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Mexico

Grain and Feed Update

June 2016 Grain and Feed Update

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Report Highlights:
Corn production is likely to increase slightly in marketing year (MY) 2016/17 (October/September) to 24.2 MMT, mostly due higher planted area than initially anticipated, and assuming favorable weather conditions. The wheat production estimate is down for MY2016/17 (July/June), due to insufficient water supply in the “Bajio” region (Guanajuato, Michoacan, and Jalisco). Rice production is forecast to be up in MY2016/17, reflecting information from industry and official contacts. The Post/New total sorghum production and harvested area estimates for MY 2015/16 were revised downward and upward, respectively, based on updated official data. MY2016/17 imports are forecast lower for corn while up slightly for wheat.

Post:
Mexico City

Commodities:
Wheat

Corn

Sorghum

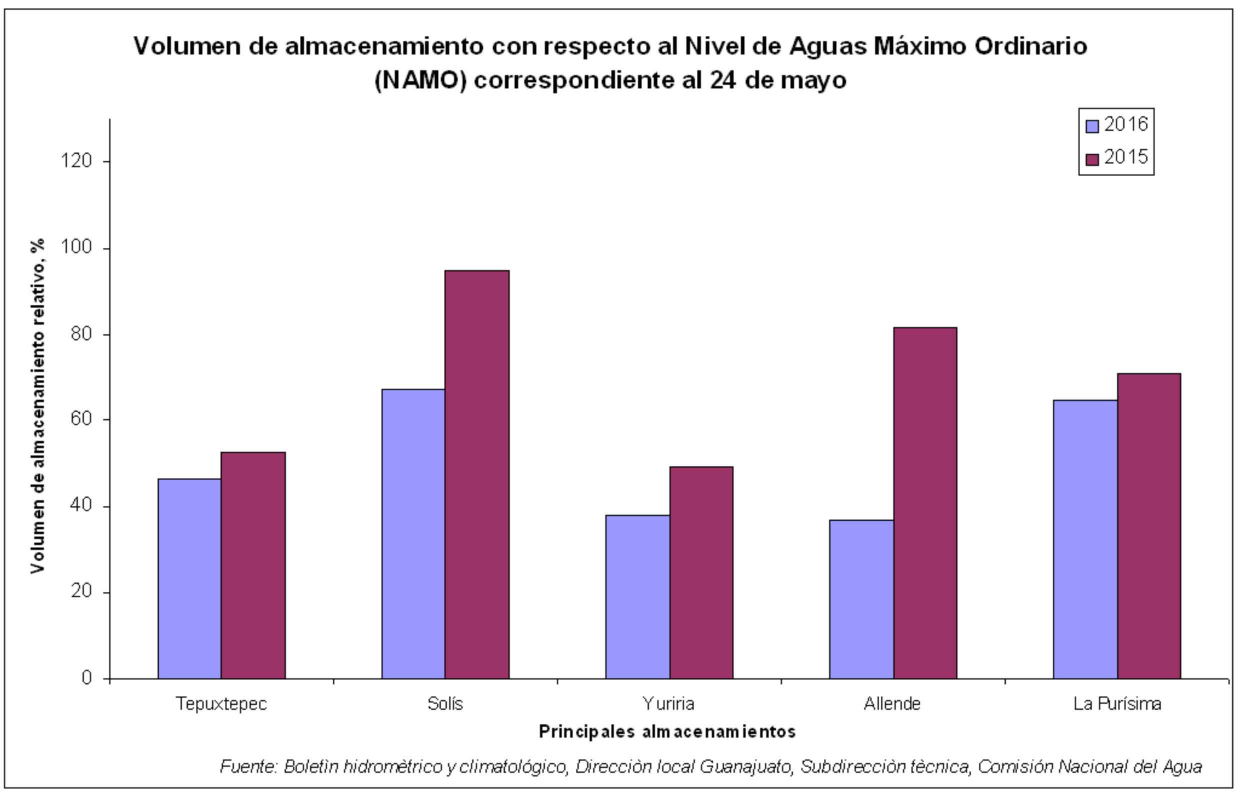
Rice, Milled

WHEAT

Production:

Total wheat production and harvested area estimates for MY 2016/17 (July/June) have been revised downward based on updated official data, which reflects relatively insufficient water supply, mainly in the "Bajio" region, encompassing Guanajuato, Michoacan, and Jalisco. The National Water Commission (CONAGUA) reported that as of May 24, 2016, in the state of Guanajuato the main dams registered a level of capacity lower than the same date in 2015 (see graphic bellow):

Figure 1. Guanajuato: Water Storage Volume regarding the maximum ordinary water level (NAMO), May 24, 2016



Source: CONAGUA

As a result, official sources indicated that planting intentions were reduced by approximately 30,000 hectares in that region, as many growers have reportedly switched acreage to barley, which has lower water requirements. Practically all of the production in the Bajio region is irrigated. While the production throughout Bajio decreased, overall production in Mexico, especially in Sonora and Baja California, the main wheat producing states, was reported as good by sources of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA).

The Post/New MY2015/16 wheat harvested area and production forecasts have been revised slightly upward and downward, respectively, from USDA/Official forecasts based on preliminary final data from SAGARPA as of April 30, 2016.

Trade:

The Post/New total wheat import estimate for MY 2016/17 has been revised upward from USDA/Official data to 4.3 MMT, based on official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA for the first ten months of this marketing year. The revised data reflects the impact of lower than previously estimated domestic production.

Stocks:

The Post/New ending stocks estimate for MY 2015/16 is less than the USDA/Official estimate (579,000 MT) as a result of slightly lower-than-expected production. The ending stocks estimate was reflected in the carry over for MY 2016/17, which was also adjusted downward.

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	707	818	825	775	710
Beginning Stocks	319	319	528	528	588	579
Production	3687	3687	3760	3751	4100	3970
MY Imports	4476	4476	4400	4400	4200	4300
TY Imports	4476	4476	4400	4400	4200	4300
TY Imp. from U.S.	3065	3065	0	2800	0	3200
Total Supply	8482	8482	8688	8679	8888	8849
MY Exports	1104	1104	1100	1100	1200	1200
TY Exports	1104	1104	1100	1100	1200	1200
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	588	579	568	529
Total Distribution	8482	8482	8688	8679	8888	8849
(1000 HA) ,(1000 MT)						

CORN

Production:

Due to revised SAGARPA data, and preliminary information from private sources, the Post/New estimates for corn production and harvested area for MY 2016/17 were adjusted upward. Official sources stated that corn planting intentions of the main producing states for the 2016 spring/summer crop cycle have been higher than initially anticipated, due the lack of feasible alternative crops, and assuming favorable weather conditions. Since approximately 88 percent of the corn produced in spring/summer cycle is rain-fed, the rains starting in June are critical to crop production. The main producing states of this crop cycle are Jalisco, Mexico, Michoacan, Chiapas, Guanajuato, Oaxaca and Puebla. These states account for approximately 55 percent of the spring/summer corn production. Approximately 76 percent of Mexican corn is obtained from the spring-summer crop cycle.

If favorable weather conditions prevail, the overall yield for the MY2016/17 corn crop in Mexico is forecast to reach 3.408 MT/ha, which is slightly lower over the MY2015/16 average yield. The yield level of MY2015/16 was considered exceptional due to the very favorable weather conditions. The Post/New MY2015/16 production and harvested area estimates were revised upward, reflecting final preliminary official data from SAGARPA

Consumption:

The Post/New total consumption estimate for MY2015/16 has been revised upward from USDA/Official figures. According to private and official sources feed consumption is expected to shift somewhat from sorghum to corn, due to lower than previously estimated domestic sorghum production. For MY2016/17, the total corn consumption estimate remains unchanged.

Trade:

The Post/New total corn import estimate for MY 2016/17 has been revised downward from USDA/Official data to 12.5 MMT, reflecting the impact of higher-than previously estimated domestic production. Similarly, the Post/New total corn export estimate for MY 2015/16 has been revised downward from USDA/Official data to 900,000 MT, based on official data from SAGARPA for the first eight months of this marketing year.

Stocks:

The Post/New MY2015/16 estimated ending stocks were revised upward, 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	7100	7200	6950	7100
Beginning Stocks	2603	2603	4118	4118	3618	4518
Production	25480	25480	24000	25000	23500	24200
MY Imports	11269	11269	12000	12000	13500	12500
TY Imports	11269	11269	12000	12000	13500	12500
TY Imp. from U.S.	11168	11168	0	11900	0	12400
Total Supply	39352	39352	40118	41118	40618	41218
MY Exports	784	784	1000	900	800	800
TY Exports	784	784	1000	900	800	800
Feed and Residual	17700	17700	18700	18900	19150	19150
FSI Consumption	16750	16750	16800	16800	16900	16900
Total Consumption	34450	34450	35500	35700	36050	36050
Ending Stocks	4118	4118	3618	4518	3768	4368
Total Distribution	39352	39352	40118	41118	40618	41218
(1000 HA) ,(1000 MT)						

SORGHUM

Production:
The Post/New total sorghum production and harvested area estimates for MY 2015/16 have been revised downward and upward, respectively, based on updated official data released by SAGARPA. These statistics include the final result of the 2015 spring/summer crop cycle, as well as from available information as of April 30, 2016, for the 2015/16 fall/winter crop cycle.

Consumption:
The Post/New total consumption estimate for MY2015/16 has been revised downward from the USDA/Official estimate to 6.3 MMT, based on information from official sources. Feed consumption is expected to shift away from sorghum to feed corn, due to lower than previously estimated domestic sorghum production and consequently higher domestic prices.

Stocks:
The Post/New estimated ending stocks for MY 2015/16 have been increased to 288,000 MT in comparison with USDA/Official estimate in response to reduced consumption. The ending stocks estimate was reflected in the carry over for 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	1600	1622	1800	1800
Beginning Stocks	647	647	338	338	238	288
Production	6270	6270	5700	5550	6900	6900
MY Imports	29	29	700	700	700	700
TY Imports	29	29	700	700	700	700
TY Imp. from U.S.	29	29	0	700	0	700
Total Supply	6946	6946	6738	6588	7838	7888
MY Exports	8	8	0	0	0	0
TY Exports	8	8	0	0	0	0
Feed and Residual	6500	6500	6400	6200	7400	7400
FSI Consumption	100	100	100	100	100	100
Total Consumption	6600	6600	6500	6300	7500	7500
Ending Stocks	338	338	238	288	338	388
Total Distribution	6946	6946	6738	6588	7838	7888
(1000 HA) ,(1000 MT)						

RICE

Production:

The Post/New total rice production estimate for MY 2015/16 (October to September) has been revised upward by 4.5 percent from USDA/Official estimates to 233,000 MT (rough production), reflecting the most recent data from SAGARPA as of April 30, 2016. This volume of rough rice production is equivalent to 160,000 MT of milled rice. The Post/New estimation includes the preliminary final official figures for the 2015 spring/summer crop cycle and the updated data of the 2015/16 fall/winter crop cycle. Similarly, the production estimate for MY2016/17 has been adjusted slightly upward to 252,000 MT (rough production) from the USDA/Official estimate reflecting information from industry and official contacts. SAGARPA officials stated that their updated data for MY 2016/17 is based on information of its state offices ("*Delegaciones")* and farmers' planting intentions. This rice rough production is equivalent to 173,000 MT of milled rice.

Stocks:

As a result of new domestic production information, the Post/New MY 2015/16 ending stocks estimate has been increased slightly, to 139,000 MT, from the USDA/Official estimates, due to higher-than-previously estimated domestic production. This is reflected in the upward adjustment to MY2016/17 carry over as well.

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	39	42	42
Beginning Stocks	151	151	152	152	132	139
Milled Production	179	179	153	160	165	173
Rough Production	261	261	223	233	240	252
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	688	688	700	700	750	750
TY Imports	708	708	700	700	750	750
TY Imp. from U.S.	613	613	0	560	0	600
Total Supply	1018	1018	1005	1012	1047	1062
MY Exports	2	2	3	3	2	2
TY Exports	2	2	5	5	2	2
Consumption and Residual	864	864	870	870	880	880
Ending Stocks	152	152	132	139	165	180
Total Distribution	1018	1018	1005	1012	1047	1062
(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
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
MX4073	Grain and Feed October Update Mexico	10/17/2014
MX4059	Grain and Feed July Update	07/31/2014