



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

**Date:** 11/12/2004

**GAIN Report Number:** MX4126

## Mexico

### Grain and Feed

## Update on Corn and Sorghum

2004

**Approved by:**

Suzanne Heinen

U.S. Embassy Mexico City

**Prepared by:**

Benjamin Juarez

---

**Report Highlights:**

MY 2004/05 corn and sorghum production is forecast to increase, based on greater planted area and expectations of higher yields as a result of good weather. As a result, the MY 2004/05 import estimate for corn and sorghum has been reduced to 6.0 MMT and 3.5 MMT, respectively.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

## **SORGHUM**

### **Production**

The production estimate for MY 2004/05 (Oct-Sep) has increased 3.2 percent to 6.5 MMT, due to increased planted area and better weather conditions. Official sources indicated that the 2004 spring/summer crop planting season (harvested in the fall/winter) was almost finished in September and that planted area had increased nearly 10 percent from the initial estimate. Weather remains a critical factor as two thirds of sorghum fields are rain fed and planting must coincide with arrival of the seasonal rains in May. Sources stated that although precipitation across Mexico has not been uniform during the 2004 rainy season (May-October) summer grain varieties were not affected.

The MY 2003/04 production and harvested area estimates have been revised upward and downward respectively, reflecting final official Mexican government data. Sources indicate that abundant rainfall, optimum planting dates, and excellent growing conditions made the 2004 spring/summer harvest (planted during the 2003/04 fall/winter crop) one of the best in recent years. The 2004 spring/summer harvest accounted for approximately 44 percent of total MY 2003/04 production, with the remainder coming from the 2003/04 fall/winter harvest. For example, Tamaulipas sorghum production increased, due to better yields than previously estimated. Recently-released final official figures show that Tamaulipas sorghum production reached 2.6 MMT, an increase of approximately 40 percent from the state's average production of 1.8 MMT, due to adequate water reservoir levels and timely rains which helped to increase sorghum yields. Tamaulipas accounts for the majority of Mexico's spring/summer harvest, and livestock and poultry producers in several neighboring regions are dependent upon it for feed. The MY 2002/03 production estimate remains unchanged.

### **Trade**

The MY 2004/05 import estimate has been lowered to 3.5 MMT because of competition with feed corn from United States and greater domestic production of sorghum. In recent months, the feed industry has favored corn over sorghum due to lower international corn prices as well as lower relative prices of domestic corn as a result of greater domestic corn production. Based on preliminary official data, sorghum imports have decreased approximately 12.3 percent during the first nine months of CY 2004 against the same period a year earlier. Traders and buyers indicate that the price ratio between corn and sorghum is expected to continue to be more favorable for corn during MY 2004/05. The MY 2003/04 import estimate remains unchanged, while the sorghum import estimate for MY 2002/03 has been revised upward based on final World Trade Atlas data.

### **Consumption**

The 2003/04 consumption estimate has been revised upward based on more current industry information, which reveals greater-than-previously-estimated consumption mainly by the poultry sector. This sector is the main consumer of sorghum in Mexico. For MY 2004/05, however, the consumption estimate has been decreased. Industry sources indicate that in the last few months the price relationship between corn and sorghum has become somewhat more favorable for corn, which has made it a key factor in the poultry sector's increased consumption of corn over sorghum in MY 2004/05. Industry sources estimate that this trend will continue in MY 2004/05. Poultry producers tend to prefer yellow corn to sorghum because of better nutritional value and the color it gives to the birds' skins.

## Stocks

MY 2004/05 beginning stocks and 2003/04 ending stocks have also been revised upward, reflecting the larger MY 2003/04 sorghum crop. Similarly, the estimate for MY 2002/03 ending stocks has been increased, due to higher-than-expected import volume.

## CORN

### Production

MY 2004/05 (Oct-Sep) corn production is forecast at 20.7 MMT, due to greater-than-expected planted area and the expectation of good weather conditions. MY 2004/05 area harvested is forecast at 7.95 million hectares, a 3-percent increase from last year's revised estimate.

The MY 2003/04 production and harvested area estimates have been revised upward, based on final official data from the Ministry of Agriculture (SAGARPA) as well as from industry sources. In Sinaloa, production for the 2003/04 fall/winter crop reached 3.9 MMT, up 48 percent from last year, due to greater-than-originally-estimated planted area, favorable weather conditions, and good government supports. Sinaloa planted area increased from the 245,000 hectares initially expected to approximately 455,000 hectares. Official sources stated that corn acreage increased dramatically because of better government support for Sinaloa white corn growers (see MX4104). The Sinaloa harvest started in May and ended in June. Sinaloa is the main source of commercial white corn in Mexico during the spring and summer months. Production estimate for MY 2002/03 remains unchanged.

### Consumption

For MY 2004/05, total corn consumption is forecast at 26.9 MMT, a 1.5-percent increase over the earlier forecast, due to strong feed demand and the expectation that corn prices will remain lower than sorghum prices. Feed miller producer organizations expect MY 2004/05 feed consumption to increase approximately 3.5 percent, due to strong demand from the livestock and poultry industries. MY 2003/04 corn consumption is estimated to increase to 26.4 MMT, due to increased demand in the livestock sector, mainly in the poultry industry. The poultry industry is the major consumer of feed corn and sorghum. In MY 2003/04 poultry meat production increased 5 percent and is forecast to continue growing in MY 2004/05. Feed corn consumption has also increased, due to increased grain finishing of cattle in Mexico as producers seek to increase the quality and value of their products in order to meet expected demand for grain-fed beef in Japan, the United States and the domestic market (See MX4095 and MX4101). This increase in total corn consumption also reflects an increase in human consumption in MY 2003/04 based largely on population growth and a slight improvement in the consumer purchasing power. The consumption estimate for MY 2002/03 remains unchanged.

### Trade

MY 2004/05 imports are forecast to decrease to 6.0 MMT, because of greater domestic corn production. Both MY 2003/04 and 2002/03 import estimates have been revised downward in accordance with final official data issued by the Secretariat of Economy (SE).

## Stocks

MY 2004/05 ending stocks are forecast to remain practically unchanged at 3.9 MMT. The MY 2003/04 ending stock estimate was raised based on higher-than-previously-estimated production. The MY 2002/03 ending stock estimate was revised downward, due to lower-than-expected import volume. Generally, private feed millers keep between one- to two-months supply of feed in stock.

PSD Table						
Country	Mexico					
Commodity	Sorghum				(1000 HA)(1000 MT)	
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2002		10/2003		10/2004	
Area Harvested	1840	1840	2000	1900	1800	1900
Beginning Stocks	779	779	601	976	1201	1476
Production	6338	6338	6700	7300	6300	6500
TOTAL Mkt. Yr. Imports	3384	3759	3000	3000	4500	3500
Oct-Sep Imports	3384	3759	3000	3000	4500	3500
Oct-Sep Import U.S.	3329	3759	0	3000	0	3500
TOTAL SUPPLY	10501	10876	10301	11276	12001	11476
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	9800	9800	9000	9700	10700	10200
TOTAL Dom. Consumption	9900	9900	9100	9800	10800	10300
Ending Stocks	601	976	1201	1476	1201	1176
TOTAL DISTRIBUTION	10501	10876	10301	11276	12001	11476

PSD Table						
Country	Mexico					
Commodity	Corn		(1000 HA)(1000 MT)			
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2002		10/2003		10/2004	
Area Harvested	7030	7030	7670	7693	7650	7950
Beginning Stocks	3396	3396	3238	3151	3818	4167
Production	19280	19280	21000	21802	20300	20700
TOTAL Mkt. Yr. Imports	5269	5177	5800	5615	6300	6000
Oct-Sep Imports	5269	5177	5800	5615	6300	6000
Oct-Sep Import U.S.	5269	5177	0	5615	0	6000
TOTAL SUPPLY	27945	27853	30038	30568	30418	30867
TOTAL Mkt. Yr. Exports	7	2	20	1	10	10
Oct-Sep Exports	7	2	20	1	10	10
Feed Dom. Consumption	9500	9500	11000	11200	11200	11600
TOTAL Dom. Consumption	24700	24700	26200	26400	26500	26900
Ending Stocks	3238	3151	3818	4167	3908	3957
TOTAL DISTRIBUTION	27945	27853	30038	30568	30418	30867