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Mexico

Grain and Feed Annual

Favorable Growing Conditions Higher Corn, Sorghum and Rice Forecast

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Report Highlights:
The marketing year (MY) 2012/13 corn production estimate is expected to increase by 500,000 metric tons (MT) to 21.5 MMT as a result of relatively favorable weather conditions, higher yields, and higher than previously estimated planted area. The Post/New MY 2012/13 wheat harvested area and production forecasts have been revised downward from USDA/Official forecasts based on updated information from government and private sources, which reflects lower than previously estimated planted area and adverse weather conditions. The Post/New total rice production estimate for MY 2012/13 has been revised upward from USDA/Official estimates to 223,000 MT reflecting the most recent data from government and private contacts.

Commodities:
Corn

Production:
The forecast production for MY 2012/13 has been revised upward to 21.5 MMT from USDA/Official estimate thanks to higher planted area and favorable growing conditions. Official sources stated that the rainy season started on time in several important corn-producing areas. For example, for the 2012 spring/summer crop, the planted area, as of June 30, 2012, was 3.7 million hectares - approximately 20 percent higher compared to the same crop a year ago. The main corn producing states contributing to this increase are the state of Mexico with 22 percent higher planted area; Jalisco and Michoacan with an increase of 18 and 15 percent, respectively; and Puebla with 9 percent higher planted area. The Post/New total corn production estimate for MY 2011/12 (October/September) has been revised downwards to 18.1 MMT from the USDA/Official estimate, based on updated government data. Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) recently published the final results of the 2011 spring/summer crop cycle. Official sources stated that the drought conditions during critical phases of the corn crop resulted in greater and irreversible yield losses in the crop cycle than previously estimated.

Secretary of Agriculture Francisco Mayorga recently stated that the rainy season in most of Mexico has arrived on time and has been producing enough volumes of rainfall to expect a good 2012 spring/summer harvest. In addition, the 2011/12 fall/winter crop harvest was better than expected. Mayorga indicated that if the current rainfall continues throughout the rainy season, SAGARPA expected to see satisfactory overall domestic grain production in 2012/13. In addition, Mayorga highlighted that Mexico could potentially produce 22 MMT of corn in the 2012/12 spring/summer crop cycle. The Post/New total production and harvested area estimates for the MY 2010/11 have been adjusted slightly upward based on SAGARPA final information.

Trade:
The Post/New total corn import estimate for MY 2011/12 has been revised upward from USDA/Official data to 11.5 MMT, based on official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA for the first nine months of this marketing year. It reflects the impact of lower than previously estimated domestic production. In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2012/13 has been decreased to 8.7 MMT taking into account higher than previously estimated domestic production. Also, the Post/New import and export estimates for MY 2010/11 were revised downward from USDA/Official figures in order to reflect final official data from SAGARPA and the SHCP.

Stocks:
The Post/New ending stocks estimate for MY 2012/13 has been revised upward to 1.66 MMT from USDA/Official estimate, due to higher than previously expected domestic production. The MY 2010/11 Post/New ending stocks estimate was revised lower from USDA/Official estimates as well to 1.30 MMT. The ending stocks estimate was reflected in the carry over for the MY 2011/12 which was also adjusted downward.

Production, Supply and Demand Data Statistics:
Table 1. Mexico: Corn Production, Supply and Demand for MY 2010/11 to 2012/13

Corn Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,995	7,020	6,000	6,000	7,000	7,100
Beginning Stocks	1,389	1,389	1,565	1,303	1,355	1,193
Production	21,006	21,058	19,000	18,100	21,000	21,500
MY Imports	8,257	7,933	10,500	11,500	9,000	8,700
TY Imports	8,257	7,933	10,500	11,500	9,000	8,700
TY Imp. from U.S.	7,526	7,371	0	10,500	0	8,000
Total Supply	30,652	30,380	31,065	30,903	31,355	31,393
MY Exports	87	77	10	10	25	25
TY Exports	87	77	10	10	25	25
Feed and Residual	13,200	13,200	13,700	13,700	13,500	13,500
FSI Consumption	15,800	15,800	16,000	16,000	16,200	16,200
Total Consumption	29,000	29,000	29,700	29,700	29,700	29,700
Ending Stocks	1,565	1,303	1,355	1,193	1,630	1,668
Total Distribution	30,652	30,380	31,065	30,903	31,355	31,393
1000 HA, 1000 MT, MT/HA						

Commodities:

Sorghum

Production:

The Post/New total sorghum production and harvested area estimates for MY 2011/12 have been revised upward based on updated official data. These statistics include the final result of the 2011 spring/summer crop cycle as well as from available information as of June 30 for the 2011/12 fall/winter crop cycle. Sorghum production in the 2011/12 fall/winter crop cycle was strong in Tamaulipas - the main sorghum producing state. Official sources stated that Tamaulipas received a good quantity of rain in February and, in general, the rainy season has been consistent with the historical average – leading to favorable yields. Government contacts have informed that Tamaulipas could obtain between 2.2 and 2.4 MMT of sorghum harvested from approximately 711,000 has. Of this total approximately 1.7 MMT were registered under the "Forward Contract Program." This program is a subsidy system based on market prices and tools that facilitate price stability, merchandising, and marketing for Mexican producers (see 2012 GAIN report MX2018 "Prolonged Drought Devastates Grain and Feed Sector").

Government sources stated that approximately 35,000 farmers participated in the 2011/12 fall/winter crop cycle in Tamaulipas from the following municipalities: San Fernando, Cruillas, Burgos, Mendez, Abasolo, Rio Bravo, Matamoros, Valle Hermoso, Reynosa, Diaz Ordaz, Miguel German and Camargo.

Due to final SAGARPA Post/New estimates for sorghum production and harvested area for MY 2010/11 and MY 2011/12 were adjusted slightly upward due to final SAGARPA figures. Similarly, the harvested area figure for MY 2012/13 has been revised slightly upward reflecting the revised figures published by SAGARPA.

Consumption:

The total consumption estimate MY 2012/13 has been lowered from USDA/Official estimates based on information obtained from industry contacts. These contacts pointed out that they expect to see high

international sorghum prices due to lower than expected production in the United States as a result of the severe drought. Consequently, rising international sorghum prices are expected to lead to cuts in consumption as margins in the pork and poultry meat sectors will likely be under considerable pressure. The total consumption estimate MY 2011/12 was revised upward from USDA/Official date based on information from industry contacts.

Trade:

Mexico's total sorghum import estimate for MY 2012/13 has been revised downward to 2.5 MMT from the USDA/official estimate, reflecting the anticipated contraction in the livestock sector demand in Mexico from higher international prices. This is based on information from trade contacts, analysis from a lower sorghum crop in the United States, and current prices/volumes of imports entering the country in the current marketing year. Meanwhile, the Post/New sorghum import estimates for MY 2010/11 and MY 2011/12 have remained unchanged from USDA/Official figures.

Stocks:

The Post/New ending stocks estimate for MY 2012/13 is less than the USDA/Official estimate (578,000 MT) as a result of lower than expected imports. Also, the Post/New ending stocks for MY 2010/11 were revised slightly upward from USDA/Official estimate due to higher than previously estimated domestic production. It was reflected in the carry over for the MY 2011/12 which was also adjusted upward.

Production, Supply and Demand Data Statistics:

Table 2. Mexico: Sorghum Production, Supply and Demand for MY 2010/11 to 2012/13

Sorghum Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,916	1,924	1,635	1,660	1,800	1,670
Beginning Stocks	413	413	753	779	278	229
Production	7,359	7,385	6,125	6,250	6,800	6,800
MY Imports	2,381	2,381	1,100	1,100	3,000	2,500
TY Imports	2,381	2,381	1,100	1,000	3,000	2,500
TY Imp. from U.S.	2,380	2,380	0	900	0	2,300
Total Supply	10,153	10,179	7,978	8,129	10,078	9,529
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	9,300	9,300	7,600	7,800	9,400	9,000
FSI Consumption	100	100	100	100	100	100
Total Consumption	9,400	9,400	7,700	7,900	9,500	9,100
Ending Stocks	753	779	278	229	578	429
Total Distribution	10,153	10,179	7,978	8,129	10,078	9,529
1000 HA, 1000 MT, MT/HA						

Commodities:

Wheat

Production:

The Post/New MY 2012/13 (July/June) wheat harvested area and production forecasts have been revised downward from USDA/Official figures based on updated information from official and industry contacts, which reflects lower than previously estimated planted area and adverse weather conditions. These contacts stated that the expected harvested area in the 2011/12 fall/winter crop cycle is only 490,000 has, which is 19 percent lower than the previous year. Consequently, Post expects wheat output in this crop cycle to reach no more than 3 MMT versus 3.5 MMT obtained the year earlier. Official sources stated that in the 2012 spring/summer crop cycle, wheat growers in Guanajuato, one the main producing states, planted more barley than wheat compared to previous years due dry weather conditions. It should be noted that barley cultivation requires less water than wheat. Similarly, production and harvested area estimates for MY 2010/2011 and MY 2011/2012 have been adjusted slightly downward from USDA/Official estimates based on SAGARPA final information.

Consumption:
Post's MY 2012/13 wheat consumption estimate for feed and residuals has been revised upward from USDA/Official data to 600,000 MT. The increased consumption estimate is based on expected high international prices of corn and sorghum leading Mexico's livestock sector to opt for more wheat feed.

Trade:
The Post/New import estimate for MY 2012/13 has been increased to 4.2 MMT from the USDA/Official estimate because of lower than previously estimated domestic production. Similarly, Post/New wheat imports for MY 2011/12 have also increased to 5.2 MMT from the USDA/Official estimate, reflecting available information from SAGARPA and SHCP for the first ten months of this marketing year.

The Post/New wheat import estimate for MY 2010/11 was decreased slightly (by 5,000 MT) from the USDA/Official estimate. These figures are also based on final official data from SAGARPA and SHCP. Lastly, the Post/New total wheat export estimate for MY 2011/12 has increased from USDA/Official 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 ten months of this marketing year.

Stocks:
The Post/New ending stocks estimate for MY 2012/13 has been revised downward to 460,000 MT due to lower than previously estimated domestic production. Similarly, the Post/New ending stocks estimate for MY 2011/12 was revised downward as result of higher than originally estimated consumption and lower than expected domestic production. Also, the Post/New ending stocks estimate for MY 2010/11 have been revised slightly downward as result of new trade and market information.

Production, Supply and Demand Data Statistics:

Table 3. 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	679	670	662	610	580
Beginning Stocks	520	520	390	382	640	560
Production	3,679	3,676	3,700	3,628	3,300	3,200

MY Imports	3,462	3,457	5,100	5,200	4,100	4,200
TY Imports	3,462	3,457	5,100	5,200	4,100	4,200
TY Imp. from U.S.	2,939	2,849	0	4,200	0	3,450
Total Supply	7,661	7,653	9,190	9,210	8,040	7,960
MY Exports	821	821	700	800	600	600
TY Exports	821	821	700	800	600	600
Feed and Residual	750	750	1,750	1,750	500	600
FSI Consumption	5,700	5,700	6,100	6,100	6,300	6,300
Total Consumption	6,450	6,450	7,850	7,850	6,800	6,900
Ending Stocks	390	382	640	560	640	460
Total Distribution	7,661	7,653	9,190	9,210	8,040	7,960
1000 HA, 1000 MT, MT/HA						

Commodities:

Rice, Milled

Production: The Post/New total rice production estimate for MY 2012/13 (October to September) has been revised upward from USDA/Official estimates to 223,000 MT (rough production) reflecting the most recent data from SAGARPA and industry sources. The increased rough production is equivalent to 153,000 MT of milled rice. Essentially, rice output was increased due to higher than expected planted area (10,000 has). However, it should be noted that this level of production is still lower than the average production obtained before 2010 (approximately 275,000 MT of rough production). According to the Mexican Rice Council (MRC) this sector still is affected by factors such as the bankruptcy of a major rice milling company in 2010 (Covadonga) and increased input prices. However, the MRC has been promoting the planting of long grain varieties, which have great acceptance with Mexican consumers, and some varieties with less water requirements and higher yields. Also, they have discussed with the millers the possibility of establishing forward contracts. As result, they expect to see an increase in production over the next few years. Due to revised SAGARPA data, Post/New estimates for rice production and harvested area for MY 2011/12 were adjusted upwards.

Trade:

In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2012/13 was lowered to 750,000 MT due to higher than previously estimated domestic production. Also, the Post/New import estimates for MY 2010/11 and MY 2011/12 were revised upward and downward, respectively, in order to reflect final official data from SAGARPA and SHCP in the first year and taking into account available information for the first ten months of the second marketing year.

Stocks:

The MY 2011/12 Post/New ending stocks estimate was revised slightly lower from the USDA/Official estimate to 185,000 MT due to lower than previously expected import volumes. It was reflected in the carry over for the MY 2012/13 which was also adjusted downward. Also, the Post/New ending stocks estimate for MY 2010/11 has been revised upward to 220,000 MT from USDA/Official estimate due to higher than previously estimated imports.

Production, Supply and Demand Data Statistics:

Table 4. Mexico: Rice Production, Supply and Demand for MY 2010/11 to 2012/13

Rice, Milled Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	39	39	32	35	35	45
Beginning Stocks	138	138	213	220	188	185
Milled Production	146	146	115	125	128	153
Rough Production	213	213	167	182	186	223
Milling Rate (.9999)	6,870	6,870	6,870	6,870	6,870	6,870
MY Imports	712	719	750	730	800	750
TY Imports	705	719	750	730	800	750
TY Imp. from U.S.	680	676	0	730	0	750
Total Supply	996	1,003	1,078	1,075	1,116	1,088
MY Exports	3	3	2	2	2	2
TY Exports	3	3	5	2	5	2
Consumption and Residual	780	780	888	888	910	910
Ending Stocks	213	220	188	185	204	176
Total Distribution	996	1,003	1,078	1,075	1,116	1,088
1000 HA, 1000 MT, MT/HA						

Author Defined:
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MX1101	December Grain and Feed Update	12/22/2011
MX1095	Rice Production Forecast Lower	12/12/2011
MX1059	Grain and Feed July Update	07/25/2011

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.