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Report Highlights:

For MY 2019/2020, Mexico's wheat production estimate is revised down slightly due to a smaller than estimated harvested area. Wheat consumption and trade remain unchanged as a result of a sluggish economy and decreased consumer purchasing power. While corn production for MY 2018/2019 was revised upward, estimates for 2019/20 are reduced because of this year's adverse dry weather conditions. Sorghum production is forecast to continue to decrease into next year as the reduction of government support programs for medium and big farmers discourages sorghum planting in key states. Rice production estimates are also lowered based on unfavorable weather conditions that led to decreased yields and lower area harvested.

EXECUTIVE SUMMARY

Mexico's wheat production in Marketing Year (MY) 2019/20 is revised downward slightly, based on more complete figures from the Secretariat of Agriculture and Rural Development (SADER) and reflecting a smaller harvested area than initially estimated. Corn production estimate is revised upward for MY 2018/19 (October-September), to 27,671 million metric tons (MMT), based on the final official figures as of November 30, 2019. Also, the area harvested was revised to 7.198 million hectares reflecting theses final figures. The sorghum production and harvested area estimates for MY 2019/20 were adjusted downward. According to private sources, the sharp reduction in the government support programs for medium and big farmers, such as the Forward Contract Program, were the main reason for the expected reduction of planted area and production in this marketing year. Lastly, rice production estimate for MY 2019/20 (October to September) was revised downward from USDA/Official estimates to 247,000 MT (rough production) reflecting the most recent data from SADER and industry sources. The decreased rough production is equivalent to 170,000 MT of milled rice. Essentially, rice output was decreased due to unfavorable weather conditions leading to decreased yields and lower area harvested.

WHEAT

Table 1: Mexico, Sorghum Production, Supply, and Demand for MY 2016/17 to MY 2019/20

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	667	667	540	540	610	593
Beginning Stocks	876	876	768	768	603	603
Production	3494	3494	3000	3000	3300	3215
MY Imports	5245	5245	4861	4861	5200	5200
TY Imports	5245	5245	4861	4861	5200	5200
TY Imp. from U.S.	3047	0	3349	3349	0	0
Total Supply	9615	9615	8629	8629	9103	9018
MY Exports	1147	1147	526	526	1000	1000
TY Exports	1147	1147	526	526	1000	1000
Feed and Residual	400	400	300	300	200	200
FSI Consumption	7300	7300	7200	7200	7300	7300
Total Consumption	7700	7700	7500	7500	7500	7500
Ending Stocks	768	768	603	603	603	518
Total Distribution	9615	9615	8629	8629	9103	9018
Yield	5.2384	5.2384	5.5556	5.5556	5.4098	5.4216
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

The total wheat production for MY 2019/20 (July to June) was revised slightly downward to 3.21 MMT reflecting a smaller harvested area than initially estimated and the most recent data from the Secretariat of Agriculture and Rural Development (SADER). This data includes final data for the 2018/19 fall/winter crop cycle, as well as updated information of the 2019 spring/summer crop cycle as of as of December 19, 2019.

Stocks

The MY 2019/20 Post ending stocks estimate was revised downward slightly to 518,000 MT, due to lower than previously estimated total production.

Post's consumption and trade estimates remain unchanged in relation to USDA/Official data, based on available information from private sources and imports. Mexico' sluggish economy and the consequent reduction of purchasing power continue to be the main factors that will lower consumption and imports, as was mentioned in the last August 2019 Grain and Feed Update (MX2019-1402).

CORN

Table 2: Mexico, Corn Production, Supply, and Demand for MY 2016/17 to MY 2019/20

Corn	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7322	7322	7200	7198	6800	6800
Beginning Stocks	5409	5409	5649	5649	5089	5160
Production	27569	27569	27600	27671	25000	25000
MY Imports	16129	16129	16658	16658	17500	17500
TY Imports	16129	16129	16658	16658	17500	17500
TY Imp. from U.S.	15567	15567	15773	15773	0	0
Total Supply	49107	49107	49907	49978	47589	47660
MY Exports	958	958	718	718	700	700
TY Exports	958	958	718	718	700	700
Feed and Residual	24300	24300	25900	25900	26500	26500
FSI Consumption	18200	18200	18200	18200	18000	18000
Total Consumption	42500	42500	44100	44100	44500	44500
Ending Stocks	5649	5649	5089	5160	2389	2460
Total Distribution	49107	49107	49907	49978	47589	47660
Yield	3.7652	3.7652	3.8333	3.8443	3.6765	3.6765
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

FAS/Mexico revised the estimate of corn production slightly upward for MY 2018/19 (October-September) to 27,671 MMT, based on the final figures from SADER as of November 30, 2019. Also, the area harvested was revised to 7.198 million hectares reflecting theses final figures.

Although official sources are estimating that total corn production could reach a higher level in MY 2019/20, FAS/Mexico production estimate for this marketing year remains unchanged. The official sources assume a higher yield than initially estimated in the 2019 spring/summer crop cycle (i.e. 3.95 MT/Ha against 3.28 MT/Ha). However, due the adverse dry weather conditions that impacted the 2019 Spring/Summer crop cycle, private analysts consider the level of yields estimated by official sources to be extremely optimistic.

Stocks

The MY 2018/19 ending stocks estimate is revised upward to reflect slightly higher domestic production. This is reflected in the upward adjustment to MY 2019/20 carry over as well.

The total corn consumption and trade estimates for MY 2019/20 remains unchanged and in accordance with private and official sources consulted.

SORGHUM

Table 3: Mexico, Sorghum Production, Supply, and Demand for MY 2016/17 to MY 2019/20

Sorghum	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1350	1350	1350	1327	1350	1320
Beginning Stocks	172	172	113	113	309	185
Production	4545	4545	4700	4476	4500	4300
MY Imports	98	98	596	596	550	670
TY Imports	98	98	596	596	550	670
TY Imp. from U.S.	98	98	546	546	0	0
Total Supply	4815	4815	5409	5185	5359	5155
MY Exports	2	2	0	0	0	0
TY Exports	2	2	0	0	0	0
Feed and Residual	4600	4600	5000	4900	5000	4900
FSI Consumption	100	100	100	100	100	100
Total Consumption	4700	4700	5100	5000	5100	5000
Ending Stocks	113	113	309	185	259	155
Total Distribution	4815	4815	5409	5185	5359	5155
Yield	3.3667	3.3667	3.4815	3.373	3.3333	3.2576
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Due to revised SADER data as of December 19, 2019, and preliminary information from private sources, USDA/Mexico estimates for sorghum production and harvested area for MY 2019/20 (Oct-Sep) were adjusted downward. According to private sources the sharp reduction of the government support programs for medium and big farmers, such as the Forward Contract Program, among others (See GAIN Report MX2019-1132), have discouraged the planting of sorghum in states such as Tamaulipas.

Similarly, total sorghum production estimate for MY 2018/19 is revised downward to 4.476 MMT due to decreased plantings and adverse weather conditions in the 2018/19 fall/winter crop cycle in Tamaulipas, the main producer state in this cycle. In addition, the figures reflect the updated SADER data, which includes final results for this marketing year.

Consumption

For MY2019/20, sorghum total consumption estimate is also revised downward compared to the USDA/Official figure, based on information from private sources, who expect unattractive prices for the livestock sector in this marketing year. Private sources estimated the lower than estimated domestic production would increase domestic sorghum prices and could result in a slight decrease in animal feed demand. Moreover, for MY 2019/20 the poultry sector may face consumers with reduced purchasing power due to the slowdown in Mexico's economy. This industry is not likely to expand as rapidly in calendar year 2020 as in the previous year due to the weak gross domestic product (GDP) growth and slight deterioration of consumer purchasing power. The total consumption estimate for MY2018/19 is also revised slightly downward based on official and private sources information and reflecting lower domestic production.

Trade

The MY 2019/20 import estimate was increased to 670,000 MT, reflecting lower than previously estimated domestic production and information from official and private sources.

Stocks

Estimated ending stocks for MY 2019/20 is revised downward in response to lower than previously estimated domestic production. Also, the estimated stocks for the MY2018/19 was revised sharply downward to 185,000 MT, reflecting the reduced domestic production.

RICE, MILLED

Table 4: Mexico, Rice Production, Supply, and Demand for MY 2016/17 to MY 2019/20

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	41	41	43	43	45	38
Beginning Stocks	172	172	151	151	151	138
Milled Production	183	183	190	188	200	170
Rough Production	266	266	277	274	291	247
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	813	813	760	745	785	785
TY Imports	776	776	770	770	785	785
TY Imp. from U.S.	557	557	0	0	0	0
Total Supply	1168	1168	1101	1084	1136	1093
MY Exports	102	102	30	26	20	20
TY Exports	109	109	30	26	20	20
Consumption and Residual	915	915	920	920	925	925
Ending Stocks	151	151	151	138	191	148
Total Distribution	1168	1168	1101	1084	1136	1093
Yield (Rough)	6.4878	6.4878	6.4419	6.3721	6.4667	6.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Post’s total rice production estimate for MY 2019/20 (October to September) was revised downward from USDA/Official estimates to 247,000 MT (rough production) reflecting the most recent data from SADER and industry sources. The decreased rough production is equivalent to 170,000 MT of milled rice. Essentially, rice output was decreased due to unfavorable weather conditions leading to unfavorable yields and lower area harvested. In Veracruz for example, due to drought conditions, approximately 2,608 hectares out of a total of 5,269 planted were damaged in the 2020 spring/summer crop cycle. Similarly, the dry weather conditions adversely impacted the planted area in Campeche, one of the main producing states, and reduced the expected yields. As a result, at the national level, it is expected that average yields will reach 6.48MT/ha in the 2020 spring/summer crop cycle, compared with the initial estimation of 7.57 MT/ha. The total rice production estimate for the MY 2018/19 has been adjusted slightly downward to 274,000 MT Rough production based on SADER final information. This production is equivalent to 188,000 MT of milled rice.

Consumption

The rice total consumption estimate for MY 2019/20 remains unchanged from USDA official figures at 925,000 MT, based on the most recent information from private sources that believe that Mexico rice consumption could reach that level of consumption in this marketing year.

Trade

The import estimate for the MY2018/19 is revised downward to 745,000 MT based on Trade Monitor Data (TMD). Similarly, the rice export estimate is reduced based on TDM and official figures, which reflects the lower level of milled packed rice to Venezuela, as was mentioned on our previous report, due to the political instability in that country (see 2019 MX9024 GAIN Report). The import and export estimates for MY 2019/20 remain unchanged.

Stocks

Post ending stocks estimate for MY 2018/19 is lower than the USDA/Official estimate (138,000 MT) as a result of lower than expected domestic production and imports. The ending stocks estimate is reflected in the carry over for the MY 2019/20 as well.

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.

Report Number	Title of Report	Date Submitted
MX2019-1402	Corn and Wheat Production Higher than Expected but Wheat Consumption Down	8/23/2019
MX2019-1401	Higher than Expected Corn Production While Rice Imports Lower	7/17/2019
MX2019-1132	Modest Growth Expected for Grain Production and Imports	3/12/2019
MX2019-1168	Corn Production Lower than Expected, Rice Higher	2/21/2019
MX2019-2042	Mexico Announces New "Production for Wellbeing" Support Program	2/7/2019
MX2018-1460	Rice and Sorghum Production Revised Downward as Lower Sorghum Imports Expected	9/17/2018
MX2018-1459	Lower Wheat and Rice Crops, Average Sorghum Trade Expected	5/25/2018
MX2018-1411	Slight Changes in Production as Grain Imports Continue Upward Trend	3/7/2018

Attachments:

No Attachments