USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 1/15/2017

GAIN Report Number: MX7001

Mexico

Grain and Feed Update

Increased Acreage, Good Weather Boost Corn Production

Approved By:
Lloyd Harbert

Prepared By:
Benjamin Juarez and Tim Harrison

Report Highlights:
Corn production is projected to be higher than previous estimates, as farmers shifted production from sorghum to corn due to pest concerns. Favorable weather conditions this growing season have been beneficial to both corn and rice production.

Post:
Mexico City

WHEAT

Production:

The Post/New marketing year (MY) 2016/17 wheat harvested area and production estimates have been revised slightly downward from USDA/Official estimate, based on updated data from Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) as of October 31, 2016, which includes the preliminary final data for the 2016/17 fall/winter crop cycle.

Stocks:

The Post/New ending stocks estimate for MY2016/17 (359,000 MT) is lower than the USDA/Official estimate as a result of lower-than-expected production.

Production, Supply and Demand Data Statistics:

Table 1: Mexico Wheat Production, Supply and Demand for MY2014/15 to MY2016/17

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	707	705	825	825	720	712
Beginning Stocks	319	319	528	528	516	516
Production	3687	3687	3751	3751	3900	3863
MY Imports	4476	4476	4805	4805	4600	4600
TY Imports	4476	4476	4805	4805	4600	4600
TY Imp. from U.S.	3065	3065	2753	2753	0	3100
Total Supply	8482	8482	9084	9084	9016	8979
MY Exports	1104	1104	1568	1568	1500	1500
TY Exports	1104	1104	1568	1568	1500	1500
Feed and Residual	400	400	400	400	450	450
FSI Consumption	6450	6450	6600	6600	6670	6670
Total Consumption	6850	6850	7000	7000	7120	7120
Ending Stocks	528	528	516	516	396	359
Total Distribution	8482	8482	9084	9084	9016	8979
(1000 HA) ,(1000 MT)						

CORN

Production:

The projected corn production for MY 2016/17 has been raised 6.1 percent from USDA/Official data to 26.0 million metric tons (MMT), based on most recent data issued by SAGARPA. According to official sources, benign weather conditions during the growing stage favorably impacted yields and reduced the total area damaged for the 2016 spring/summer crop cycle, in comparison to the previous spring/summer crop cycle. Based on preliminary official information, as a result of the relatively favorable weather conditions across much of Mexico's rain-fed corn production areas, the total area damaged for the 2016 spring/summer corn crop cycle is estimated at less than 90,000 hectares, compared to 493,000 hectares registered during the crop cycle last year. Another factor influencing the production estimate increase was higher-than-expected planted area. In Guanajuato, for example, 88,000 more hectares of corn were planted instead of sorghum (18 percent higher than the same crop cycle of 2016), due to the prevalence of the of the sugarcane aphid (SCA) pest infestation on the sorghum crop. Also, the new corn production estimate includes the planting intentions of the current 2016/17 fall/winter crop cycle, which is estimated to reach production of 8.3 MMT.

The Post/New production and harvested area estimates for MY 2015/16 have been revised upward from USDA/Official figures. These changes reflect the preliminary final data from the SAGARPA.

Consumption:

For MY2016/17 the Post/New consumption of feed and residual estimate has been revised upward from USDA/Official figures, based on information from private and official sources. These sources consider that feed consumption likely will shift from sorghum to corn, due to lower than previously estimated domestic sorghum production.

Trade:

In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2016/17 has been revised downward to 13.4 MT, based on higher domestic production than previously estimated. Despite this adjustment, the estimated import level is substantially higher than the historical import average of the few last years, due to continued growth in demand for feed by the poultry and livestock sectors. Similarly, export estimate for the MY 2016/17 has been revised upward as a result of higher than previously estimated domestic production.

Stocks:

Post's MY2015/16 estimated ending stocks were revised upward from the USDA/Official estimate, due to higher than previously estimated domestic production. The ending stocks estimate was reflected in the carry over for the MY 2016/17 which was also adjusted upward from USDA/Official estimate.

Production, Supply and Demand Data Statistics:

Table 2: Mexico Corn Production, Supply and Demand for MY2014/15 to MY2016/17

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7325	7325	7205	7207	7100	7500
Beginning Stocks	2603	2603	4090	4118	5242	5599
Production	25480	25480	25800	25971	24500	26000
MY Imports	11341	11269	14011	14010	13800	13400
TY Imports	11341	11269	14011	14010	13800	13400
TY Imp. from U.S.	11240	11168	13603	13645	0	13200
Total Supply	39424	39352	43901	44099	43542	44999
MY Exports	784	784	1559	1600	800	1000
TY Exports	784	784	1559	1600	800	1000
Feed and Residual	17800	17700	20300	20100	20600	21200
FSI Consumption	16750	16750	16800	16800	16900	16900
Total Consumption	34550	34450	37100	36900	37500	38100
Ending Stocks	4090	4118	5242	5599	5242	5899
Total Distribution	39424	39352	43901	44099	43542	44999
(1000 HA) ,(1000 MT)						

SORGHUM

Production:

For MY2016/17 the Post/New sorghum production estimate has been adjusted downward due to lower than previously estimated planted area, which reflects updated SAGARPA data. The main reason for this adjustment has been the prevalence of the sugarcane aphid (SCA) pest in the main producing states such as Guanajuato, Michoacan, and Jalisco. Official sources pointed out that the campaigns implemented to control and mitigate the SCA infestation and favorable weather conditions have allowed growers to reverse the yield reduction caused by the pest. However, despite the phytosanitary campaigns implemented, many growers decided to plant corn instead of sorghum in the 2016 spring/summer crop cycle, as in the case of Guanajuato mentioned above. It is estimated that sorghum production will reach 2.1 MMT in this crop cycle, which is 21 percent lower than the same crop cycle of 2015.

The Post/New total sorghum production and area harvested estimates for MY2015/16 have been revised slightly upward from USDA/Official estimates reflecting the preliminary final data from SAGARPA.

Consumption:

The Post/New total consumption estimate for MY2016/17 has been revised downward from USDA/Official figures. Feed consumption is expected to shift somewhat from sorghum to corn, due to lower than previously estimated domestic sorghum production. Private sources noted that lower corn prices continue stimulating Mexico’s import demand for yellow corn in the animal feed sector, and the United States continues to be the main supplier to cover that demand. In addition, lower corn prices have also stimulated a surge in the demand for domestic corn production, thus making sorghum less attractive.

Trade:

Post's total sorghum imports estimate for MY 2016/17 has been revised upward from USDA/Official data to 1.0 MMT. The revised data reflects the impact of lower than previously estimated domestic production. However, it should be noted that private sources do not expect a substantially stronger sorghum import demand from feed millers and poultry and hog producers as it is estimated that sorghum prices are high relative to corn. These sources expect relatively lower sorghum feed use and further declines in corn prices, which should encourage expansion in the poultry and hog sectors. The poultry industry continues to be the major consumer of corn and sorghum in Mexico, using the crop primarily in the form of mixtures and feed concentrates.

Stocks:

As a result of higher-than-previously estimated domestic production and imports, Post's MY2015/16 estimated ending stocks were revised upward. The ending stocks estimate was reflected in the carry over for the MY 2016/17 which was also adjusted upward from USDA/Official estimate.

Production, Supply and Demand Data Statistics:

Table 3: Mexico Sorghum Production, Supply and Demand for MY2014/15 to MY2016/17

Sorghum	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1715	1715	1672	1678	1710	1510
Beginning Stocks	647	647	338	338	349	386
Production	6270	6270	5550	5587	6500	5500
MY Imports	29	29	661	661	700	1000
TY Imports	29	29	661	661	700	1000
TY Imp. from U.S.	29	29	661	661	0	1000
Total Supply	6946	6946	6549	6586	7549	6886
MY Exports	8	8	0	0	0	0
TY Exports	8	8	0	0	0	0
Feed and Residual	6500	6500	6100	6100	7100	6500
FSI Consumption	100	100	100	100	100	100
Total Consumption	6600	6600	6200	6200	7200	6600
Ending Stocks	338	338	349	386	349	286
Total Distribution	6946	6946	6549	6586	7549	6886
(1000 HA) ,(1000 MT)						

RICE

Production:

For MY 2016/17 the Post/New total production estimate has been revised upward to 277,000MT (rough production) due to more complete data from SAGARPA. The increase in rough production is equivalent to 190,000 MT of milled rice. According to official sources, the expectation is that rice production will increase from the 2016 spring/summer crop cycle by approximately 25 percent to 178,000 MT (rough production) compared to the same crop cycle a year earlier. Favorable weather conditions in rain-fed areas, mainly in Campeche and Tabasco, and consequently improved yields, have contributed to increase the production estimate. In addition, in Campeche approximately 33 percent more acreage was planted than the same crop cycle a year earlier.

Reflecting preliminary final figures from SAGARPA, the Post's total rice production and harvested area estimates for MY 2015/16 have been revised slightly upward from the USDA/Official estimate to 227,000 MT (rough production). This volume of rough rice production is equivalent to 156,000 MT of milled rice.

Stocks:

The MY 2015/16 Post/New ending stock estimate was revised upward to 127,000 MT from the USDA/Official estimate due to higher than previously estimated domestic production. This is reflected in the upward adjustment for MY 2016/17 carryover as well. For MY 2016/17 the Post/New stock forecast is 175,000 MT.

Production, Supply and Demand Data Statistics:

Table 4: Mexico Rice Production, Supply and Demand for MY2014/15 to MY2016/17

Rice, Milled	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	44	44	39	40	42	41
Beginning Stocks	159	159	165	165	120	127
Milled Production	179	179	149	156	173	190
Rough Production	261	261	217	227	252	277
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	709	709	693	693	750	750
TY Imports	719	719	700	700	750	750
TY Imp. from U.S.	624	624	0	535	0	600
Total Supply	1047	1047	1007	1014	1043	1067
MY Exports	2	2	2	2	2	2
TY Exports	2	2	2	2	2	2
Consumption and Residual	880	880	885	885	890	890
Ending Stocks	165	165	120	127	151	175
Total Distribution	1047	1047	1007	1014	1043	1067
(1000 HA) ,(1000 MT)						

For More Information:
FAS/Mexico Web Site: We are available at www.mexico-usda.com.mx 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
MX6031	Wheat, Corn, and Sorghum Estimates Down Slightly; New Rice Program Announced	9/1/2016
MX6023	June 2016 Grain and Feed Update	6/6/2016
MX6009	2016 Grain and Feed Annual Mexico	3/12/2016
MX6004	Grain and Feed January Update Mexico	1/26/2016
MX5029	Grain and Feed July Update Mexico	07/21/2015
MX5011	2015 Grain and Feed Annual Mexico	03/18/2015
MX5001	Grain and Feed January Update Mexico	01/15/2015