Required Report - public distribution

Date: 3/17/2011
GAIN Report Number: MX1021

Mexico

Livestock and Products Semi-annual

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Report Highlights:
2011 Forecast: Although cattle production is bolstered by strong prices, higher production costs due to elevated grain prices will reduce the amount of time cattle will be on feed. Cattle exports are revised upward on stronger than expected U.S. demand and prices. Beef and pork production forecasts are virtually unchanged; imports are revised lower on weaker red meat consumption and robust meat prices. Beef exports are revised higher due to improved foreign market access, primarily in Asia.

Note: Data included in this report are not official USDA data. Official USDA data are available at http://www.fas.usda.gov/psdonlineonline

Commodities:

Animal Numbers, Cattle

Animal Numbers, Swine

Meat, Beef and Veal

Meat, Swine

Author Defined:

Cattle

The production (calf crop) forecast is revised slightly upward (25,000 head) as last fall's higher than expected export prices caused a greater than anticipated response by cow-calf operators. Government support programs, better herd management and strong prices result in slight upward revisions of both the 2010 and 2011 dairy and beef beginning stocks.

Due to a deficiency of calves within the United States, comparatively higher export prices will generate slightly greater live cattle exports which are now expected to slightly exceed 2010 levels.

Beef and Veal

Despite better than expected recession recovery and stronger consumer demand year to year, the 2011 production forecast is unchanged. The 2010 production is revised 20,000 MT CWE upward as a result of heavier slaughter weights due to greater number of animals slaughtered within TIF establishments (Federal Inspected slaughtering establishments). The Government of Mexico (GOM) requires higher slaughter weights for TIF establishments and provides financial support to encourage its use as opposed to state or local facilities. Slaughter weights will continue to be constrained as higher grain prices will spur shorter time on feed.

As demonstrated in the past year, beef consumption will continue to be hindered by stronger prices despite better than expected recession recovery and robust consumer demand. The consumption estimate is lowered by 78,000 MT CWE (approximately 4 percent). This downward revision in demand, partnered with higher production, is expected to continue to depress imports. The 2011 forecast is revised downward 30,000 MT CWE.

Greater than anticipated Asian market access supports an increase in the 2011 export estimate by 48,000 MT CWE (67 percent). For example, Japan recently agreed to raise the tariff rate quotas (TRQs) for Mexican beef from 6,000 MT CWE to 15,000 MT CWE.

Swine
Lower demand and higher logistics costs for importing live swine will result in lower than expected imports for 2011, the estimate is revised downward 4,000 head (33 percent). Imports for 2010 are revised downward according to official data.

Pork
Pork production forecast is virtually unchanged despite a downward revision in the slaughter forecast. Production continues to be hindered by higher than expected prices generated a downward revision (1.3 percent) in consumption. Similarly robust prices are also expected to depress imports which are revised lower to the 2010 level. The pork export forecast for 2011 is unchanged. Although only a small part of production is exported, Mexico is gaining more market access to foreign markets primarily in Asia.

According to industry sources approximately 45 percent of total swine slaughtered in Mexico is slaughtered in TIF facilities. For 2011, the Mexican government will continue the support at the same levels as in 2010 (100 pesos [1] per head, only 5,000 head per producer) for slaughtering in a TIF.

Feed Grain Demand

According to industry contacts, the livestock sector is using more risk management tools to mitigate the impact of higher grain prices. The primary tool used by producers is the government's program entitled "*Agricultura por Contrato"* ("Forward Contract Program", APC per its acronyms in Spanish). However, due to frost damage in northern Mexican grain lands, it is estimated that part of the contracts (corn and sorghum) signed under the auspices of APC may not be totally fulfilled, forcing producers to buy grains at the current market prices (see GAIN report MX1012).

APC is a GOM program whose main objective is to provide government support to protect grain producers, buyers and traders from adverse international price changes, by diminishing their exposure to risk through the purchase of options on the Chicago Mercantile Exchange (CME). (For more information about the Forward Contract Program see reports MX2037, MX3028, MX5022, and MX8075).

Cattle
According to some producer contacts, about 70 percent of the total demand for feed grains is currently covered using risk management tools, mitigating the impact of high grain prices. Nevertheless, feedlots are working with the government to ensure the supply of the grains for the second half of the year; however, it is expected that more feed grain demand will be covered with imports. Consequently, the government has offered only to cover a part of the additional costs for imported grains resulting in higher feeding costs for the second half of the year. Thus, feedlots will demand older and heavier weighted animals from cow-calf operators at a lower price per kilogram, and will reduce the amount of time cattle is on feed to reduce the affects of higher grain prices. This may result in cow-calf operators exporting more calves.

Swine

Although sorghum is commonly used in the Mexican pork industry, during 2011 it will be the most important grain for feeding swine. However, only a small percentage of the feed demand for the pork sector is protected against price volatility. Consequently, since grains represent 60 percent of swine production costs, an increase in these costs will occur during the second quarter of 2011.

Policy:

New HRZ system

On December 13, 2010, SENASICA launched a new on-line system for sanitary import requirements (HRZ by its acronym in Spanish). This web-site allows importers and exporters to review Mexican import requirements on line (HRZ system) prior to exporting. Furthermore, the system removed the need to obtain the HRZ in person at a SENASICA office and present it with the exported shipment. Since this new system was announced (October 13, 2010), SENASICA continues its efforts to reduce the number of HRZs for all imported products. USDA-Mexico is working very closely with SENASICA to maintain the flow of trade without disruptions. At this time, it is unclear how this new system will affect the trade in meat and meat products. (More information can be found in GAIN report MX0090)

Anti-dumping investigation of U.S. chicken leg quarters (CLQs)

On February 8, 2011, the Secretariat of Economy (SE) published in the *Diario Oficial* (Mexican Federal Register) a notice announcing an anti-dumping investigation of U.S. fresh, chilled or frozen CLQs (HS # 0207.13.03 and 0207.14.04) exported to Mexico. The reference period is from January 1, 2007, until September 30, 2010, with the investigation focusing on the period from October 1, 2009, through September 30, 2010. The petitioners claim U.S. export chicken prices are below the U.S. cost of production. Since this investigation was initiated without preliminary import duties, the significance of the antidumping case is not yet known. For further information consult GAIN report MX1009.

Marketing:

The Agricultural Trade Offices (ATO) in Mexico will participate in the following trade shows to promote U.S. exports: Alimentaria Show (31 May-2 June), Expohotel 2011 (15-17 June) and ABASTUR 2011 (20-22 Sep). For further information direct your questions to:

U.S. Agricultural Trade Office (ATO)
Liverpool # 31 06000 Mexico City
Ph. (52-55) 5140-2614, 5140-2671
Fax (52-55) 5535-8557
atomexico@fas.usda.gov
www.mexico-usda.com
Garth Thorburn, Director

[1] 8.3 dollars based on 12 pesos per dollar as exchange rate.

Statistics

Table 1. PSD Mexico Cattle

Animal Numbers, Cattle Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stock	22,666	22,666	22,192	22,192	21,697	21,496
Dairy Cows Beg. Stocks	3,157	3,157	3,150	3,175	3,140	3,200
Beef Cows Beg. Stocks	6,909	6,909	6,950	6,960	7,025	7,050
Production (Calf Crop)	6,875	6,875	7,000	7,000	7,125	7,150
Intra-EU Imports	0	0	0	0	0	0
Other Imports	20	20	25	25	30	30
Total Imports	20	20	25	25	30	30
Total Supply	29,561	29,561	29,217	29,217	28,852	28,676
Intra EU Exports	0	0	0	0	0	0
Other Exports	980	980	1,050	1,221	1,000	1,300
Total Exports	980	980	1,050	1,221	1,000	1,300
Cow Slaughter	1,519	1,519	1,535	1,535	1,545	1,600
Calf Slaughter	325	325	300	300	280	220
Other Slaughter	4,053	4,053	4,185	4,215	4,325	4,345
Total Slaughter	5,897	5,897	6,020	6,050	6,150	6,165
Loss	492	492	450	450	450	450
Ending Inventories	22,192	22,192	21,697	21,496	21,252	20,761
Total Distribution	29,561	29,561	29,217	29,217	28,852	28,676
1000 HEAD						

Table 2. PSD Mexico Beef and Veal

Meat, Beef and Veal Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	5,897	5,897	6,020	6,050	6,150	6,165
Beginning Stocks	0	0	0	0	0	0
Production	1,700	1,700	1,731	1,751	1,775	1,775
Intra-EU Imports	0	0	0	0	0	0
Other Imports	322	322	335	295	330	300
Total Imports	322	322	335	295	330	300
Total Supply	2,022	2,022	2,066	2,046	2,105	2,075
Intra EU Exports	0	0	0	0	0	0
Other Exports	51	51	60	100	72	120
Total Exports	51	51	60	100	72	120
Human Dom. Consumption	1,961	1,961	1,996	1,936	2,023	1,945
Other Use, Losses	10	10	10	10	10	10
Total Dom. Consumption	1,971	1,971	2,006	1,946	2,033	1,955
Ending Stocks	0	0	0	0	0	0

Total Distribution	2,022	2,022	2,066	2,046	2,105	2,075
1000 HEAD, 1000 MT CWE						

Table 3. PSD Mexico Swine Animals

Animal Numbers, Swine Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	9,912	9,912	10,485	9,885	10,942	10,500
Sow Beginning Stocks	1,067	1,067	1,068	1,068	1,077	1,085
Production (Pig Crop)	15,966	15,966	16,007	16,007	16,168	16,150
Intra-EU Imports	0	0	0	0	0	0
Other Imports	7	7	10	8	12	8
Total Imports	7	7	10	8	12	8
Total Supply	25,885	25,885	26,502	25,900	27,122	26,658
Intra EU Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Sow Slaughter	20	20	15	10	13	10
Other Slaughter	14,580	15,180	14,765	14,610	14,879	14,790
Total Slaughter	14,600	15,200	14,780	14,620	14,892	14,800
Loss	800	800	780	780	750	750
Ending Inventories	10,485	9,885	10,942	10,500	11,480	11,108
Total Distribution	25,885	25,885	26,502	25,900	27,122	26,658
1000 HEAD						

Table 4. PSD Mexico Swine Meat

Meat, Swine Mexico	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	14,600	15,200	14,780	14,600	14,892	14,800
Beginning Stocks	0	0	0	0	0	0
Production	1,162	1,162	1,161	1,165	1,184	1,179
Intra-EU Imports	0	0	0	0	0	0
Other Imports	678	678	685	671	690	671
Total Imports	678	678	685	671	690	671
Total Supply	1,840	1,840	1,846	1,836	1,874	1,850
Intra EU Exports	0	0	0	0	0	0
Other Exports	70	70	80	78	85	85
Total Exports	70	70	80	78	85	85
Human Dom. Consumption	1,770	1,770	1,766	1,758	1,789	1,765
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,770	1,770	1,766	1,758	1,789	1,765
Ending Stocks	0	0	0	0	0	0
Total Distribution	1,840	1,840	1,846	1,836	1,874	1,850
1000 HEAD, 1000 MT CWE						

Table 5. Mexico: Annual Cattle Trade 2008-2009 and Jan-Nov 2009-2010, In Thousand Head

Exports to:	2008	2009	Jan-Nov 2009	Jan-Nov 2010	Import from:	2008	2009	Jan-Nov 2009	Jan-Nov 2010
United States	737,373	979,734	852,205	1,097,511	United States	30,585	18,507	15,400	20,845
Total of others	214	162	361	440	Total of others	59,619	1,439	1,088	1,785
Belize	71	72	41	14	Nicaragua	31,201	0	0	0
Nicaragua	0	0	0	0	New Zealand	11,151	0	0	0
Micronesia	143	70	70	0	Australia	13,560	0	0	0
Peru	0	0	0	0	Canada	3,707	1,439	1,088	1,785
Honduras	0	20	20	0	Costa Rica	0	0	0	0
Others not listed	75	254	230	426	Others not listed	0	0	0	0
Total	**737,662**	**980,150**	**852,566**	**1,097,951**	**Total**	**90,204**	**19,946**	**16,488**	**22,630**

Source: Global Trade Information Services, Inc.

Table 6. Mexico: Annual Beef and Veal Trade 2008-2009 and Jan-Nov 2009-2010, in Metric Tons

Exports to:	2008	2009	Jan-Nov 2009	Jan-Nov 2010	Import from:	2008	2009	Jan-Nov 2009	Jan-Nov 2010
United States	15,002	23,673	21,724	35,437	United States	246,006	184,462	167,898	152,772
Total of other	14,780	12,764	11,765	31,988	Total of other	42,087	42,065	40,840	39,572
Japan	9,964	10,375	9,567	26,528	Canada	38,221	37,545	33,586	35,726
Korea, South	3,222	703	595	1,970	Chile	697	475	454	21
Puerto Rico (U.S.)	840	1,481	1,277	545	New Zealand	1,061	1,406	1,330	855
Costa Rica	754	205	205	0	Australia	1,048	1,710	1,577	1,407
Russia	0	0	0	2,838	Uruguay	1,060	929	929	36
Others not listed	21	120	121	107	Others not listed	3,354	3,543	2,964	1,527
Total	**29,803**	**36,557**	**33,489**	**67,425**	**Total**	**291,447**	**230,070**	**208,738**	**192,344**
Including HS Codes 0201, 0202, 021020 & 160250									

Source: Global Trade Information Services, Inc.

Table 7. Mexico: Annual Swine Trade, 2008-2009 and Jan-Nov 2009-2010, in Thousand Head

Exports to:	2008	2009	Jan-Nov 2009	Jan-Nov 2010	Import from:	2008	2009	Jan-Nov 2009	Jan-Nov 2010
United States	0	0	0	0	United States	74,887	2,595	2,573	3,424
Total of	0	0	0	0	Total of	4,642	4,248	4,248	4,363

others					others				
	0	0	0	0	Canada	4,642	4,248	4,248	4,363
	0	0	0	0	French Guiana	0	0	0	0
	0	0	0	0	Guyana	0	0	0	0
Others not listed	0	0	0	0	Others not listed	0	0	0	0
Total	**0**	**0**	**0**	**0**	**Total**	**79,529**	**6,843**	**6,821**	**7,787**

Source: Global Trade Information Services, Inc.

Table 8. Mexico: Annual Pork Trade, 2008-2009 and Jan-Nov 2009-2010, in Metric Tons

Exports to:	2008	2009	Jan-Nov 2009	Jan-Nov 2010	Import from:	2008	2009	Jan-Nov 2009	Jan-Nov 2010
United States	5,781	5,848	5,283	5,968	United States	382,141	484,006	432,449	424,283
Total of others	63,996	48,085	43,273	48,673	Total of others	28,712	36,696	30,904	48,785
Japan	61,881	41,806	38,038	41,799	Canada	26,493	35,542	29,327	47,092
Korea, South	1,260	5,692	4,713	6,358	Chile	2,204	1,154	1,130	1,133
Guatemala	307	408	347	466	Spain	532	451	415	523
El Salvador	30	38	36	37					
Korea, North	382	57	57	0					
Others not listed	136	84	82	13	Others not listed	622	488	32	37
Total	**63,996**	**48,085**	**43,273**	**48,673**	**Total**	**411,475**	**521,190**	**463,353**	**473,068**
Including HS Codes 020311, 020312, 020319, 020321, 020322, 020329, 021011, 021012, 021019, 160241, 160242 & 160249									
Source: Global Trade Information Services, Inc. Figures for meat are in product weight equivalent (PWE) Due to different units quantities vary slightly from those in PSD tables.									

Table 9. Mexico: Grass-Fed Live Steer Average Monthly Wholesale Prices in Mexico City 2008-Feb 2011, (US$/Lb)

Month	2008	2009	2010	2011	% change 09 to 10
January	0.957	0.879	0.840	0.955	-4.4%
February	0.992	0.726	0.870	0.945	19.8%
March	0.996	0.699	0.900	-	28.8%
April	1.020	0.778	0.940	-	20.8%
May	1.027	0.849	0.900	-	6.0%
June	1.087	0.871	0.910	-	4.5%
July	1.114	0.895	0.910	-	1.7%
August	1.034	0.944	0.900	-	-4.7%
September	1.071	0.918	0.918	-	0.0%
October	0.904	0.910	0.941	-	3.4%
November	0.890	0.827	0.943	-	14.0%
December	0.893	0.829	0.944	-	13.9%

Source: National Market Information Service (SNIIM)

-: Not available

Table 10. Mexico: Beef Carcass Average Monthly Wholesale Prices in Mexico City, 2008-Feb2011, (US$/Lb)

Month	2008	2009	2010	2011	% Change 09 to 10
January	1.38	1.24	1.29	1.37	4.0%
February	1.39	1.15	1.28	1.37	11.3%
March	1.39	1.11	1.32	-	18.9%
April	1.41	1.22	1.35	-	10.7%
May	1.45	1.22	1.32	-	8.2%
June	1.46	1.21	1.31	-	8.3%
July	1.49	1.23	1.30	-	5.7%
August	1.51	1.27	1.29	-	1.6%
September	1.45	1.24	1.29	-	4.0%
October	1.22	1.24	1.29	-	4.4%
November	1.19	1.23	1.34	-	8.6%
December	1.19	1.26	1.18	-	-6.2%

Source: National Market Information Service (SNIIM)

-: Not available

Table 11. Mexico: Finished Live Hog Average Monthly Wholesale Prices in Mexico City 2008-Feb 2011 (US$/Lb)

Month	2008	2009	2010	2011	% Change 09 to 10
January	0.65	0.671	0.740	0.869	10.3%
February	0.623	0.612	0.710	0.879	16.0%
March	0.616	0.612	0.730	-	19.3%
April	0.636	0.673	0.750	-	11.4%
May	0.702	0.586	0.760	-	29.7%
June	0.821	0.559	0.800	-	43.1%
July	0.903	0.646	0.820	-	26.9%
August	0.868	0.684	0.840	-	22.8%
September	0.78	0.649	0.842	-	29.8%
October	0.63	0.622	0.860	-	38.3%
November	0.634	0.614	0.849	-	38.2%
December	0.666	0.732	0.862	-	17.8%

Source: National Market Information Service (SNIIM)

-: Not available

Table 12. Mexico: Pork Carcass Average Monthly Wholesale Prices in Mexico City 2008-Feb 2011 (US$/Lb)

Month	2008	2009	2010	2011	% Change 09 to 10
January	0.925	0.948	0.970	1.159	2.30%
February	0.938	0.857	0.970	1.166	13.20%
March	0.951	0.856	0.980	-	14.50%
April	0.949	0.922	1.000	-	8.50%
May	0.988	0.92	0.980	-	6.50%
June	0.977	0.85	1.030	-	21.20%
July	1.22	0.891	1.070	-	20.10%
August	1.167	0.924	1.070	-	15.80%
September	1.069	0.862	1.070	-	-
October	0.939	0.891	1.112	-	-
November	0.901	0.925	1.103	-	-
December	0.931	1.006	1.116	-	-

Source: National Market Information Service (SNIIM)
N/A: Not available

Table 13. Mexico: Average Monthly Exchange Rate 2007-Feb 2011 (pesos per dollar)

	2007	2008	2009	2010	2011
January	10.94	10.91	13.15	12.8	12.13
February	10.99	10.76	14.55	12.94	12.06
March	11.12	10.73	14.71	12.57	-
April	10.98	10.51	13.41	12.23	-
May	10.82	10.44	13.19	12.74	-
June	10.83	10.33	13.47	12.72	-
July	10.8	10.24	13.36	12.82	-
August	11.04	10.1	13	12.77	-
September	11.03	10.61	13.41	12.82	-
October	10.83	12.56	13.24	12.44	-
November	10.87	13.08	13.12	12.33	-
December	10.84	13.4	12.85	12.39	-
Annual Avg.	**10.92**	**11.14**	**12.33**	**12.62**	**-**

Source: Banco de Mexico

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.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work http://www.youtube.com/user/ATOMexicoCity

Report Number	Subject	Date Submitted
MX0053	Import Beef Duties Eliminated	08/10/10
MX0064	Annual Livestock and products	09/17/10
MX0090	New SENASICA System for Import Requirement Sheets (HRZ's)	12/03/10
MX1009	Mexico Initiates An Anti-dumping Investigation on U.S. CLQs	02/08/11
MX1011	Mexico Extends Temporary Procedures for Obtaining HRZs	2/11/11
MX1012	Hard Freeze Damages Sinaloa Corn, and Produce	2/11/11
MX1013	Poultry and Products Semi-Annual	03/04/11

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.