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Grain and Feed

Agriculture in the Economy

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Report Highlights:
The MY 2009/10 corn production estimate has been revised downward 1.35 percent as a result of the drought, lower yields and lower-than-previously estimated planted area. The MY 2009/10 import estimate for corn has increased to 9.8 million metric tons (MMT). The projected corn consumption for MY 2009/10 remains unchanged while the MY 2009/10 estimated ending stocks were revised downward, due to lower-than-previously estimated domestic production. At this time, there are no other changes to any other commodity.

General Information:

Production:
The projected corn production for MY 2009/10 has been lowered 1.35 percent to 22 MMT based on the most recent data issued by Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA). Official sources recently concluded inspecting several corn producing states to determine the areas that were negatively affected by this past year's drought (please See GAIN Report MX9082). According to preliminary official information, the total area damaged for the 2009 spring/summer corn crop cycle is estimated at 1.4 million hectares, compared to 632,000 hectares registered during the crop cycle last year. The Mexican states most affected are: Aguascalientes, Puebla, Queretaro and San Luis Potosi. As of November 2009, harvested area for the 2009 spring /summer crop cycle was down approximately 22.4 percent compared to a year earlier. San Luis Potosi is down 71.9 percent, Puebla is down 42.9 percent, the State of Mexico decreased 34.5 percent and Guanajuato has 30.9 percent less harvested area. The reason for such a decline in harvested area was the extremely dry weather that impeded proper growing areas approximately 40-50 days after that the crop was planted, especially in Puebla and Aguascalientes.

July was a critical month for rainfall but only 101 mm of total rain was measured during that time and this created a huge problem for farmers; the historical average is 139.5 mm. Although several weeks later many of these areas received sufficient rain, yields were already at a critical low. Likewise other states waited to plant several weeks later than the traditional planting dates because of a lack of rainfall. This has caused serious delays in the current harvest season. Furthermore, a number of farmers stopped harvesting portions of their land because of severe weather drastically reducing yields. The MY 2008/09 harvested area and production estimates were revised downward reflecting official data issued by SAGARPA.

Consumption:
The projected corn consumption for MY 2009/10 remains unchanged. Private and government sources continue to expect a bearish demand for feed consumption due to the weakening demand for poultry, pork and beef in Mexico, which is mainly due to reduced consumer purchasing power.

Trade:
The MY 2009/10 import forecast for corn increased from our previous projection to 9.8 MMT. This outlook is based on expectations of a contraction in domestic production.

Stocks:
The MY 2009/10 estimated ending stocks were revised downward, due to lower-than-previously estimated domestic production. Similarly, the ending stocks estimate for MY 2008/09 was revised downward as a result of lower-than-originally estimated production.

Production, Supply and Demand Data Statistics :

Corn Mexico (1000 HA) (1000 MT) (MT/HA)	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	USDA Official Data	Old Post	USDA Official Data	Old Post	USDA Official Data	Jan

			Data			Data			Data
Area Harvested	7,330	7,330	7,330	7,450	7,320	7,318	7,300	6,400	6,300
Beginning Stocks	3,084	3,084	3,084	4,131	4,082	4,082	3,831	3,438	3,434
Production	23,600	23,600	23,600	25,000	24,230	24,226	22,500	22,300	22,000
MY Imports	9,556	9,499	9,499	7,700	7,679	7,679	9,000	9,700	9,800
TY Imports	9,556	9,499	9,499	7,700	7,679	7,679	9,000	9,700	9,800
TY Imp. from U.S.	9,532	9,499	9,499	7,725	7,679	7,679	0	9,700	9,800
Total Supply	36,240	36,183	36,183	36,831	35,991	35,987	35,331	35,438	35,234
MY Exports	109	101	101	100	153	153	50	50	50
TY Exports	109	101	101	100	153	153	50	0	50
Feed Consumption	16,200	16,200	16,200	16,900	16,400	16,400	16,500	16,000	16,000
FSI Consumption	15,800	15,800	15,800	16,000	16,000	16,000	16,200	16,200	16,200
Total Consumption	32,000	32,000	32,000	32,900	32,400	32,400	32,700	32,200	32,200
Ending Stocks	4,131	4,082	4,082	3,831	3,438	3,434	2,581	3,188	2,984
Total Distribution	36,240	36,183	36,183	36,831	35,991	35,987	35,331	35,438	35,234
Yield	3.	3.	3.2196	3.	3.	3.3105	3.	3.	3.4921
TS=TD			0			0			0