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Mexico

Grain and Feed Update

Grain and Feed Update Mexico

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Report Highlights:
The Post/New marketing year (MY) 2012/13 corn production estimate has been revised downward from USDA/Official forecast due to smaller than previously estimated planted area and irregular weather conditions. The Post/New sorghum production estimate for MY 2012/13 has been revised downward to 6.4 million metric tons (MMT) from the USDA/Official estimate based on updated official data from the Mexican government. Regarding dry beans, the Post production estimate has been revised upward to 1.1 MMT for MY 2012/13 due to higher than expected harvested area and good precipitation, which provided beneficial soil moisture to boost yields for the 2012 spring/summer crop cycle. The Post/New total rice production estimate for MY 2012/13 has been revised downward from USDA/Official

estimates to 186,000 metric tons (MT) reflecting the most recent data from government and industry contacts.

Post:
Mexico City

Executive Summary:
The Post/New total corn production volume estimate for MY 2012/13 (October/September) has been revised downward from the USDA/Official estimate of 21.5 MMT to 20.7 MMT due to smaller than expected planted area and irregular weather conditions. According to Mexico's Agriculture Secretary Francisco Mayorga, the current rainy season was significantly better compared to last year although not quite enough to make up for last year's drought that affected most of the country. Since mid-September, major rainfall has stopped which may reduce corn production to lower levels than initially expected.

The Post/New sorghum production estimate for MY 2012/13 (October/September) has been revised downward to 6.4 MMT from the USDA/Official estimate based on updated official data from SAGARPA. Government contacts stated that total planted area for the 2012 spring/summer crop cycle were lower than initially forecast. In addition, yield levels also were lower than expected. However, the rainy season this year has been fairly normal in the main sorghum producing areas such as Guanajuato, Jalisco, Michoacan, Tamaulipas and Chihuahua which should help improve production levels compared to the previous year.

The Post dry bean production estimate of 830,000 MT for MY 2012/13 (January to December) has been revised upward to 1.1 MMT, due to higher than expected harvested area and normal precipitation. The good rainfall provided much needed beneficial soil moisture to boost yields for the 2012 spring/summer crop cycle. According to official sources, several states (Zacatecas, Durango, Chihuahua, and San Luis Potosi) have registered higher yields than initially estimated (900 kg/ha compared to estimated 600 kg/ha). As a result, industry sources now estimate that the 2012 spring/summer crop cycle will produce approximately 850,000 MT of edible dry beans. In the previous crop cycle, Mexico harvested only 368,000 MT, due primarily to the severe drought.

The Post/New total rice production estimate for MY 2012/13 (October to September) has been revised downward from USDA/Official estimates to 186,000 MT (rough production) reflecting the most recent data from SAGARPA and industry contacts. The decrease in rough rice production is equivalent to 128,000 MT of milled rice. Essentially, rice output was decreased due to lower than expected planted area (8,000 ha).

Post's MY 2012/13 (July/June) wheat harvested area and production forecasts have been revised downward slightly from USDA/Official forecasts based on updated information from official GOM sources, which reflects lower than previously estimated planted area. SAGARPA informed that for the fall/winter 2011/12 crop cycle, the planted area in Guanajuato, Michoacan and Jalisco was lower than previously expected due irregular weather conditions. According to trade contacts, Mexico recently imported 90,000 MT of wheat from Russia to be used by the domestic wheat flour sector. Reportedly, these imports were unique due to the very attractive price conditions offered by the seller. One of the main traders in Mexico obtained the official phytosanitary permits to import Russian wheat some months ago.

Author Defined:
The Post/New marketing year (MY) 2012/13 corn production estimate has been revised downward from USDA/Official forecast due to smaller than previously estimated planted area and irregular weather conditions. The Post/New sorghum production estimate for MY 2012/13 has been revised downward to 6.4 million metric tons (MMT) from the USDA/Official estimate based on updated official data from the Mexican government. Regarding dry beans, the Post production estimate has been revised upward to 1.1 MMT for MY 2012/13 due to higher than expected harvested area and good precipitation, which provided beneficial soil moisture to boost yields for the 2012 spring/summer crop cycle. The Post/New total rice production estimate for MY 2012/13 has been revised downward from USDA/Official estimates to 186,000 metric tons (MT) reflecting the most recent data from government and industry contacts.

Corn

Production:
The Post/New total corn production volume estimate for MY 2012/13 (October/September) has been revised downward from the USDA/Official estimate of 21.5 MMT to 20.7 MMT due to smaller than expected planted area and irregular weather conditions. According to Mexico's Agriculture Secretary Francisco Mayorga, the current rainy season was significantly better compared to last year although not quite enough to make up for last year's drought that affected most of the country. Since mid-September, major rainfall has stopped which may reduce corn production to lower levels than initially expected. Secretary Mayorga stated, "Although it is not significant damage, now we cannot expect to have a record corn harvest or reach the levels of 2008 when it reached nearly 24.2 MMT. We expected something similar but, unfortunately, we will not likely reach it." However, Secretary Mayorga stated that corn production will surpass the level seen in 2011 (18.6 MMT). "But it will not be an outstanding year as we expected, it will be just a good year." Official and industry contacts estimate that the 2012 corn spring/summer crop cycle, which is still under way, could reach 16.2 MMT.

Regarding the upcoming 2012/13 fall/winter crop cycle, official sources estimate a lower planted area than normal due to low water levels in reservoirs for irrigation purposes. Sowing is scheduled to begin in November and December. Recently, the Sinaloa Secretary of Agriculture Juan Guerra-Ochoa reported very low water levels in reservoirs throughout his state due to the prolonged drought. As a result, the corn planted area could be reduced by 40 percent this year in Sinaloa leading to a cultivated area of only 280,000 hectares (ha). In previous years, Sinaloa cultivated, on average, around 500,000 ha per year.

The Post/New corn production and harvested area estimates for MY 2011/12 have been revised upward, based on updated official data from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries, and Foodstuffs (SAGARPA). These statistics include the preliminary final results of the 2011/12 fall/winter crop cycle as well as the final figures for the 2011 spring/summer crop cycle. Market analysts have stated that results for the 2011/12 fall/winter crop cycle (MY 2011/12) were higher than previously estimated due to higher yields registered in Sinaloa (approximately 10.3 MT/ha).

Trade:

The Post/New total corn import estimate for MY 2012/13 has been revised upward from USDA/Official data to 12.2 MMT, based on official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA. Similarly, the Post/New export estimate for MY 2011/12 has been revised upward to 430,000 MT from USDA/Official figures in order to reflect final official data from SAGARPA and the SHCP. According to industry contacts, at the beginning of CY 2012 some groups of corn growers in Sinaloa and Jalisco decided not to participate in the governmental "Forward Contract Program". Reportedly, they were requesting higher farm prices than those offered under the program. Therefore, the main corn end users (i.e. corn flour and animal feed industry) relied on imported corn to cover their requirements, including imported white corn from South Africa. Afterwards, corn growers that sat on their supplies in hopes of getting better prices organized demonstrations in Sinaloa to complain of the lack of SAGARPA's support to commercialize their corn. As a result, the Government of Mexico (GOM) helped the corn growers ship their supplies overseas – mostly to Venezuela.

Post has heard from industry contacts that Mexico is considering importing yellow corn from Argentina. An official of the SAGARPA National Service of Food Safety and Quality (SENASICA) stated that Mexico is currently doing a risk analysis for corn from Argentina. The official stated that he expects the risk analysis to be completed during the first half of 2013. Also, SENASICA published the phyto-sanitary requirements to import yellow corn from Brazil in September of this year. The SENASICA official stated that the animal feed industry groups (CONAFAB, AMEPA, ANFACA, etc) requested that the GOM move to approve additional countries to export yellow corn to Mexico due to tight U.S. corn supplies. At this point, Mexico relies almost completely on yellow corn import from the United States.

Consumption:

The Post/New total corn consumption estimate for MY 2012/13 has been revised upward from USDA/Official data, based on new information from official and industry contacts. Similarly, the Post/New FSI consumption for MY 2011/12 has been revised upward from the USDA/Official estimate based on private data.

Stocks:

In comparison with the USDA/Official estimate, the Post/New ending stock estimate for MY 2012/13 is slightly lower at 88,000 MT, due to lower than previously estimate domestic production. The ending stocks estimate for MY 2011/12 was revised upward from USDA/Official estimate due to higher than previously estimate domestic production and a bump in imports.

Production, Supply and Demand Data Statistics:

Table 1. Mexico: Corn Production, Supply and Demand for MY 2010/11 to 2012/13

Corn Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,020	7,020	6,000	6,070	7,100	6,500
Beginning Stocks	1,389	1,389	1,412	1,412	912	1,899
Production	21,058	21,058	18,100	18,680	21,500	20,700
MY Imports	8,252	8,252	11,200	12,237	8,500	8,500
TY Imports	8,252	8,252	11,200	12,237	8,500	8,500
TY Imp. from U.S.	7,488	7,488	0	10,966	0	7,800

Total Supply	30,699	30,699	30,712	32,329	30,912	31,099
MY Exports	87	87	300	430	25	100
TY Exports	87	87	300	430	25	100
Feed and Residual	13,400	13,400	13,500	14,000	13,500	13,700
FSI Consumption	15,800	15,800	16,000	16,000	16,200	16,200
Total Consumption	29,200	29,200	29,500	30,000	29,700	29,900
Ending Stocks	1,412	1,412	912	1,899	1,187	1,099
Total Distribution	30,699	30,699	30,712	32,329	30,912	31,099
1000 HA, 1000 MT, MT/HA						

Sorghum

Production:

The Post/New sorghum production estimate for MY 2012/13 (October/September) has been revised downward to 6.4 MMT from the USDA/Official estimate based on updated official data from SAGARPA. Government contacts stated that total planted area for the 2012 spring/summer crop cycle were lower than initially forecast. In addition, yield levels also were lower than expected. However, the rainy season this year has been fairly normal in the main sorghum producing areas such as Guanajuato, Jalisco, Michoacan, Tamaulipas and Chihuahua which should help improve production levels compared to the previous year. The Post/New production estimate and harvested area for MY 2011/12 have been increased from USDA/Official based on updated official data from SAGARPA.

Trade:

The Post/New total sorghum import forecast for MY 2012/13 has been revised upward from USDA/Official data to 2.2 MMT, due to lower than previously estimated domestic sorghum production. Similarly, the Post/New import estimate for MY 2011/12 has been revised upward from USDA/Official estimate to 1.4 MMT, based on preliminary final official data from SAGARPA and the SHCP.

Consumption:

The Post/New total consumption estimate for MY 2011/12 has been revised downward from USDA/Official estimate based on information from industry contacts and import trends from the United States.

Stocks:

Post ending stocks estimate for MY 2012/13 has been revised slightly downward from USDA official data to 318,000 MT due to lower than previously estimated domestic production for this year. The ending stock estimate for MY 2011/12 has been increased from USDA/Official estimates, due to higher than previously estimated domestic production and imports.

Production, Supply and Demand Data Statistics:

Table 2. Mexico: Sorghum Production, Supply and Demand for MY 2010/11 to 2012/13

Sorghum Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,924	1,924	1,660	1,682	1,670	1,600

Beginning Stocks	413	413	779	779	229	418
Production	7,385	7,385	6,250	6,425	6,800	6,400
MY Imports	2,381	2,381	1,200	1,414	2,000	2,200
TY Imports	2,381	2,381	1,200	1,414	2,000	2,200
TY Imp. from U.S.	2,379	2,379	0	1,223	0	2,250
Total Supply	10,179	10,179	8,229	8,618	9,029	9,018
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	9,300	9,300	7,900	8,100	8,600	8,600
FSI Consumption	100	100	100	100	100	100
Total Consumption	9,400	9,400	8,000	8,200	8,700	8,700
Ending Stocks	779	779	229	418	329	318
Total Distribution	10,179	10,179	8,229	8,618	9,029	9,018
1000 HA, 1000 MT, MT/HA						

Dry Beans

Production;

The Post dry bean production estimate of 830,000 MT for MY 2012/13 (January to December) has been revised upward to 1.1 MMT, due to higher than expected harvested area and normal precipitation. The good rainfall provided much needed beneficial soil moisture to boost yields for the 2012 spring/summer crop cycle. According to official sources, several states (Zacatecas, Durango, Chihuahua, and San Luis Potosi) have registered higher yields than initially estimated (900 kg/ha compared to estimated 600 kg/ha). As a result, industry sources now estimate that the 2012 spring/summer crop cycle will produce approximately 850,000 MT of edible dry beans. In the previous crop cycle, Mexico harvested only 368,000 MT, due primarily to the severe drought. As usual, this spring/summer crop cycle will account for approximately 75 percent of total dry edible bean production whereas the remainder of the crop will come from the fall/winter cycle.

The production and harvested area figures for MY 2011/12 have been revised downward, reflecting the latest Mexican government data published by SAGARPA. For MY 2010/11, production and harvested area estimates remain unchanged.

As a result of this optimistic production forecast for the 2012 spring/summer crop, the governors of Zacatecas, Durango, Chihuahua, San Luis Potosi and Guanajuato recently banded together to ask the GOM to cancel the dry bean tariff rate quota (TRQ) authorized for 2012 (see 2012 GAIN report MX2003 "Mexico Looks to Increase Imports of Dry Beans and MX 2008 "Mexico Looks to Source More Beans"). Moreover, the governors requested that the GOM facilitate the commercialization of the domestic dry bean production and help ensure "fair" prices. However, it should be noted that as of September 30, 2012, Mexico had already imported nearly 200,000 MT of dry beans with the vast majority coming from the United States (73 percent). This is double the normal amount of bean imports seen in a normal year. With this level of imports and considering the optimistic expectation of harvest for the 2012 spring/summer, it is probable that bean imports for the rest of the year will drop significantly during the final few months of 2012. In addition the dry bean TRQ will only be valid until December 31, 2012.

Consumption:

Post revised dry bean consumption estimate upward to 1.15 MMT for MY 2012/13 based on industry estimates and assuming more affordable prices compared to the previous year.

Stocks:
The Post/New ending stocks estimate for MY 2011/12 has been revised sharply downward to 8,000 MT due to lower than previously estimated domestic production. Similarly, the ending stocks estimate for MY 2012/13 was revised upward as result of higher than originally forecast domestic production.

Production, Supply and Demand Data Statistics:

Table 3. Mexico: Dry Beans Production, Supply and Demand for MY 2010/11 to 2012/13

Dry Beans Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	1517	0	920	0	1560
Beginning Stocks	0	286	0	183	0	8
Production	0	963	0	626	0	110
MY Imports	0	115	0	134	0	220
TY Imports	0	115	0	134	0	220
TY Imp. from U.S.	0	107	0	126	0	190
Total Supply	0	1364	0	943	0	1328
MY Exports	0	29	0	35	0	20
TY Exports	0	29	0	35	0	20
Feed Consumption	0	0	0	0	0	0
FSI Consumption	0	1152	0	900	0	1150
Total Consumption	0	1152	0	900	0	1150
Ending Stocks	0	183	0	8	0	158
Total Distribution	0	1364	0	983	0	1328
1000 HA, 1000 MT, MT/HA						

Rice

Production:
The Post/New total rice production estimate for MY 2012/13 (October to September) has been revised downward from USDA/Official estimates to 186,000 MT (rough production) reflecting the most recent data from SAGARPA and industry contacts. The decrease in rough rice production is equivalent to 128,000 MT of milled rice. Essentially, rice output was decreased due to lower than expected planted area (8,000 ha). Similarly, production and harvested area estimates for MY 2011/2012 have been adjusted downward from USDA/Official estimates based on SAGARPA preliminary final information.

Trade:
Post's import estimate for MY 2012/13 has been increased to 830,000 MT from the USDA/Official estimate because of lower than previously estimated domestic production. Post's rice import estimate for MY 2011/12 has decreased to 640,000 MT from the USDA/Official estimate. These figures are based on final official data from SAGARPA and the SHCP.

According to official data from SAGARPA and the General Customs Directorate, Mexico is importing

long grain rice from Uruguay. Industry sources have stated that some U.S. rice hybrid varieties are having some quality problems which have diminished milling yields due to its higher broken index and bad appearance compared with the traditional non-hybrid varieties. During the first nine months of CY 2012, Mexico imported near 33,000 MT of long rice from Uruguay or 4.9 percent of the total imported (674,216 MT).

Stocks:
Post's ending stocks estimate for MY 2012/13 has been revised downward to 127,000 MT, due to lower than previously estimated import volumes. Also, Post's ending stocks estimate for MY 2011/12 was revised downward as a result of lower than originally estimated import volumes and production.

Production, Supply and Demand Data Statistics:

Table 4. Mexico: Rice Production, Supply and Demand for MY 2010/11 to 2012/13

Rice, Milled Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	39	39	35	31	45	37
Beginning Stocks	138	138	220	220	185	81
Milled Production	146	146	125	111	153	128
Rough Production	213	213	182	162	223	186
Milling Rate (.9999)	6,870	6,870	6,870	6,870	6,870	6,870
MY Imports	712	712	730	640	750	830
TY Imports	705	705	730	640	750	830
TY Imp. from U.S.	680	680	0	588	0	750
Total Supply	996	996	1,075	971	1,088	1,039
MY Exports	3	3	2	2	2	2
TY Exports	3	3	5	5	5	5
Consumption and Residual	773	773	888	888	910	910
Ending Stocks	220	220	185	81	176	127
Total Distribution	996	996	1,075	971	1,088	1,039
1000 HA, 1000 MT, MT/HA						

Wheat

Production:
Post's MY 2012/13 (July/June) wheat harvested area and production forecasts have been revised downward slightly from USDA/Official forecasts based on updated information from official GOM sources, which reflects lower than previously estimated planted area. SAGARPA informed that for the fall/winter 2011/12 crop cycle, the planted area in Guanajuato, Michoacan and Jalisco was lower than previously expected due irregular weather conditions.

Trade:
Post's wheat import and export estimates for MY 2011/12 have been revised upward from the USDA/Official estimate based on final data of the World Trade Atlas.

According to trade contacts, Mexico recently imported 90,000 MT of wheat from Russia to be used by the domestic wheat flour sector. Reportedly, these imports were unique due to the very attractive price conditions offered by the seller. One of the main traders in Mexico obtained the official phytosanitary permits to import Russian wheat some months ago. This company stated that when they decide to import wheat or any other commodity outside of traditional markets, it is usually solely based on incredibly attractive prices being offered by the sellers. Therefore, it is unclear if further wheat imports from Russia will take place in the future.

Stocks:

Post's ending stocks estimate for MY 2011/12 has been revised slightly upward to 479,000 MT, due to higher than previously estimated import volumes. Also, Post's ending stocks estimate for MY 2012/13 was revised downward as result of lower than originally forecast domestic production volume.

Production, Supply and Demand Data Statistics:

Table 5. Mexico: Wheat Production, Supply and Demand for MY 2010/11 to 2012/13

Wheat Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	679	679	662	662	610	584
Beginning Stocks	520	520	387	387	445	479
Production	3,676	3,676	3,628	3,628	3,300	3,255
MY Imports	3,462	3,462	5,020	5,105	4,000	4,200
TY Imports	3,462	3,462	5,020	5,105	4,000	4,200
TY Imp. from U.S.	2,939	2,939	3,901	3,971	0	3,450
Total Supply	7,658	7,658	9,035	9,120	7,745	7,934
MY Exports	821	821	790	791	800	600
TY Exports	821	821	790	791	800	600
Feed and Residual	750	750	1,700	1,750	500	500
FSI Consumption	5,700	5,700	6,100	6,100	6,100	6,300
Total Consumption	6,450	6,450	7,800	7,850	6,600	6,800
Ending Stocks	387	387	445	479	345	534
Total Distribution	7,658	7,658	9,035	9,120	7,745	7,934
1000 HA, 1000 MT, MT/HA						

For More Information:

FAS/Mexico Web Site: We are available at www.mexico-usda.com 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
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MX2008	Mexico Looks to Sources More Dry Beans	02/13/2012

MX2003	Mexico Looks to Increase Imports of Dry Beans	01/18/2012
MX1101	December Grain and Feed Update	12/22/2011
MX1095	Rice Production Forecast Lower	12/12/2011

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx , equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.