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Mexico

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Grain and Feed Update

Grain and Feed July Update Mexico

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Report Highlights:
Forecast for marketing year (MY)2015/16 corn, wheat, sorghum, and rice production all hold steady at 23.5 MMT, 3.7 MMT, 7.8 MMT, and 240,000 MT (rough rice production), respectfully. Mostly due to favorable weather conditions, MY2014/15 corn, wheat, and rice production estimates are up slightly, while sorghum production is forecast down due to adverse weather conditions in the sorghum producing regions of the country. MY2014/15 imports of corn, wheat, sorghum and rice are all forecast down.

WHEAT

Production:
The Post/New total wheat area harvested estimate for MY2015/16 (July to June) has been revised upward from USDA/Official estimates reflecting the updated official data from Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA). Official sources stated that despite the increased area planted, estimated total production has remained unchanged due to an unseasonably warm December and January in the northwest states of Mexico as well as in Guanajuato, which adversely affected yields.

Official and industry contacts stated that this year's wheat production has been damaged by unfavorable weather conditions, despite the sufficient water availability in the reservoirs and dams used for irrigation purposes in Mexico's main producing wheat states. In Sonora, for example, wheat production in the 2014/15 fall/winter crop cycle is expected to reach 1.646 million metric tons (MMT), or 12 percent lower compared to the initial estimation, despite the fact that 22,000 more hectares(has) were planted than during the same crop cycle a year ago. According to the International Maize and Wheat Improvement Center (CIMMYT), the main causes of this decline were the drastic temperature changes in the Yaqui and Mayo Valleys. The average temperature in the last 35 years has been approximately 9.5 ° Celsius. However, in 2015, the average temperature increased to 12.15° C.

According to CIMMYT, the most important effect temperature has on wheat is that it impacts the rate in which a plant develops throughout the various stages, including producing leaves, tillers and other components. Essentially, all parts of the plant develop progressively faster as temperatures rise between a base and an optimum temperature. Moreover, yields can decline by up to 4 percent for every 1°C rise in mean temperature at higher temperatures because the grain filling period becomes very short. During the stage when wheat tillers are developing, colder weather is important. As the cold accumulation lengthens in this stage, the plant obtains more stems and consequently a greater leaf area which ultimately leads to higher yields per unit. Therefore, wheat requires lower temperatures for its growth stage to obtain optimal development.

Official sources estimate a reduction of more than one ton per hectare on yields in Sonora against the initially estimated (6.001 MT/Ha) due to the unseasonably warm winter. Sonora continues to be the main wheat producing state with approximately 46 percent of total wheat production, followed by Baja California, which contributes 16 percent, and Guanajuato with 15 percent.

The Post/New total wheat production and harvested area estimates for MY2014/15 (July/June) have been revised slightly upward from USDA/Official, based on final official data from SAGARPA.

Trade:
The Post/New wheat import estimate for MY2014/15 has been revised slightly downward from the USDA/Official estimate to 4.533 MMT, based on preliminary official data from SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP) for this marketing year.
Similarly, Post's wheat export estimate for MY2014/15 has decreased to 1.1 MMT from the USDA/Official estimate. These figures are also based on official figures from SAGARPA and SHCP.

Consumption:
The Post/New total wheat feed and residual consumption estimate for MY2014/15 and MY2015/16 have been revised upward from the USDA/Official estimates reflecting the most recent data from SAGARPA. Official sources stated that farmers in the northwest region of Mexico, who traditionally use part of their crop for animal feed, have slightly increased their wheat feed use in MY2014/15, due to lower than expected wheat exports. Consequently, wheat feed availability is marginally higher. This same level of wheat feed and residual consumption is expected to continue in MY2015/16.

Stocks:
Post's ending stock estimate for MY 2014/15 is higher than the USDA/Official estimate (584,000 MT) as a result of lower-than-expected exports. This was reflected in the carry over for the MY 2015/16 which was also adjusted upward.

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	696	707	700	820
Beginning Stocks	275	275	316	316	337	584
Production	3377	3377	3671	3687	3700	3700
MY Imports	4636	4636	4600	4533	4400	4400
TY Imports	4636	4636	4600	4533	4400	4400
TY Imp. from U.S.	3153	3153	0	2784	0	3250
Total Supply	8288	8288	8587	8536	8437	8684
MY Exports	1322	1322	1500	1102	1300	1300
TY Exports	1322	1322	1500	1102	1300	1300
Feed and Residual	350	350	300	400	250	400
FSI Consumption	6300	6300	6450	6450	6600	6600
Total Consumption	6650	6650	6750	6850	6850	7000
Ending Stocks	316	316	337	584	287	384
Total Distribution	8288	8288	8587	8536	8437	8684
(1000 HA) ,(1000 MT)						

CORN

Production:
The forecast production for MY 2015/16 (October to September) remains unchanged from USDA/Official estimates. However, the Post/New corn production and harvested area estimates for MY 2014/15 have been revised upward, based on updated official data from SAGARPA. These statistics include the preliminary final results of the 2014/15 fall/winter crop cycle as well as the final figures for the 2014 spring/summer crop cycle. Market analysts have stated that results for the 2014/15 fall/winter crop cycle (MY 2014/15) have been better than previously estimated due to higher planted area and better yields registered due to favorable weather conditions.

According to SAGARPA figures, as of May 31, 2015, corn planted area for the 2014/15 fall/winter crop cycle was 26.2 percent higher than the similar crop cycle a year earlier. This increase in planted area is mainly attributed to higher planted area in Sinaloa. During this crop cycle, Sinaloa farmers planted

approximately 122,000 hectors more than the same crop cycle a year ago due to plentiful water levels in Sinaloa's reservoirs which are used for irrigation purposes. According to the National Water Commission (CONAGUA), at the beginning of the sowing season in September, 2014, the availability of Sinaloa's water reservoirs was of 11.6 billion cubic meters (versus 7.6 billion cubic meters registered on July 8, 2015).

Regarding weather conditions in Sinaloa, the main corn producing state in the Northwest Region of Mexico, winter season maximum temperatures showed a normal pattern. However, this was not the case for minimum temperatures, which were above the average of the last ten years by 1.8 ° Celsius (average minimum temperature: 10.3 ° C). Consequently, during the growing season, there was enough water availability and the winter season was mild. According to private and official sources, corn yield potential is best achieved at the time when the plant reaches physiological maturity with maximum dry matter content. This happens when corn has a moisture content of 37-38 percent. From that point it is necessary to wait for corn moisture content to decrease to approximately 14 percent before harvesting the crop. The environment temperature influences crops in several aspects; in the case of corn plant development to reach physiological maturity, development is based on the storage capacity of a certain level of heat-hours during Phonological development. At this point, weather conditions registered in Sinaloa were excellent for corn production. As a result, based on the increased corn planted area and the excellent growing conditions, it is expected that Sinaloa will reach approximately 5.2 MMT, which is consider a record production level. Sinaloa continues to be the main source for commercial white corn production in Mexico for the fall/winter crop cycle, representing approximately 70 percent of total fall/winter crop production. Also, Sinaloa's corn production, which is almost all irrigated, accounted for nearly 24 percent of total domestic production. Harvest of the fall/winter crop traditionally takes place during the months of May and June.

Trade:

The Post/New total corn import estimate for MY 2014/15 has been revised downward from USDA/Official data to 9.0 MMT. The revised data reflects the impact of higher than previously estimated domestic production and is based on official data from the SHCP and SAGARPA for the first nine months of this marketing year.

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	7150	7300	7000	7000
Beginning Stocks	1061	1061	2694	2694	2644	2644
Production	22880	22880	24000	25000	23500	23500
MY Imports	10954	10954	10000	9000	10300	10300
TY Imports	10954	10954	10000	9000	10300	10300
TY Imp. from U.S.	10918	10918	0	9000	0	10300
Total Supply	34895	34895	36694	36694	36444	36444
MY Exports	501	501	500	500	500	500
TY Exports	501	501	500	500	500	500
Feed and Residual	15200	15200	16800	16800	17150	17150
FSI Consumption	16500	16500	16750	16750	16800	16800
Total Consumption	31700	31700	33550	33550	33950	33950

Ending Stocks	2694	2694	2644	2644	1994	1994
Total Distribution	34895	34895	36694	36694	36444	36444
(1000 HA) ,(1000 MT)						

SORGHUM

Production:
The Post/New total sorghum production and harvested area estimates for MY 2014/15 have been revised downward, based on updated official data. These statistics include the final result of the 2014 spring/summer crop cycle as well as from available information as of May 31, 2015, for the 2014/15 fall/winter crop cycle. Sorghum production in the 2014/15 fall/winter crop cycle was lower-than-initially estimated in Tamaulipas, the main sorghum producing state. Sorghum growers in this state expect production to reach approximately 2.5 MMT in the 2014/15 fall/winter crop cycle, against 3.1 MMT obtained in the same crop cycle last year, due to unfavorable weather conditions.

According to the Mexican National Sorghum Council (CONASORGO), this drop in production is attributed to over abundant rainfall which prevented good field preparation that led to the delay or prevention of sorghum plantings in some areas. In addition, during the last weeks of June, when the crop was ready to be harvested, heavy rains throughout several sorghum producing areas prevented many farmers from entering their fields with their harvesting equipment due to muddy fields and roads leading into their fields. Official sources stated that another problem was an outbreak of the plague called "yellow aphid", which also adversely affected some sorghum producing areas in Tamaulipas.

Trade:
The Post/New sorghum import estimate for MY2014/15 has been revised downward from USDA/Official estimate to 25,000 MT based on preliminary official data from SAGARPA and SHCP covering the first nine months of the marketing year. Similarly, Post/New MY2014/15 sorghum exports estimate has been revised upward from 7.0 MMT to 10.0 MMT based also on updated official information from SAGARPA and SCHP.

Stocks:
Ending stocks for MY2014/15 have been revised downward to 248,000 MT from the USDA/Official estimate, due to lower production than previously estimated. The ending stocks estimate was reflected in the carry over for the MY 2015/16 which was also adjusted downward.

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	1800	1666	1900	1900
Beginning Stocks	285	285	647	647	540	248
Production	8500	8500	7300	6686	7800	7800
MY Imports	162	162	100	25	100	100
TY Imports	162	162	100	25	100	100
TY Imp. from U.S.	162	162	0	25	0	100
Total Supply	8947	8947	8047	7358	8440	8148

MY Exports	0	0	7	10	0	0
TY Exports	0	0	7	10	0	0
Feed and Residual	8200	8200	7400	7000	7600	7600
FSI Consumption	100	100	100	100	100	100
Total Consumption	8300	8300	7500	7100	7700	7700
Ending Stocks	647	647	540	248	740	448
Total Distribution	8947	8947	8047	7358	8440	8148
(1000 HA) ,(1000 MT)						

RICE

Production:

The Post/New rice production estimate for MY2014/15 (October-September) has been revised upward to 250,000 MT (rough production) due to more complete data from SAGARPA. The increased rough production is equivalent to 172,000 MT of milled rice. Rice output was increased mainly due to higher than expected planted area.

Trade:

In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2014/15 was lowered to 685,000 MT, in order to reflect available information from SAGARPA and SHCP for the first nine months of this marketing year. Moreover, the Post/New rice export estimate for MY2014/15 has been revised downward to 2,000 MT, based also on updated information from SAGARPA and SHCP for the first nine months of this marketing year.

Stocks:

The MY 2014/15 Post/New ending stocks estimate was revised lower from the USDA/Official estimate to 116,000 MT due to lower than previously expected import volumes. It was reflected in the carry over for the MY 2015/16 which was also adjusted downward.

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	40	43	41	41
Beginning Stocks	189	189	151	151	191	116
Milled Production	131	131	158	172	165	165
Rough Production	191	191	230	250	240	240
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	693	693	775	685	785	785
TY Imports	658	658	775	685	785	785
TY Imp. from U.S.	535	535	0	605	0	690
Total Supply	1013	1013	1084	1008	1141	1066
MY Exports	2	2	3	2	3	3
TY Exports	2	2	5	2	5	4
Consumption and Residual	860	860	890	890	910	910
Ending Stocks	151	151	191	116	228	153
Total Distribution	1013	1013	1084	1008	1141	1066
(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
MX4009	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014
MX3078	Extreme Weather conditions Bring Mixed Result to Mexico's Grain Production	10/31/2013