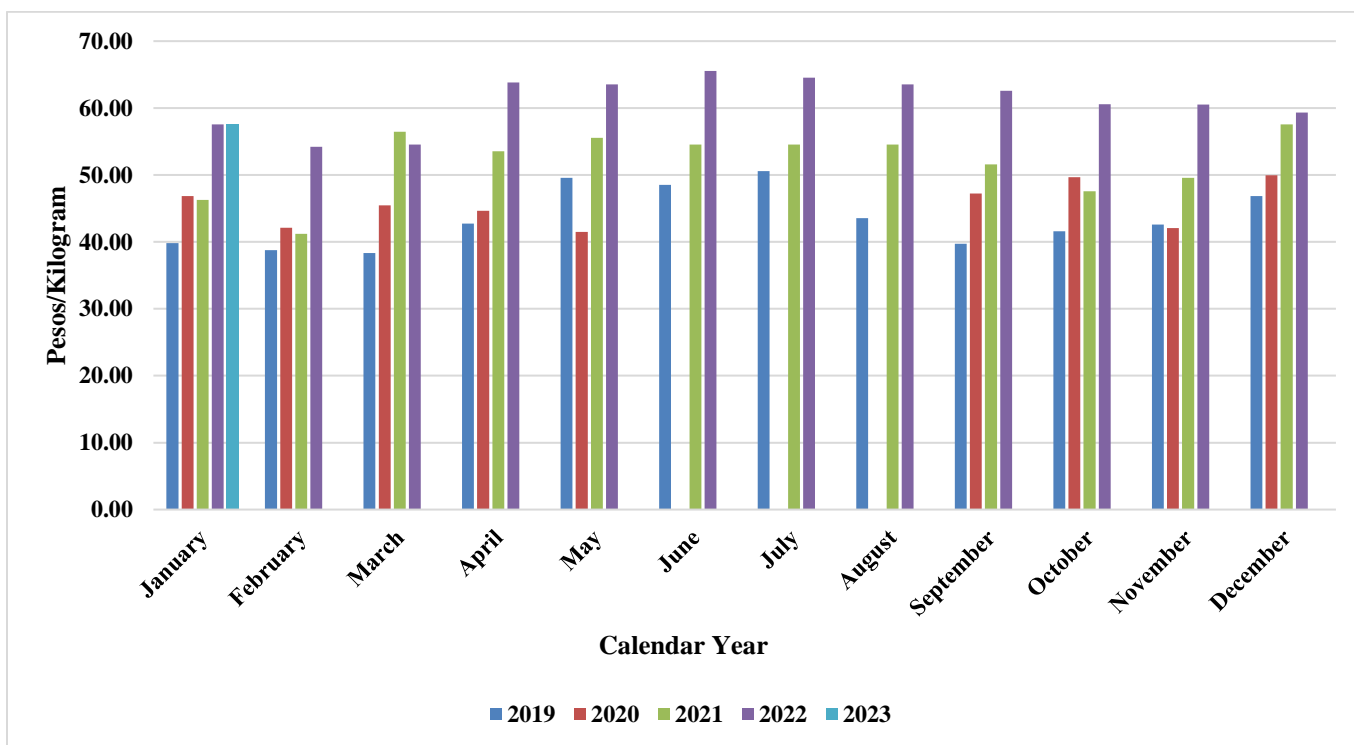
2023

Domestic chicken meat consumption is forecast to increase, despite high domestic prices and inflation. Chicken meat accounts for close to 60 percent of the animal protein intake of Mexico's consumers. Even as the prices of pork and chicken grow closer; chicken meat continues to be the most affordable source of meat.

2022

Post's 2022 estimate remains at 4.84 MMT, a 2.5 percent increase from 2021, and remains in line with the USDA official estimate. In 2022, food inflation surpassed 14 percent, a record high, diminishing the purchasing power of the average consumer and modifying consumption trends. Chicken meat consumption per capita grew one percent, from 36.36 kg per year in 2021, to 36.82 kg per year in 2022.

Figure 5. Mexico Whole Chicken Carcass Prices



Source: Mexican Agri-food Information System (SIAP) (Note: 2020 SIAP data includes gaps from the source)

Table 2. Mexico's Inflation (Retail Prices) January 2022 vs. January 2023 (pesos/kilogram)

Product	January 2023 (% Variation compared to January 2022)
Chicken Meat	+6.8
Shell Eggs	+26.2
Beef	+6.1
Pork	+10.7
Milk (Pasteurized)	+13.1

Source: Mexican Agri-food Information System (SIAP)

Trade

Imports

FAS/Mexico forecasts chicken meat imports in 2023 at 910,000 MT, a marginal decrease compared to the previous year and a slight decrease from USDA official forecast of 915,000 MT.

2023

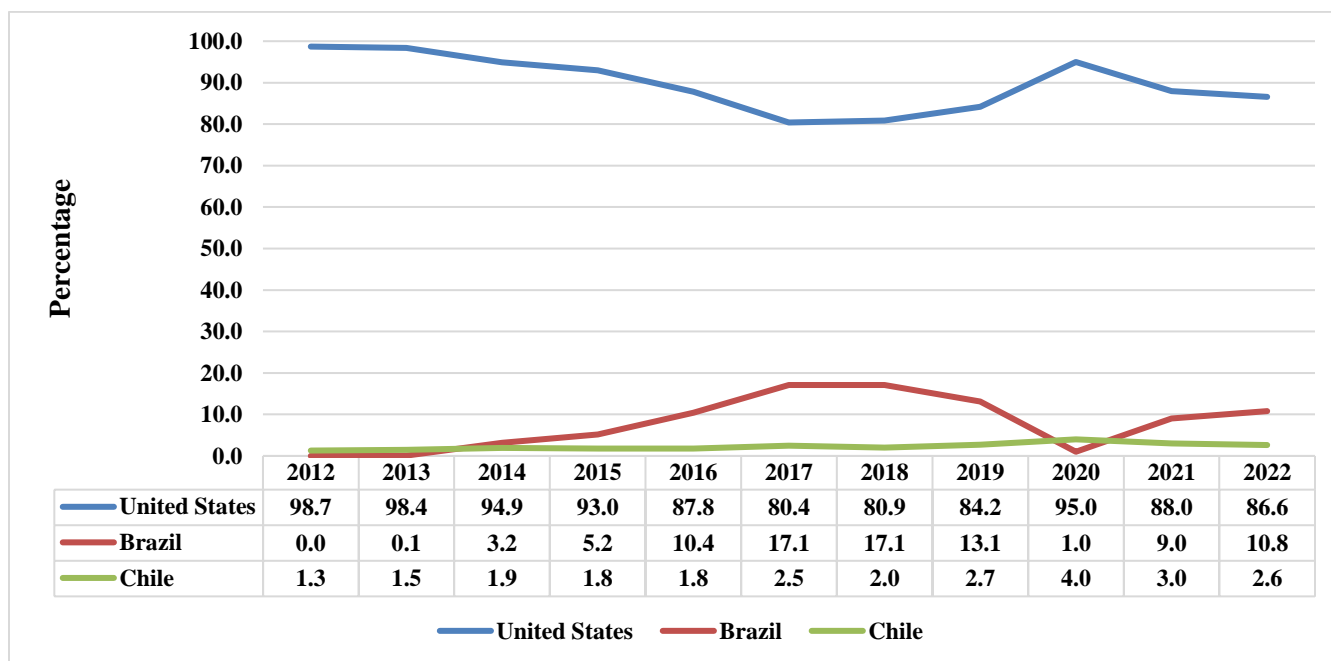
Imports are forecast to slow down in 2023, due to high international prices and soaring domestic inflation (above 14 percent food inflation). Domestic production increases are expected to meet a larger share of domestic demand. Additionally, as exports are also forecast to slow, this will also play a small role in pulling down Mexico's imports.

2022

The United States is the primary supplier of chicken meat to Mexico, with more than 86 percent market share. As the United States' supply decreased due to HPAI and exports waned, Mexico's imports slowed down in the second half of 2022. High international chicken meat prices, especially from the United States, combined with higher domestic chicken meat production, resulted in a decrease of total poultry imports.

Even though Mexico's tariffs for importing chicken meat from third countries were dropped by a presidential decree (see policy section), and Brazil was estimated to benefit from this public policy, imports kept a modest pace due to freight costs and transportation timing.

Figure 6. Mexico's Chicken Meat Imports (%)



Source: Trade Data Monitor, LLC

Exports

FAS/Mexico forecasts chicken meat exports in 2023 at 11,000 MT, a decrease of 18 percent compared to the previous year and 18 percent less than the USDA official forecast of 13,000 MT.

2023

Exports for 2023 are lowered as international demand wanes due to HPAI recovery. Mexico almost doubled its exports to the United States during 2022, due to U.S. supply constriction caused by HPAI.

According to local analysts, Mexico's further rising interest rates, projected domestic economic deceleration, and a potential economic recession in trading partners may hinder Mexico's export forecast for 2023.

2022

Mexico's exports were not impacted by HPAI vaccinations, as Mexico is only allowed to export heat-treated products whose eligibility is not impacted by vaccinations. Mexico's exports are mostly Ready-to-Eat (RTE) products or fully cooked food items.

Policy (Chicken)

The Government of Mexico (GOM) published a series of inflation related Decrees which temporarily allow the duty-free import of certain food products including chicken (See [GAIN MX2023-0002](#) and [GAIN MX2022-0057](#)). The Decree temporarily exempts importers from the payment of import duties for certain goods and for selected importers facilitates administrative easing. The decree is valid until December 2023.

For More Information

Visit the FAS headquarters' home page at **Error! Hyperlink reference not valid.** for a complete selection of FAS worldwide agricultural reporting.

Report Number	Title	Dated
MX2022-0045	Poultry and Products Annual	09/06/2022
MX2022-0005	Poultry and Products Semi-annual	03/01/2022
MX2021-0045	Poultry and Products Annual	08/20/2021
MX2021-0008	Poultry and Products Semi-annual	03/12/2021
MX2020-0042	Poultry and Products Annual	08/19/2020

Attachments:

No Attachments