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Report Highlights:

Mexico's wheat production in Marketing Year (MY) 2021/22 is revised downward, based on more complete figures from Mexico's Secretariat of Agriculture and Rural Development (SADER). The projected corn production for MY 2020/21 was increased slightly to 27.2 million metric tons (MMT). The sorghum production estimate for MY 2020/21 has been revised downward, reflecting the severe drought that has affected the main producing areas. The rice production estimate for MY 2020/21 (October to September) was revised slightly upward to 306,000 MT (rough production), which is equivalent to 210,000 MT of milled rice.

EXECUTIVE SUMMARY

Mexico's wheat production in Marketing Year (MY) 2021/22 is revised downward, based on more complete figures from the Secretariat of Agriculture and Rural Development (SADER). The projected corn production for MY 2020/21 was increased slightly from USDA/Official data to 27.2 million metric tons (MMT), based on most recent data issued by SADER as of April 30, 2021. The sorghum production estimate for MY 2020/21 has been revised downward based on the more recent official data from SADER, reflecting the severe drought that has affected the main producing areas. The rice production estimate for MY 2020/21 (October to September) was revised slightly upward from USDA/Official estimates to 306,000 MT (rough production) reflecting the most recent data from SADER and industry sources. The increased rough production is equivalent to 210,000 MT of milled rice.

Wheat

Table 1: Mexico, Wheat Production, Supply, and Demand for MY 2019/2020 to MY 2021/2022

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	590	590	556	556	565	555
Beginning Stocks (1000 MT)	603	603	385	385	300	301
Production (1000 MT)	3270	3270	2965	2966	3050	3000
MY Imports (1000 MT)	5080	5080	4700	4700	5100	5100
TY Imports (1000 MT)	5080	5080	4700	4700	5100	5100
TY Imp. from U.S. (1000 MT)	3855	3855	0	0	0	0
Total Supply (1000 MT)	8953	8953	8050	8051	8450	8401
MY Exports (1000 MT)	1168	1168	550	550	650	600
TY Exports (1000 MT)	1168	1168	550	550	650	600
Feed and Residual (1000 MT)	200	200	200	200	300	300
FSI Consumption (1000 MT)	7200	7200	7000	7000	7100	7100
Total Consumption (1000 MT)	7400	7400	7200	7200	7400	7400
Ending Stocks (1000 MT)	385	385	300	301	400	401
Total Distribution (1000 MT)	8953	8953	8050	8051	8450	8401
Yield (MT/HA)	5.5424	5.5424	5.3327	5.3345	5.3982	5.4054
(1000 HA), (1000 MT) ,(MT/HA)						

Production

Post total wheat production and harvested area estimates for MY 2021/22 were revised downward from USDA/Official estimates, reflecting the latest official data from SADER. This data includes figures for the 2020/21 fall/winter crop cycle, as well as the planting intentions for the 2021 Spring/Summer crop cycle as of April 30, 2021. For the 2020/2021 fall/winter crop cycle, private sources state that wheat planted area was approximately six percent lower than the initial planting intentions, mainly in Sonora, the main producing state. In addition, production has suffered from adverse weather-related issues, such as the lack of rains during the December planting in southern Sonora.

According to the April 30 report from the Drought Monitor of Mexico of the National Meteorological Service (SMN) and the National Water Commission (CONAGUA), fifteen

municipalities in the state of Sonora were considered to be in a critical condition of dryness. In the March 31 report, only five municipalities at this level. In addition, the most recent monitoring indicated that 100 percent of Sonora's territory is in drought conditions: many areas are facing a severe drought situation (41 percent), 38.4 percent of the territory is at an extreme level, 8.5 percent of the state is in exceptional dryness, and the rest is between abnormally dry and moderate. As a result of the lack of rain and dry environment, the agricultural sector has been affected in crops such as wheat, among others.

The president of the National Peasant Confederation (CNC) in Sonora recently stated that the outlook for the wheat harvest is quite complicated due to the uncertainty of water reservoirs. In the Mayo valley, where there are at least 100,000 hectares (ha) of land, around 30,000 ha were not planted during the Fall/Winter 2020-2021 cycle because the water reservoir of this valley was at only 50 percent capacity. As a result of reduced planting, an estimated loss of 150,000 to 160,000 metric tons (MT) of wheat is forecast. Although wheat farmers usually receive three irrigations per year, they only received two relief irrigations this year as there was not enough water for the normal last irrigation because the dam in the Mayo valley closed due to low water levels. Farmers still do not know to what extent the lack of the last irrigation will impact wheat yields. The CNC President noted that the accumulated cold hours necessary for cultivation were adequate this year but cautioned that it would be necessary to wait for the harvest season (during May) to know the impacts of the lack of irrigation.

In contrast, one hundred percent of the Yaqui valley was planted because it has three dams for irrigation. However, the water levels in this valley have also been considerably reduced and the dams are now predicted to be almost dry. In addition, the rains in July, August, and September were very low, as in the Mayo river basin. Since there were also almost no rains in December and early January, the harvest cycle is likely to be impacted. The CNC President described the wheat outlook as discouraging for this cycle in 2021.

Trade

The wheat export estimate for MY 2021/22 has been decreased to 600,00 MT from the USDA/Official estimate because of the lower estimated domestic production.

Stocks

FAS/Mexico ending stocks estimate for MY 2020/21 is slightly higher than the USDA/Official estimate (301,000 MT) as a result of slightly higher estimated production. The ending stocks estimate was reflected in the carry over for MY 20201/22, which was also adjusted upward.

Corn

Table 2: Mexico, Corn Production, Supply, and Demand for MY 2019/2020 to MY 2021/2022

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6621	6621	7140	7150	7300	7300
Beginning Stocks (1000 MT)	5160	5160	3515	3515	2615	2850
Production (1000 MT)	26658	26658	27000	27235	28000	28000
MY Imports (1000 MT)	16526	16526	16500	16500	17000	17000
TY Imports (1000 MT)	16526	16526	16500	16500	17000	17000
TY Imp. from U.S. (1000 MT)	14628	14628	0	0	0	0
Total Supply (1000 MT)	48344	48344	47015	47250	47615	47850
MY Exports (1000 MT)	1029	1029	900	900	900	900
TY Exports (1000 MT)	1029	1029	900	900	900	900
Feed and Residual (1000 MT)	25600	25600	25300	25300	25600	25600
FSI Consumption (1000 MT)	18200	18200	18200	18200	18200	18200
Total Consumption (1000 MT)	43800	43800	43500	43500	43800	43800
Ending Stocks (1000 MT)	3515	3515	2615	2850	2915	3150
Total Distribution (1000 MT)	48344	48344	47015	47250	47615	47850
Yield (MT/HA)	4.0263	4.0263	3.7815	3.8091	3.8356	3.8356
(1000 HA),(1000 MT) ,(MT/HA)						

Production

The projected corn production for MY 2020/21 was revised slightly upward from USDA/Official data to 27.2 million metric tons (MMT), reflecting higher harvested area than previously estimated and based on the most recent data issued by SADER as of April 30, 2021. The new corn production estimate includes the preliminary final data for the 2020 Spring/Summer crop cycle as well as the advances of the current 2020/21 fall/winter crop cycle, which is estimated to reach a production of 7.8 MMT (against 8.3 MMT registered during the same crop cycle a year earlier). The main factor driving the decline in the 2020/21 fall/winter harvest is the extreme drought situation in most of the country's states. Drought conditions have been particularly impacting Sinaloa, which is Mexico’s largest corn producer in the 2020/21 fall/winter crop cycle. Initially, SADER planting intentions estimated that Sinaloa could reach a production of around 5.5 MMT. However, private sources currently are estimating 4.8 MMT due to lower-than-expected yields.

According to the SMN, the northwest and northeast of Mexico have recently moved from severe to extreme drought conditions. Private analysts project some crop production to suffer, such as white corn in Sinaloa. Some Sinaloa farmers anticipate crop losses and warn that prices will spike. Drought conditions have also negatively impacted other important corn producing states such as Tamaulipas. The last two severe droughts in Mexico occurred in 1996 and 2011.

Private sources note that Mexico’s geographical location and its climate make the country extremely vulnerable to droughts and periods of high rainfall. Surviving the dry season depends in large part on how much water has been accumulated during the wet months. In 2020, the rains were not sufficient to fill all the country’s network of dams. As a result, more than half of the 210 biggest dams in Mexico are at less than 50 percent of their capacity. Furthermore, 61 are at critical levels, with less than 25 percent capacity, mostly in northern and central Mexico.

Stocks

The Post/New corn ending stocks estimate for MY 2020/21 was revised upward to 2.85 MMT, as result of higher than originally estimated production. The higher ending stocks in MY 2020/2021 was reflected in the carry over for MY 2021/22, which was also adjusted upward. The ending stocks estimate for this marketing year was slightly increased to 3.15 MMT from USDA/Official estimate.

High Corn Prices Lead to Increased Tortilla Costs

Mexico's tortilla industry continues to publicly call for government support to prevent increases in the cost of tortillas, Mexico's staple food product. The National Chamber for Corn Dough and Tortilla Production (CNIPMT) alleges multiple factors are driving higher tortilla prices, such as severe drought conditions across Mexico, an up to 40-percent increase in inputs and services for tortilla makers, and a discretionary governmental food policy that maintains large storage quantities of corn while market prices rise. However, while these issues may marginally affect tortilla prices, the main driver for increased tortilla costs continues to be high international corn prices. Mexico is self-sufficient in white corn used for human consumption, so even drought-related impacts and modest decreases in white corn production are not the main driver of tortilla price increases. While there have been increases in associated costs and services, especially fuel prices, the fundamental cause of the increase in the price of tortillas is primarily the increase in international corn prices.

Sorghum

Table 3: Mexico, Sorghum Production, Supply, and Demand for MY 2019/2020 to MY 2021/2022

Sorghum	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1378	1348	1300	1290	1420	1420
Beginning Stocks (1000 MT)	259	259	153	153	62	33
Production (1000 MT)	4328	4328	4300	3870	4700	4700
MY Imports (1000 MT)	567	567	10	10	50	50
TY Imports (1000 MT)	567	567	10	10	50	50
TY Imp. from U.S. (1000 MT)	567	567	0	0	0	0
Total Supply (1000 MT)	5154	5154	4463	4033	4812	4783
MY Exports (1000 MT)	1	1	1	0	1	1
TY Exports (1000 MT)	1	1	1	0	1	1
Feed and Residual (1000 MT)	4900	4900	4300	3900	4500	4500
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	5000	5000	4400	4000	4600	4600
Ending Stocks (1000 MT)	153	153	62	33	211	182
Total Distribution (1000 MT)	5154	5154	4463	4033	4812	4783
Yield (MT/HA)	3.1408	3.2107	3.3077	3	3.3099	3.3099
(1000 HA),(1000 MT) ,(MT/HA)						

Production

The sorghum production estimate for MY 2020/21 (October/September) has been revised downward to 3.87 MMT from the USDA/Official estimate based on information from industry sources and updated official data from SADER as of April 30, 2021. Industry sources state that the lack of water in dams along with the severe drought-like conditions during critical phases of the sorghum crop development in Tamaulipas (which accounts for approximately 80 percent of the fall/winter cycle) have resulted in irreversible yield losses.
Some sorghum famers in Tamaulipas had to reseed due to the damage from a severe frost in February 2021 that affected the initial stage of the crop. Due to a combination of frost damage, delayed planting, low levels in water reservoirs, and lack of rainfall (as of April 30, 2021), an area of 306,000 ha has been reported as damaged. Consequently, the production estimate in Tamaulipas is just 952,000 MT, which is approximately 47 percent lower that the volume obtained in the previous crop cycle. Private sources concur that this cycle could be the lowest in the last twenty years. The production estimates for MY 2019/20 and MY 2021/22 remain unchanged.

The SMN reported that, from March 31 to April 15, 84.96 percent of Mexico's territory is experiencing some degree of drought. According to the Climatology and Climate Services of the SMN, Mexico has 72.75 percent of its territory in moderate to exceptional drought, 12.21 percent is moderately dry, and only 15 percent of the country is unaffected. SMN also reports that, from January 1 to April 18, 2021, there was 31.4 percent less rain than usual for this period, while from October 1 to April 18 the rainfall deficit was 19.7 percent, compared to historical data for that period.

The lack of rainfall in several states of the country, together with the current dry season, have exacerbated the drought in Mexico's northern and central regions, reducing the amount of available water. Since 2020, national rainfall has been lower than normal in the northern border states, such as Tamaulipas, because the North American monsoon started late and was very weak. This year has also seen a rainfall deficit from the north to the center of the country. Analysts predict that the rains in the next season (June) will not improve the situation, as it will be difficult to correct the multi-year rain deficit.

The current drought situation is also exacerbated by poor water management and a lack of investment in irrigation infrastructure for agriculture (i.e., canal lining, technification, leak detection, contamination).

Trade

The total sorghum exports estimate for MY 2020/21 has been revised downward, reflecting lower domestic production than previously estimated. The total sorghum import estimate for MY 2020/21 remains unchanged based on information from industry sources.

Consumption

Total sorghum consumption estimates for feed and residual use for MY 2020/21 have been reduced from the USDA/Official estimate based on new information from private sources. These sources state that feed consumption is expected to shift from sorghum to corn and distiller's dried grains with solubles (DDGS) due to lower domestic sorghum production and higher prices.

Stocks

Estimated MY 2020/21 ending stocks were revised downward to 4.0 MMT, because of lower domestic production compared to earlier estimates. This decrease is reflected in the carryover of the MY 2021/22.

Rice

Table 4: Mexico, Rice Production, Supply, and Demand for MY 2019/2020 to MY 2021/2022

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	39	39	47	47	50	50
Beginning Stocks (1000 MT)	154	154	175	175	207	220
Milled Production (1000 MT)	175	175	197	210	224	224
Rough Production (1000 MT)	255	255	287	306	326	326
Milling Rate (.9999) (1000 MT)	6870	6870	6870	6870	6870	6870
MY Imports (1000 MT)	803	803	800	800	800	800
TY Imports (1000 MT)	843	843	800	800	800	800
TY Imp. from U.S. (1000 MT)	547	547	0	0	0	0
Total Supply (1000 MT)	1132	1132	1172	1185	1231	1244
MY Exports (1000 MT)	17	17	5	5	10	10
TY Exports (1000 MT)	18	18	5	5	10	10
Consumption and Residual	940	940	960	960	970	975
Ending Stocks (1000 MT)	175	175	207	220	251	259
Total Distribution (1000 MT)	1132	1132	1172	1185	1231	1244
Yield (Rough) (MT/HA)	6.5385	6.5385	6.1064	6.5106	6.52	6.52
(1000 HA),(1000 MT) ,(MT/HA)						

Production

The total rice production estimate for the MY 2020/21 was adjusted upward to 306,000 MT rough production, based on SADER updated official figures as of April 30, 2020. This production is equivalent to 210,000 MT of milled rice and includes the preliminary final data of the 2020 Spring/Summer crop cycle and the available information to date for the 2020/21 Fall/Winter crop cycle.

The preliminary final data of the 2020 spring-summer crop cycle as of April 30, 2021, records a harvest of 196,939 MT, 27 percent more than production in the similar crop cycle a year earlier. The greater planted area accounts for the greater volume achieved, with 34,637 ha registered as planted, which is 25.4 percent more than the area planted

in the 2019 spring/summer crop cycle. The states of Campeche and Nayarit have the most area planted, with 10,235 and 7,983 ha, respectively, and represent 52.6 percent of total planted area in this crop cycle.

In the 2020/21 Fall/Winter crop cycle, planting progress (as of April 30, 2021) indicates there were 13,814 ha planted, with Campeche having 6,665 ha and Nayarit 4,544 ha planted, representing 92.5 percent of the total planted area in Mexico. Michoacán, Tamaulipas, and Jalisco account for the rest of the rice area planted. According to private sources, the main factor driving this increase in planted area is the governmental support received by producers through the Guarantee Prices program (see MX2021-0014 for more information).

Stocks

Estimated MY 2020/21 ending stocks were revised upward to 220,000 MT because of higher domestic production compared to earlier estimates. This increase is reflected in the carryover of the MY 2021/22.

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	Dated Submitted
MX2021-0014	Grain and Feed Annual	3/14/2021
MX2021-0004	Grain and Feed Update	1/14/2021
MX2020-0047	Grain and Feed Update	9/04/2020
MX2020-0032	Grain and Feed Update	7/10/2020
MX2020-0015	Grain and Feed Annual	3/12/2020

Attachments:

No Attachments