Required Report - public distribution

Date: 7/17/2019
GAIN Report Number: MX9024

Mexico

Grain and Feed Update

Higher than Expected Corn Production While Rice Imports Lower

Approved By:
Karisha Kuypers

Prepared By:
Benjamin Juarez

Report Highlights:
The MY 2018/19 corn production estimate is revised upward due to higher harvested area while sorghum production is lower than previously estimated based on decreased plantings and adverse weather conditions in the fall/winter crop cycle. Wheat estimates are unchanged.

EXECUTIVE SUMMARY

MY 2018/19 corn production forecast is revised slightly higher due to more complete data from the Secretariat of Agriculture and Rural Development (SADER). Higher than expected harvested area and favorable weather conditions drove the increase. The sorghum production estimate for MY 2018/19 has been reduced approximately 5.3 percent, as a result of lower than expected harvested area and adverse weather conditions during the fall/winter crop cycle.

The import estimate for rice for MY2018/19 is revised downward to 780,000 MT, reflecting official SADER data for the first eight months of the marketing year. Additionally, rice exports are forecast lower based on official data and private sources. There are no changes to the existing wheat estimates.

CORN

Table 1: Mexico, Corn Production, Supply, and Demand for MY 2016/17 to MY 2018/19

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	7100	7200	7300	7300
Beginning Stocks	5409	5409	5649	5649	5149	4999
Production	27569	27569	26700	26850	27000	27000
MY Imports	16129	16129	17500	17200	18500	18500
TY Imports	16129	16129	17500	17200	18500	18500
TY Imp. from U.S.	15525	15525	0	0	0	0
Total Supply	49107	49107	49849	49699	50649	50499
MY Exports	958	958	800	600	1500	1500
TY Exports	958	958	800	600	1500	1500
Feed and Residual	24300	24300	25700	25900	27000	27000
FSI Consumption	18200	18200	18200	18200	18500	18500
Total Consumption	42500	42500	43900	44100	45500	45500
Ending Stocks	5649	5649	5149	4999	3649	3499
Total Distribution	49107	49107	49849	49699	50649	50499
Yield	3.7652	3.7652	3.7606	3.7292	3.6986	3.6986
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Post's total corn production estimate for MY2018/19 (October to September) is revised upward to 26.85 million metric tons (MMT), on more complete data from SADER. Corn output increased due to higher than expected harvested area and favorable weather conditions. In the case of the 2018/19 fall/winter crop, growers and governmental sources estimate that yields per hectare benefited from favorable weather conditions, including increased precipitation and irrigation supplies in the states of Sinaloa and Sonora. It is also important to note that Sinaloa farmers planted 488,500 hectares (ha) of corn in the 2018/19 fall /winter crop cycle, approximately eight percent higher than initial planting intentions. Similarly, producers in Sonora planted 58,000 ha of corn, more than double initial estimates. According to private sources, the average yield in those states is estimated at 11 MT/ha, but there were cases of farmers obtaining more than 12 ha/MT. The states of Sinaloa, Sonora, and Chiapas are the principal

corn areas in the country, accounting for the majority of total national output in the fall/winter crop. The Post total production estimate for the MY 2019/20 remains unchanged.

Consumption

The MY 2018/19 total corn consumption estimate is increased slightly to
44.1 MMT. The increase reflects for higher feed use and a shift from consumption of sorghum to corn due to lower domestic sorghum production than previously estimated (see Sorghum Production Section).

Trade

The import estimate for MY 2018/19 is revised downward to 17.2 MMT based on expectations of higher than estimated growth in domestic corn production. Export estimates for MY 2018/19 are revised downward to 600,000 MT based on data from private sources and SADER for the first eight months of this marketing year. According to trade sources, Mexico exported white corn to Venezuela in the last few years but these exports declined substantially in the current marketing year due to that country's recent political instability. Based on official data, in the first five months of the CY 2019 Mexican exports of white corn to Venezuela declined approximately 36 percent compared to the same period a year earlier.

Stocks

The MY 2018/19 ending stock estimate is revised downward to reflect higher consumption than previously estimated. This is reflected in the downward adjustment to MY2019/20 carry over as well.

SORGHUM

Table 2: Mexico, Sorghum Production, Supply, and Demand for MY 2016/17 to MY 2018/19

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	1300	1500	1500
Beginning Stocks	172	172	113	113	213	163
Production	4545	4545	4700	4450	5000	5000
MY Imports	98	98	500	500	400	400
TY Imports	98	98	500	500	400	400
TY Imp. from U.S.	98	98	0	0	0	0
Total Supply	4815	4815	5313	5063	5613	5563
MY Exports	2	2	0	0	0	0
TY Exports	2	1	0	0	0	0
Feed and Residual	4600	4600	5000	4800	5100	5100
FSI Consumption	100	100	100	100	100	100
Total Consumption	4700	4700	5100	4900	5200	5200
Ending Stocks	113	113	213	163	413	363
Total Distribution	4815	4815	5313	5063	5613	5563
Yield	3.3667	3.3667	3.4815	3.4231	3.3333	3.3333
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

The sorghum production estimate for MY 2018/19 (Oct-Sep) is revised downward to 4.45 MMT due to decreased plantings and adverse weather conditions during the fall/winter crop cycle (harvested in summer). According to private and official sources, several weather factors had negative impacts on the 2018/19 fall winter crop in Tamaulipas. These included a lack of rain at the critical stage of the crop development, a heat wave during the grain filling stage, and a hail storm in mid-May.

These factors adversely impacted estimated yields. Official sources now estimate that the Tamaulipas 2018/19 fall/winter crop cycle will produce approximately 1.6 MMT of sorghum, compared to 1.8 MMT produced the same crop cycle a year earlier. Tamaulipas is the main producing state for this crop cycle and livestock and poultry producers in areas like the Mexican Bajio (i.e. Jalisco, Michoacán and Queretaro) depend upon it for feed.

Consumption

The sorghum consumption estimate for MY 2018/19 is lowered to 4.8 MMT based on information obtained from SADER and industry contacts. According to the industry, lower than expected domestic production and the resulting higher domestic sorghum prices may lower feed sorghum demand. In the last few years, the feed industry favored corn over sorghum due to lower relative prices that were a result of higher than expected domestic corn production as well as lower international corn prices.

Stocks

The ending stocks estimate for MY 2018/19 is reduced (163,000 MT) as a result of lower than previously estimated domestic production, which is reflected in the reduction on MY2019/20 carry over as well.

RICE

Table 3: Mexico, Rice Production, Supply, and Demand for MY 2016/17 to MY 2018/19

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	45
Beginning Stocks	172	172	196	197	221	242
Milled Production	183	184	190	190	200	200
Rough Production	266	268	277	277	291	291
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	813	813	815	780	785	785
TY Imports	776	776	815	780	785	785
TY Imp. from U.S.	549	549	0	0	0	0
Total Supply	1168	1169	1201	1167	1206	1227
MY Exports	102	102	90	35	100	20
TY Exports	109	109	90	35	100	20
Consumption and Residual	870	870	890	890	905	905

Ending Stocks	196	197	221	242	201	302
Total Distribution	1168	1169	1201	1167	1206	1227
Yield (Rough)	6.4878	6.5366	6.4419	6.4419	6.4667	6.4667
(1000 HA) ,(1000 MT) ,(MT/HA)						

Trade

The import estimate for MY2018/19 is revised downward to 780,000 MT based on official data from SADER for the first eight months of this marketing year. Similarly, the rice export estimate is reduced based on official and private sources data. These sources state that Mexico exported milled packaged rice as part of a basket of basic food products in the last few marketing years.

Although industry members expect this trade to continue in the current marketing year, official import figures for the first five months of the CY 2019 show that exports declined, likely because of political instability in Venezuela. Milled rice exports to Venezuela typically come from imports of rough rice from the United States that are then milled in Mexico, as there is little or no domestic long grain rice production. The export estimate is revised downward to 20,000 MT as exports are expected to continue to decline in MY 2019/20.

Stocks

The ending stocks estimate for MY 2018/19 and MY 2019/20 is revised upward to 242,000 MT and 302,000 MT, respectively, due to lower than estimated exports for both years.

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
MX9012	Modest Growth Expected for Grain Production and Imports	3/12/2019
MX9008	Corn Production Lower than Expected, Rice Higher	2/21/2019
MX9002	Mexico Announces New “Production for Wellbeing” Support Program	2/7/2019
MX8047	Rice and Sorghum Production Revised Downward as Lower Sorghum Imports Expected	9/17/2018
MX8024	Lower Wheat and Rice Crops, Average Sorghum Trade Expected	5/25/2018
MX8010	Slight Changes in Production as Grain Imports Continue Upward Trend	3/7/218
MX8002	Corn, rice, and Sorghum Estimates Increased Slightly	1/18/2018