United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** March 01, 2022

Report Number: MX2022-0005

Report Name: Poultry and Products Semi-annual

Country: Mexico

Post: Mexico City

Report Category: Poultry and Products

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Report Highlights:

In 2021, the Mexican poultry sector saw improvements which are carrying into 2022. The re-opened hotel, restaurant, and institution (HRI) sector, a key driver of the Mexican economy, continues its rebound phase from 2020 pandemic lockdowns. Domestic poultry producers have remained profitable and are benefiting from increased demand from domestic consumers and international visitors. Imports remain crucial to fully satisfy demand. As input costs remain high for producers, however, costs are passed to consumers and are partially reflected in rising food inflation.

Executive Summary

Chicken: The 2022 chicken production forecast remains 3.9 million MT. Chicken production is growing, despite elevated feed prices. Producers have transferred parts of increased production costs to final consumers. Chicken consumption is increased to 4.85 million MT, largely due to HRI sector recovery and continued demand for chicken as an affordable and healthy source of animal protein. These factors also boost imports higher to 960,000 MT in 2022.

Chicken

Table 1. Chicken – Production, Supply, and Distribution

Meat, Chicken	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1,000 MT)	0	0	0	0	0	0
Production (1,000 MT)	3,725	3,725	3,815	3,815	3,900	3,900
Total Imports (1,000 MT)	842	842	930	930	940	960
Total Supply (1,000 MT)	4,567	4,567	4,745	4,745	4,840	4,860
Total Exports (1,000 MT)	7	7	8	8	8	8
Human Consumption (1,000 MT)	4,560	4,560	4,737	4,737	4,832	4,852
Other Use, Losses (1,000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1,000 MT)	4,560	4,560	4,737	4,737	4,832	4,852
Total Use (1,000 MT)	4,567	4,567	4,745	4,745	4,840	4,860
Ending Stocks (1,000 MT)	0	0	0	0	0	0
Total Distribution (1,000 MT)	4,567	4,567	4,745	4,745	4,840	4,860
(1,000 MT)						

Note: Not official USDA data.
Sources: Trade Data Monitor (TDM), Inc., National Poultry Producers (UNA), Mexican Meat Association (COMECARNE), Mexico's Agricultural Statistics Service (SIAP), and FAS Mexico City

Production

The 2022 chicken production forecast remains 3.9 million MT, maintaining a positive growth outlook. Production is expected to steadily rise, despite high input costs (feed, utilities, fuel, transport, etc.) as producers strive to fulfill national retail and foodservice demand. Producers have largely passed higher input costs to consumers, partially reflected in a 7.7–percent food inflation, per National Institute of Statistics and Geography (INEGI) data. The incidence of vertical integration for Mexican chicken producers continues growing, affording them increased capacity to weather rising input costs while also increasing production.

Consumption

The 2022 chicken consumption forecast is raised to 4.85 million MT on recovery of the HRI sector and continued household demand for a healthy, affordable source of animal protein. Chicken is often at the center of the plate, accounting for almost 60 percent of meat consumption, as it lends well to versatility in Mexican cuisine.

Despite expected increasing food prices in 2022, chicken will continue to offer high value per peso, especially to middle- and lower-income sectors. (Chicken meat inflation was the lowest amongst animal products, as shown in Table 2.) While chicken consumption will rise, the composition of those products and how purchases are made may adjust as a result of tightening food budgets.

How consumers respond to rising chicken meat prices will differ according to their income level:

- Higher-income consumers have access to more creative and innovative ready-to-cook and ready-to-eat products, which comprise a growing market sector.

- Middle-income consumers are expected to become more price sensitive. While they will continue to shop at formal retail chains, some will pivot toward cost-effective bulk purchases. These households are expected to reduce "premium" chicken purchases (including added-value ready-to-eat or ready-to-cook products) in exchange for lower-priced, "standard" products like intact, bone-in chicken products.

- Low-income consumers are expected to continue their buying habits at wet markets and public markets, which are less formal, more affordable, and offer product selection more flexible to shoppers' budgets.

Table 2. 2022 Inflation of Meat Products – Percent Increase/Product

Commodity	Percent Increase	Price (Pesos/Kilogram)
Beef	21.6	170.1
Pork	13.4	88.2
Shell eggs	7.6	36.1
Chicken meat	5.7	74.8

Source: INEGI

Imports

The 2022 import forecast is increased to 960,000 MT. Despite Mexico's rising inflation affecting negatively affecting all households, Mexico's tourism and service economy is undergoing a recovery phase from COVID-related economic shocks. The HRI sector's resumption of activities bolsters demand for chicken, which imports help satisfy. For processors, mechanically deboned meat, and chicken leg quarters (especially of U.S. origin) are in high demand. The share of imports in the domestic chicken supply is expected to be 20 percent. As of February 2, 2022, Mexico has published one tariff-rate quota (TRQ) poultry imports, totaling 30,000 MT. This TRQ volume will have a minimal impact on the import forecast and U.S. market share

In February 2022, the Animal and Plant Health Inspection Service (APHIS) confirmed cases of highly pathogenic avian influenza (HPAI) in Indiana, Kentucky, Virginia, Maine, and Delaware. Mexico has temporarily restricted all live animal and poultry product (raw or heat treated, including chicken meat, turkey meat, duck meat, shell eggs, and egg products) imports from those states.

Exports

The 2022 export forecast remains 8,000 MT. Mexico has limited access to export markets for its chicken. The United States remains the primary destination for cooked and processed Mexican chicken products, especially for the Mexican diaspora which buys these products as “nostalgia” purchases.

Attachments:

No Attachments