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Grain and Feed Update

Grain and Feed October Update Mexico

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Report Highlights:
Mexican sorghum production has been plagued with a serious sugarcane aphid (SCA) infestation resulting in reduced crop yields, harvest efficiency reduction, and in some areas severe crop loses. A mixed production forecast for marketing year (MY) 2015/16 with wheat production forecast revised up, sorghum and rice down, and corn holding steady. For MY 2014/15, corn and rice production is forecasted to be up along with a slight increase in corn imports.

Wheat

Production
The Post/New MY2015/16 (July/June) wheat harvested area and production forecasts have been revised upward from USDA/Official forecasts based on updated information from Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) as of September 30th, 2015.

Stocks
The Post/New ending stocks estimate for MY2015/16 (575,000 MT) is higher than the USDA/Official estimate as a result of higher-than-expected production.

Production, Supply and Demand Data Statistics

Table 1: Mexico, Wheat Production, Supply and Demand for MY2013/14 to MY2015/16

Wheat	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		May 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	638	638	707	707	700	823
Beginning Stocks	275	275	316	316	495	495
Production	3377	3377	3687	3687	3700	3780
MY Imports	4636	4636	4446	4446	4400	4400
TY Imports	4636	4636	4446	4446	4400	4400
TY Imp. from U.S.	3156	3156	3065	3065	0	3250
Total Supply	8288	8288	8449	8449	8595	8675
MY Exports	1322	1322	1104	1104	1100	1100
TY Exports	1322	1322	1104	1104	1100	1100
Feed and Residual	350	350	400	400	400	400
FSI Consumption	6300	6300	6450	6450	6600	6600
Total Consumption	6650	6650	6850	6850	7000	7000
Ending Stocks	316	316	495	495	495	575
Total Distribution	8288	8288	8449	8449	8595	8675
(1000 HA) ,(1000 MT)						

Corn

Production
The Post/New corn production estimate and area harvested for MY2014/15 (October to September) have been revised upward, based on updated official data from SAGARPA. Official sources stated that results for the 2014/15 fall/winter crop cycle have been better than previously estimated due to favorable weather conditions. For example, according to SAGARPA figures, as of September 30th, 2015, yields obtained in Sinaloa, the main corn producing state in the Northwest Region of Mexico, were higher-than-initially estimated (10.505 MT/Ha against 10.381 MT/Ha) as a result of these favorable weather conditions. The forecast production for the MY2015/16 remains unchanged from the USDA/Official estimate.

Consumption
The Post/New total corn consumption estimates for MY2014/15 and MY2015/16 have been revised

upward from USDA/Official data, based on new information from official and private sources. Feed consumption is expected to shift from sorghum to corn, due to lower-than-previously estimated domestic sorghum production combined with more affordable corn prices. Animal feed demand for sorghum is expected to continue to ease in MY2015/16 as corn will make for a cheaper feed use alternative.

Trade

The Post/New total corn import estimate for MY2014/15 has been revised slightly upward from USDA/Official data to 11.2 MMT. The revised data reflects the updated official information from SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP) for this marketing year. Private traders stated Mexican feed grain importers have opted to import higher levels of feed corn instead of sorghum, as the price difference has continued to be very favorable to corn in the last few months. Similarly, Post's corn export estimate for MY2014/15 has increased to 811,000 MT from the USDA/Official estimate. These figures are also based on official figures from SAGARPA and SHCP for this marketing year.

Stocks

Post's ending stock estimate for MY 2014/15 (4.113 MT) is higher than the USDA/Official estimate as a result of higher-than-expected domestic production and imports. This was reflected in the carry over for the MY 2015/16 which was also adjusted downward.

Production, Supply and Demand Data Statistics

Table 2: Mexico, Corn Production, Supply and Demand for MY2013/14 to MY2015/16

Corn	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		May 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7052	7052	7300	7325	7000	7000
Beginning Stocks	1061	1061	2694	2694	3944	4113
Production	22880	22880	25000	25480	23500	23500
MY Imports	10954	10954	11000	11200	10500	10500
TY Imports	10954	10954	11000	11200	10500	10500
TY Imp. from U.S.	10912	10912	0	11200	0	10500
Total Supply	34895	34895	38694	39374	37944	38113
MY Exports	501	501	500	811	500	500
TY Exports	501	501	500	811	500	500
Feed and Residual	15200	15200	17500	17700	17200	17500
FSI Consumption	16500	16500	16750	16750	16800	16800
Total Consumption	31700	31700	34250	34450	34000	34300
Ending Stocks	2694	2694	3944	4113	3444	3313
Total Distribution	34895	34895	38694	39374	37944	38113
(1000 HA) ,(1000 MT)						

Sorghum

Production

The Post/New total sorghum production and harvested area estimates for MY 2015/16 have been revised downward, based on updated official data. According to the Mexican National Sorghum Council (CONASORGO) and official sources, this drop in production is attributed to a serious infestation of an

aphid pest called sugarcane aphid (SCA), which also had adversely affected some producing areas in Tamaulipas in the 2014/15 fall/winter crop cycle. In the current 2015 Spring/Summer crop cycle several sorghum producing states have also been plagued with the aphid infestation resulting in reduced crop yields, harvest efficiency reduction, and in some areas severe crop loses, among them Guanajuato, the second largest sorghum producing state.

Private sources stated the main problem in Guanajuato was that growers and government officials were not prepared to deal with the aphid infestation despite the presence of this pest last year in other sorghum producing states. In addition, effective pest control measures have been further complicated by the fact that many small growers operate on a small scale and have limited means to suddenly treat crops when SCA outbreaks take shape, mainly in the rain-fed planted areas. Official sources stated, for example, that approximately 1,000 sorghum growers out of a total of 31,000 lost some or all of their crops due to the pest and all of them were small growers located in non-irrigated areas.

Another factor that caused the pest infestation was the unusually high heat and atypical heavy rains. Reportedly, these adverse weather conditions had not been registered in the last 60 years in Guanajuato. Reportedly, where growers treated their sorghum crop, they used a wide variety of chemical products, but some of them were not adequate to control the infestations. In addition, with many small-scale farmers operating on small areas of land, they have had limited application options. Many applied inefficient dust-type insecticides or used hand-held sprayers. Water volumes and pressure were likely inadequate to achieve necessary coverage. In addition, another problem Guanajuato sorghum growers have faced was the substantial increase in prices of these chemicals, due to the strong demand. Reportedly, chemical prices rose from 120 pesos per hectare (roughly US $7/ha) to about 400 pesos per hectare (US $23.5/Ha). As a result, official and private sources estimate that Guanajuato's sorghum production could reach approximately 1.0 MMT in the 2015 spring/summer crop cycle, against 1.5 MMT initially forecasted.

The Post/New total sorghum production and harvested area estimates for MY2014/15 have been revised downward and upward, respectively, from USDA/Official estimates based on final official data from SAGARPA. These statistics include final results of the 2014 spring/summer crop cycle as well from available information from SAGARPA as of September 30th, 2015, for the 2015/16 fall/winter crop cycle.

Consumption

The total sorghum consumption estimate for MY2015/16 has been decreased from the USDA/Official estimate based on information obtained from industry contacts and SAGARPA. These contacts stated that the lower domestic production than was previously anticipated would increase domestic sorghum prices further and will provoked a decrease for animal feed demand.
Private sources stated that they expect total sorghum feed demand to fall by around 6 percent in MY 2015/16, compared with the USDA/Official estimate, as the relative spread between sorghum and corn production could widen to its highest level in years, thus encouraging substitution to yellow corn.

For MY2014/15, the total consumption estimate has been also revised downward compared to the USDA/Official figure, and based on information from private sources, who expect unattractive prices for the livestock sector in this marketing year.

Trade

The Post/New sorghum import estimate for MY2014/15 has been revised downward from USDA/Official estimate to 28,000 MT, based on preliminary official data from SAGARPA and SHCP. Similarly, Post/New MY2014/15 sorghum exports estimate has been revised upward from 7.0 MMT to 8.0 MMT based also on updated official information from SAGARPA and SCHP.

Stocks

Ending stocks for MY2015/16 and MY 2014/15 have been revised downward from the USDA/Official estimate, due to lower production than previously estimated in both marketing years.

Production, Supply and Demand Data Statistics:

Table 3: Mexico, Sorghum Production, Supply and Demand for MY2013/14 to MY2015/16

Sorghum	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		May 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2073	2073	1666	1715	1900	1700
Beginning Stocks	285	285	647	647	576	337
Production	8500	8500	6686	6270	7800	7150
MY Imports	162	162	50	28	50	50
TY Imports	162	162	50	28	50	50
TY Imp. from U.S.	162	162	0	28	0	50
Total Supply	8947	8947	7383	6945	8426	7537
MY Exports	0	0	7	8	0	0
TY Exports	0	0	7	8	0	0
Feed and Residual	8200	8200	6700	6500	7600	7100
FSI Consumption	100	100	100	100	100	100
Total Consumption	8300	8300	6800	6600	7700	7200
Ending Stocks	647	647	576	337	726	337
Total Distribution	8947	8947	7383	6945	8426	7537
(1000 HA) ,(1000 MT)						

Rice

Production

The Post rice production estimate for MY 2015/16 (October-September) has been revised downward from USDA/Official estimate to 197,000 MT (rough production) due to more complete data from SAGARPA, which reflects lower-than-previously expected planted area. The decreased rough production is equivalent to 135,000 MT of milled rice.

According to private sources, the reduction in planted area was mainly due to a lack of planting different rice varieties than from the usual "Philippine Miracle" variety traditionally planted in Mexico. According to private sources, this variety of rice cannot compete well on cost with rice imported from the U.S. or Asian countries. The lack of access to financing by Mexican growers also contributed to the reduction in planted area. The main states that reduced their planted area were Veracruz, Nayarit, Michoacan and Campeche, with approximately 5,000 hectares less than initially estimated. The originally projected planted area for the 2015 spring/summer crop cycle of 33,000 ha reached only 24,350 ha.

The Post/New rice production and harvested area estimates for MY2014/15 has been revised upward from USDA/Official, to 261,000 MT (rough production) based on final official data from SAGARPA as of September 30th, 2015. The increased rough production is equivalent to 179,000 MT of milled rice.

Trade

In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2014/15 was increased to 694,000 MT, in order to reflect available information from SAGARPA and SHCP for this marketing year. At the same time, Post/New MY2014/15 rice exports estimate has been revised downward based also on updated official information from SAGARPA and SCHP.

Stocks

The MY 2014/15 Post/New ending stocks estimate was revised upward from the USDA/Official estimate to 152,000 MT due to higher than previously expected domestic production and imports. This was reflected in the carry over for the MY 2015/16 which was also adjusted upward.

Production, Supply and Demand Data Statistics

Table 4: Mexico, Rice Production, Supply and Demand for MY2013/14 to MY2015/16

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		May 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	35	35	43	44	41	34
Beginning Stocks	189	189	151	151	110	152
Milled Production	131	131	172	179	165	135
Rough Production	191	191	250	261	240	197
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	693	693	660	694	700	700
TY Imports	658	658	680	700	700	700
TY Imp. from U.S.	535	535	0	619	0	630
Total Supply	1013	1013	983	1024	975	987
MY Exports	2	2	3	2	3	3
TY Exports	2	2	3	2	5	5
Consumption and Residual	860	860	870	870	870	870
Ending Stocks	151	151	110	152	102	114
Total Distribution	1013	1013	983	1024	975	987
(1000 HA) ,(1000 MT)						

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MX4059	Grain and Feed July Update	07/31/2014

MX4020	2014 Grain and Feed Annual	03/14/2014
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