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Grain and Feed Annual Report Update

Report Categories:
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Agricultural Situation

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Report Highlights:

Post/New total wheat production and harvested area estimates for MY 2012/13 have been revised downward from Post/Old estimates due to more complete data from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) and industry sources. New industry information suggests greater volumes of domestic and imported wheat were used in feed formulations for the livestock sector during marketing years (MY) 2010/11 and MY 2011/12.

General Information:
Post/New total wheat production and harvested area estimates for MY 2012/13 have been revised downward from Post/Old estimates due to more complete data from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) and industry sources. Wheat production suffered in 2011 due to weather-related issues which have led to lower yields for farmers. Moreover, new industry information suggests greater volumes of domestic and imported wheat were used in feed formulations during marketing years (MY) 2010/11 and MY 2011/12. Total wheat import and export estimates have been revised upward from the Post/Old estimate due to newer information from government and industry sources.

WHEAT

Production

Post/New total wheat production and harvested area estimates for MY 2012/13 have been revised downward from Post/Old estimates (published in the end-March 2012 GAIN report MX2018 *Prolonged Drought Devastates Grain and Feed Sector*) due to more complete data from SAGARPA. Wheat output was reduced due to smaller than expected area planted in the 2011/12 fall/winter crop cycle and adverse weather conditions. Consequently, Post expects wheat output in the 2011/12 fall/winter crop cycle to range from 3.1 to 3.2 million metric tons (MMT) - approximately 16 percent lower than the previous year. Similarly, production and harvested area estimates for MY 2011/112 have been adjusted slightly downward from USDA/Official estimates based on SAGARPA final information.

Consumption

Post/New MY 2011/12 wheat consumption estimates for feed and residual use has been revised upwards from 1.250 MMT to 1.450 MMT based on new information from industry sources. Similarly, the Post/New MY 2010/11 wheat consumption estimate for feed and residual use has been revised upward by 250,000 MT to 750,000 MT based on this new information. The increased consumption estimates reflects favorable prices leading many in Mexico's domestic animal husbandry sector to increase volumes of feed quality wheat. Feed manufacturers substituted domestic durum into feed formulas (rather than sorghum) in MY 2011/12 because of its higher nutritional value. Also, the Post/New estimates of FSI consumption for MY 2010/11 and MY 2011/12 have been revised downward slightly from USDA/official figures based on updated information recently provided by the Mexican Millers Association (CANIMOLT). According to CANIMOLT, demand of the wheat milling industry is expect to increase approximately 5 percent in MY 2011/12, assuming expected consumers purchasing power recovery.

Trade

Post/New wheat import estimate for MY 2012/13 has been increased to 4.3 MMT from Post/Old estimates (see 2012 GAIN report MX2018 *Prolonged Drought Devastates Grain and Feed Sector*) due to higher than expected decline in domestic production. Also, the Post/New total wheat import forecast for MY 2011/12 has been revised upward from USDA/Official data based data from official data from

SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP) for the firsts nine months of the MY 2011/12. The United States and Canada will be the main suppliers of wheat during this marketing year. Industry sources stated that demand for imported wheat has been higher than previously expected due to competitive prices during the first months of this marketing year. A large percentage of imported wheat has been devoted to feed use in the livestock sector. However, industry sources have stated that these imports should decrease towards the end of this marketing year as a new harvest of alternatives feed grains become available - mainly sorghum from Tamaulipas.

The Post/New total wheat export estimate for MY 2011/12 has increased from USDA/Official and Post/Old estimates as Mexico is continuing to export durum wheat, wheat flour and dry pasta to many countries around the world. Moreover, these figures do take into consideration SAGARPA and SHCP official data for the first nine months of this marketing year.

Stocks

For MY 2012/13, the Post/New ending stocks estimate has been revised upward from Post/Old estimates to 405,000 MT, due to an expected increase in imports. As a result of new trade and market information, the Post/New MY 2010/11 ending stocks estimate has been lowered from the USDA/Official estimate.

Table 1 Mexico: Wheat Production, Supply and Demand for MY 2010/11 to 2012/13

Wheat Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	681	681	670	65		600
Beginning Stocks	520	520	440	385		475
Production	3,679	3,679	3,700	3,640		3,200
MY Imports	3,462	3,457	4,500	4,800		4,300
TY Imports	3,462	3,457	4,500	4,800		4,300
TY Imp. from U.S.	2,939	2,849	0	4,000		3,550
Total Supply	7,661	7,656	8,640	8,825		7,975
MY Exports	821	821	800	900		600
TY Exports	821	821	800	900		600
Feed and Residual	500	750	1,250	1,450		700
FSI Consumption	5,900	5,700	6,100	6,000		6,270
Total Consumption	6,400	6,450	7,350	7,450		6,970
Ending Stocks	440	385	490	475		405
Total Distribution	7,661	7,656	8,640	8,825		7,975
1000 HA, 1000 MT, MT/HA						

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at 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
MX2018	Prolonged Drought Devastates Grain and Feed Sector	03/30/2012
MX2008	Mexico Looks to Source More Dry Beans	02/13/2012
MX2003	Mexico Looks to Increase Imports of Dry Beans	01/18/2012
MX1101	December Grain and Feed Update - Bean Production Forecast Lower	12/22/2011
MX1095	Rice Production Forecast Lower	12/12/2011
MX1059	Grain and Feed July Update	07/25/2011
MX1048	Grain and Feed June Update	06/20/2011
MX1043	Grain and Feed May Update -- Sorghum Situation	05/25/2011
MX1033	Grain and Feed April Update	04/29/2011
MX1017	2011 Grain and Feed Annual	03/14/2011
MX1012	Hard Freeze Damages Sinaloa Corn and Produce	02/11/2011

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx , equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.