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Date: 7/31/2014
GAIN Report Number:MX4059

Mexico

Post : Mexico City

Grain and Feed Update

Grain and Feed July Update

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Report Highlights:
The marketing year (MY) 2014/15 corn production forecast has been revised slightly downward to 22.3 MMT mainly due to lower planted area, while for MY 2013/14 corn production is revised slightly upward based on revised official government data. MY 2013/14 corn imports have been revised downward to 10.7 MMT. The Government of Mexico (GOM) continues to promote its plan to shift part of Mexico's white corn production to yellow corn production through supports to its corn growers.

CORN

Production:
The forecast production for MY 2014/15 (October to September) has been revised slightly downward to 22.3 million metric tons (MMT) from USDA/Official estimates due to lower planted area. Moreover, official sources stated that for the 2014/15 fall/winter season, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) will strongly encourage conversion schemes (i.e. government supports) to entice corn growers to plant more yellow corn instead of white corn.

In the case of Sinaloa for example, Mexico's leading corn producing state, if more yellow corn is planted it is expected yields could be slightly lower than the traditional white corn average of approximately 10 metric tons per hectare (MT/Ha). Reportedly, yellow corn yields are lower than white corn yields in Sinaloa due to lack of quality yellow corn seed as well as distinctive climate conditions for that particular region.

For the 2014 spring/summer crop cycle, corn production expectations continue to be on the optimistic side. In several states, official sources noted good rainfall amounts have been recorded on non-irrigated land and with a continued favorable weather outlook it is expected corn pollination will progress just fine. Also noteworthy, in the states of Michoacán, Queretaro and Aguascalientes, sources indicated that despite some unusually heavy rains and hail registered in recent weeks they are still expecting this crop to produce good yields.

The Post/New corn production and harvested area estimates for MY 2013/14 have been revised upward, based on updated official data from SAGARPA. These statistics include the preliminary final results of the 2013/14 fall/winter crop cycle as well as the final figures for the 2013 spring/summer crop cycle. Market analysts have stated that results for the 2013/14 fall/winter crop cycle (MY 2013/14) have been better than previously estimated due to higher yields registered in Sinaloa, reflecting favorable weather conditions and higher planted area. As of May 31, 2014, Sinaloa had produced 1.595 MMT of corn, or 30 percent higher than the level obtained last year at the same date. As a result, it is expected total domestic corn production will reach 4.8 MMT in the 2013/14 fall/winter crop cycle, against 4.2 MMT initially estimated.

Trade:
The Post/New total corn import estimate for MY 2013/14 has been revised downward from USDA/Official data to 10.7 MMT, based on official data from the General Customs Directorate of the Secretariat of Finance (SHCP) and SAGARPA for the first eight months of this marketing year. The revised data reflects the impact of higher than previously estimated domestic production. Similarly, in comparison with the USDA/Official estimate, the Post/New export estimate for MY 2013/14 has been decreased to 400,000 MT in order to reflect official data from SAGARPA and the SHCP, for the first eight months of this marketing year.

Stocks:
The Post/New ending stocks estimate for MY 2014/15 is less than the USDA/Official estimate (2.21 MMT) as a result of lower than expected production. Similarly, the Post/New ending stocks estimate for MY 2013/14 has been revised downward to 2.26 MMT from USDA/Official estimate, due to lower than previously expected imports. The ending stocks estimate was reflected in the carry over for the MY 2014/15 which was also adjusted downward.

Production, Supply and Demand Data Statistics:
Table 1: Mexico, Corn Production, Supply and Demand for MY2012/13 to MY2014/15

Corn Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6,896	6,896	6,830	6,900	6,900	6,700
Beginning Stocks	1,316	1,316	1,061	1,061	2,461	2,261
Production	21,591	21,591	21,900	22,400	22,500	22,300
MY Imports	5,676	5,676	11,500	10,700	10,900	10,900
TY Imports	5,676	5,676	11,500	10,700	10,900	10,900
TY Imp. from U.S.	4,875	4,875	0	10,600	0	10,500
Total Supply	28,583	28,583	34,461	34,161	35,861	35,461
MY Exports	522	522	500	400	500	500
TY Exports	522	522	500	400	500	500
Feed and Residual	11,000	11,000	15,000	15,000	16,000	16,000
FSI Consumption	16,000	16,000	16,500	16,500	16,750	16,750
Total Consumption	27,000	27,000	31,500	31,500	32,750	32,750
Ending Stocks	1,061	1,061	2,461	2,261	2,611	2,211
Total Distribution	28,583	28,583	34,461	34,161	35,861	35,461
1000 HA, 1000 MT, MT/HA						

WHEAT
Production:
The Post/New total wheat production and area harvested estimates for MY2013/14 (July to June) have been revised slightly upward from USDA/Official estimates reflecting the updated official data from SAGARPA. Official sources stated that despite a unseasonably warm December and January in the northwest states of Mexico, yields were not adversely affected, mainly because many growers planted a crystalline wheat seed variety (i.e. durum), called "Cirno" that has resulted in good yields.

Trade:
The Post/New wheat import estimate for MY2013/14 has been revised slightly upward from the USDA/Official estimate to 4.55 MMT based on preliminary official data that covered the first 11 months of the marketing year from SAGARPA and SHCP.

Consumption:
The Post/New total wheat feed and residual consumption estimate for MY2013/14 has been revised upward from the USDA/Official estimate reflecting the most recent data from SAGARPA. Market analysts stated that farmers in the northwest region of Mexico, who traditionally use part of their crop for animal feed, have slightly increased their wheat feed use in this marketing year, due to the marginally higher availability of the crop in states such as Sonora. Wheat growers in Sonora expect

production to reach approximately 2.12 MMT in the 2013/14 fall/winter crop cycle, which is slightly higher than that obtained in the same crop cycle a year early.

Stocks:
Post's ending stock estimate for MY 2013/14 is higher than the USDA/Official estimate (555,000 MT) as a result of higher-than-expected imports. It was reflected in the carry over for the MY 2014/15 which was also adjusted upward.

Production, Supply and Demand Data Statistics:
Table 2: Mexico, Wheat Production, Supply and Demand for MY2012/13 to MY2014/15

Wheat Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	579	579	637	638	700	685
Beginning Stocks	575	575	278	278	550	555
Production	3,231	3,231	3,372	3,377	3,870	3,815
MY Imports	3,826	3,826	4,500	4,550	3,700	3,700
TY Imports	3,826	3,826	4,500	4,550	3,700	3,700
TY Imp. from U.S.	3,014	3,014	0	3,095	0	2,600
Total Supply	7,632	7,632	8,150	8,205	8,120	8,070
MY Exports	729	729	1,000	1,000	1,000	1,000
TY Exports	729	729	1,000	1,000	1,000	1,000
Feed and Residual	425	425	300	350	200	200
FSI Consumption	6,200	6,200	6,300	6,300	6,400	6,450
Total Consumption	6,625	6,625	6,600	6,650	6,600	6,650
Ending Stocks	278	278	550	555	520	420
Total Distribution	7,632	7,632	8,150	8,205	8,120	8,070
1000 HA, 1000 MT, MT/HA						

SORGHUM
Production:
The Post/New total sorghum production and harvested area estimates for MY 2013/14 have been revised downward and upward, respectively, based on updated official data. These statistics include the final result of the 2013 spring/summer crop cycle as well as from available information as of May 31, 2014, for the 2013/14 fall/winter crop cycle.

Sorghum production in the 2013/14 fall/winter crop cycle was strong in Tamaulipas, the main sorghum producing state. Sorghum growers in this state expect production to reach above 2.5 MMT in the 2013/14 fall/winter crop cycle, against 1.5 MMT obtained in the same crop cycle last year, due to favorable weather conditions. This production will be harvested from 760,000 hectares. According to SAGARPA officials, approximately 2.14 MMT of the sorghum crop in Tamaulipas has been hedged through the "Forward Contract Program" in the 2013/14 fall/winter crop cycle. These sources stated that more than 20,000 sorghum growers from the municipalities of Matamaros, Valle Hermoso, San Fernando, Rio, Reynosa, and Diaz Ordaz have signed forward contracts valued at U.S. $ 185 per MT.

Trade:
The Post/New sorghum import estimate for MY2013/14 has been revised upward from USDA/Official estimate to 280,000 MT based on private traders information and preliminary official data from

SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP) covering the first eight months of the marketing year.

Stocks:
Ending stocks for MY2013/14 have been revised downward to 231,000 MT from the USDA/Official estimate, due to slightly lower production than previously estimated. The ending stocks estimate was reflected in the carry over for the MY 2014/15 which was also adjusted downward.

Production, Supply and Demand Data Statistics:
Table 3: Mexico, Sorghum Production, Supply and Demand for MY2012/13 to MY2014/15

Sorghum Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,644	1,644	1,900	1,980	1,830	1,830
Beginning Stocks	418	418	281	281	281	231
Production	6,174	6,174	7,300	7,170	7,000	7,000
MY Imports	1,789	1,789	200	280	300	300
TY Imports	1,789	1,789	200	280	300	0
TY Imp. from U.S.	1,360	1,360	0	280	0	0
Total Supply	8,381	8,381	7,781	7,731	7,581	7,531
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	8,000	8,000	7,400	7,400	7,200	7,200
FSI Consumption	100	100	100	100	100	100
Total Consumption	8,100	8,100	7,500	7,500	7,300	7,300
Ending Stocks	281	281	281	231	281	231
Total Distribution	8,381	8,381	7,781	7,731	7,581	7,531
1000 HA, 1000 MT, MT/HA						

RICE
Production:
The Post/New total rice production estimate for MY 2014/15 (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 sources. The decreased rough production is equivalent to 128,000 MT of milled rice. Essentially, rice output was decreased due to lower than expected planted area. Due to revised SAGARPA data, Post/New estimates for rice production and harvested area for MY 2013/14 were adjusted downward and upward, respectively.

Trade:
In comparison with the USDA/Official estimate, the Post/New import estimate for MY 2013/14 was lowered to 725,000 MT, in order to reflect available information from SAGARPA and SHCP for the eight first months of this marketing year.

Stocks:
The MY 2013/14 Post/New ending stocks estimate was revised lower from the USDA/Official estimate to 183,000 MT due to lower than previously expected import volumes and domestic production. It was reflected in the carry over for the MY 2014/15 which was also adjusted downward.

Production, Supply and Demand Data Statistics:
Table 4: Mexico, Rice Production, Supply and Demand for MY2012/13 to MY2014/15

Rice, Milled Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	35	35	32	35	33	32
Beginning Stocks	152	152	189	189	210	183
Milled Production	131	131	133	131	133	128
Rough Production	191	191	194	191	194	186
Milling Rate (.9999)	6,870	6,870	6,870	6,870	6,870	6,870
MY Imports	743	743	750	725	775	775
TY Imports	746	746	750	765	775	775
TY Imp. from U.S.	655	655	0	626	0	630
Total Supply	1,026	1,026	1,072	1,045	1,118	1,086
MY Exports	2	2	2	2	3	3
TY Exports	2	2	2	2	5	3
Consumption and Residual	835	835	860	860	890	890
Ending Stocks	189	189	210	183	225	193
Total Distribution	1,026	1,026	1,072	1,045	1,118	1,086
1000 HA, 1000 MT, MT/HA						

DRY BEANS
Production:
The dry bean production estimate for MY 2014/15 (January-December) has been revised upward. The main reasons for this change was above-normal precipitation, which provided enough soil moisture in the current 2014 spring/summer crop cycle to maintain good yields. As a result, official sources estimate that this crop cycle could produce approximately 900,000 MT of edible dry beans cultivated on 1.48 million hectares. In the previous crop, Mexico harvested 1.04 MMT. Industry sources stated that the main factor for the decrease in the planted area for the previous crop was the relatively lower producer prices. This 2014 spring/summer crop cycle is expected to account for approximately 77 percent of total dry edible bean production, with the remainder coming from the fall/winter crop cycle. Weather continues be the predominant crop factor given that over 75 percent of Mexico's bean producing area is rain-fed.

The Post/New MY 2013/14 production and harvested area estimates were both revised up. This change reflects the most recent data from SAGARPA, which includes the final figures for the 2013 spring/summer crop cycle and an update estimate for the 2013/14 fall/winter crop, as of May 31, 2014.

As a result of low farmer gate prices, SAGARPA through its paying agency ASERCA, has continued to support its dry bean trading assistance scheme (see 2014 GAIN Report MX4020 "2014 Grain and Feed Annual"). For example, on June 13, 2014, SAGARPA announced details to support dry bean trading in Sinaloa and Nayarit. Among the main characteristics of this Assistance Scheme are the following:

- The Program will support up to 100,000 MT of dry beans for the 2013/14 fall/winter crop cycle. The breakdown of this support is as follows:
  - 30,000 MT of dry beans of the black, clear and pinto varieties in Nayarit,
  - 50,000 MT in Sinaloa of the "Azufrado" variety (known in the U.S. as Peruvian/Mayacoba beans) and up to 10,000 MT of pinto beans.

- For black, clear and pinto beans in Nayarit, ASERCA will implement a scheme of direct grower support of 1,500 pesos per metric ton (U.S.$113/MT).
- While in Sinaloa, ASERCA will grant a support of 1,500 pesos/MT for the pinto variety and 2,000 pesos/MT (U.S.$150.50/MT) for the "Azufrado" variety.

Trade:
The import estimate for MY 2014/15 has been revised downward based on the data from SAGARPA and SHCP for first five months of CY 2014, which reflects higher-than-previously estimated domestic production. Similarly, the Post/New dry bean export estimate for MY2014/15 has been revised upward from our previous estimate to 90,000 MT, based on private traders' information and preliminary official data from SAGARPA and SHCP covering the first five months of the CY 2014. Industry sources stated that as result of the oversupply registered in MY2013/14, state governments of Durango and Zacatecas, along with the Agency of Marketing Services and Development of Agricultural Markets (ASERCA), have supported dry bean growers to export their production to countries like: Venezuela, Brazil and even the U.S. (Texas, Arizona, Nevada and California). At the same time, in June 20, 2014, the Mexican Government published in Mexico's Federal Register an announcement suspending the established mechanism to allow for the importation of dry beans under the tariff rate quota system for the year 2014 (see 2014 GAIN report MX4052 "Mexico Announces Suspension of TRQ for Dry Beans"). It should be noted that this announcement does not affect NAFTA countries. Consequently, Mexican importers may continue to import duty free dry bean from the United States.

Stocks:
The ending stocks estimate for MY 2014/15 has been increased to 319,000 MT because of higher than expected domestic production. Also, for MY 2013/14, ending stocks have revised upward due to higher than previously expected production.

Production, Supply and Demand Data Statistics:

Table 5: Mexico, Dry Beans Production, Supply and Demand for MY2012/13 to MY2014/15

Dry Beans Mexico	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	1559	0	1798	0	1600
Beginning Stocks	0	8	0	137	0	366
Production	0	1063	0	1340	0	1200
MY Imports	0	232	0	133	0	70
TY Imports	0	232	0	133	0	70
TY Imp. from U.S.	0	172	0	117	0	65
Total Supply	0	1303	0	1610	0	1636
MY Exports	0	16	0	31	0	90
TY Exports	0	16	0	31	0	90
Feed and Residual	0	0	0	0	0	0
FSI Consumption	0	1150	0	1213	0	1227
Total Consumption	0	1150	0	1213	0	1227
Ending Stocks	0	137	0	366	0	319
Total Distribution	0	1303	0	1610	0	1636
1000 HA, 1000 MT, MT/HA						

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Other Relevant Reports Submitted by FAS/Mexico

Report Number	Title of Report	Date Submitted
MX4020	2014 Grain and Feed Annual	03/14/2014
MX4009	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014
MX3078	Extreme Weather conditions Bring Mixed Result to Mexico's Grain Production	10/31/2013
MX3024	Favorable Growing Conditions for Higher Corn, Wheat, and Dry Beans Forecast, Sorghum Mixed, Rice Down	3/15/2013
MX3010	Grain Production Up Due to Good Weather Conditions	01/29/2013
MX2073	Grain and Feed Annual Report Update Mexico	10/26/2012
MX2054	Favorable Growing Conditions Higher Corn, Sorghum and Rice Forecast	07/30/2012

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.