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Report Highlights:

For MY 2020/2021, Mexico's wheat production estimate is revised downward as a result of both smaller harvested area and a government price support program that incentivized a shift in planting of lower-yielding bread wheat rather than the more traditional durum-type wheat. Corn production estimates for MY 2018/2019 and 2019/2020 were revised upward slightly based on more complete official data. Sorghum production estimates for MY 2019/20 are increased slightly due to higher than expected harvested area and relatively normal weather conditions during the 2019/20 fall/winter crop cycle. Rice production estimates for MY 2019/20 also increased based on updated official and industry data. Mexico extended its temporary authorization to import Uruguayan rice by 30 days, until August 22, 2020.

EXECUTIVE SUMMARY

Mexico's wheat production in Marketing Year (MY) 2020/21 is revised downward slightly, based on more complete figures from the Secretariat of Agriculture and Rural Development (SADER) and reflecting a smaller harvested area than initially estimated. Corn production estimates for MY 2018/19 and MY 2019/20 are revised upward to 27.6 and 26.1 million metric tons (MMT), respectively, due to more complete data from SADER as of May 31, 2020. The sorghum production estimate for MY 2019/20 has been increased slightly as a result of higher than expected harvested area and relatively normal weather conditions during the 2019/20 fall/winter crop cycle. Lastly, rice production estimate for MY 2019/20 (October to September) was revised slightly upward from USDA/Official estimates to 250,000 MT (rough production) reflecting the most recent data from SADER and industry sources. The increased rough production is equivalent to 172,000 MT of milled rice.

The corn import estimate for MY2019/20 has been decreased to 16.5 MMT, because of higher than previously estimated domestic production. The Mexican phytosanitary agency SENASICA extended the authorization to import Uruguayan rice into Mexico by 30 days, until August 22, 2020.

WHEAT

Table 1: Mexico, Wheat Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Wheat	2018/2019		2019/2020		2020/2021	
Market Year Begins	Jul 2018		Jul 2019		Jul 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	540	540	593	590	605	550
Beginning Stocks	768	768	603	603	418	473
Production	3000	3000	3215	3270	3300	3050
MY Imports	4861	4861	5200	5200	5200	5250
TY Imports	4861	4861	5200	5200	5200	5250
Total Supply	8629	8629	9018	9073	8918	8773
MY Exports	526	526	1100	1100	800	700
TY Exports	526	526	1100	1100	800	700
Feed and Residual	300	300	200	200	200	200
FSI Consumption	7200	7200	7300	7300	7400	7400
Total Consumption	7500	7500	7500	7500	7600	7600
Ending Stocks	603	603	418	473	518	473
Total Distribution	8629	8629	9018	9073	8918	8773
Yield	5.5556	5.5556	5.4216	5.5424	5.4545	5.5455
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Post total wheat production and harvested area estimates for MY 2020/21 were revised downward from USDA/Official estimates, reflecting the latest official data from SADER. This data includes figures for the 2019/20 fall/winter crop cycle, as well as the available official information for the 2020 Spring/Summer crop cycle (as of May 31, 2020). Regarding the first crop cycle, private sources stated wheat planted area was approximately eight percent lower than

the initial plant intentions, mainly in states such as Sonora and Baja California. In addition, production has suffered from some adverse weather-related issues, such as rain during December planting in southern Sonora. These factors, along with the shift from planting durum-type wheat (called *cristalino* in Mexico) to planting more bread wheat in these states, will lead to lower yields for farmers.

Farmers have recently shifted to planting more bread wheat rather than their typical durum-type wheat because of modifications to the Mexican government's Guarantee Prices program, which grants small and medium growers a guarantee price per ton of bread wheat produced[1] (see GAIN Report MX2020-0015 for more information). Private industry sources noted there has been a strong shift from the average of 1.2 MMT of cristalino (durum) wheat produced in south of Sonora and Sinaloa to now produce approximately 800,000 MT of cristalino and 700,000 MT of bread wheat during the 2019/2020 fall/winter crop cycle. Before the Guarantee Price program, the average production of bread wheat was between 300,000-350,000 MT.

In general, bread wheat has relatively lower yields than the cristalino variety. Therefore, production estimates for MY 2020/21 have been revised downward to 3.05 MMT. Additionally, the Post MY 2019/20 wheat production estimate has been revised slightly upward from USDA/Official forecasts based on preliminary final data from SADER.

Consumption

Industry contacts reported that during the first weeks of the COVID-19 pandemic in March, the wheat sector worked to ensure the supply of wheat and flour by purchasing a two-month inventory of wheat . They then distributed those inventories into customers' warehouses to ensure a steady supply. As a result, the wheat industry had a higher than normal production during the months of March, April and May, which typically has lower seasonal consumption. They also increased the supply of smaller package sizes of flour to meet the greater demand for home consumption during the stay-at-home restrictions.

Trade

The wheat export estimate for MY2020/21 has been decreased to 700,00 MT from the USDA/Official estimate, because of the lower estimated domestic production. Similarly, the import estimate for MY 2020/21 was increased to 5.25 MMT also because of the estimated lower production.

Stocks

FAS/Mexico ending stocks estimate for MY 2019/20 is higher than the USDA/Official estimate (473,000 MT) as a result of higher than expected production. The ending stocks estimate was reflected in the carry over for MY 2020/21, which was also adjusted upward. Ending stocks for

[1] For bread wheat, grower receives the full guarantee price of 5,790 Mexican pesos/ton (USD 253) for the first 100 MT produced and fifty percent of the guarantee price for 101 to 300 MT. For cristalino (durum) wheat, grower receives forty percent of guarantee price, up to 50 MT per grower.

MY 2020/21 are adjusted downward to reflect the estimated lower production in this marketing year.

CORN

Table 2: Mexico, Corn Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Corn	2018/2019		2019/2020		2020/2021	
Market Year Begins	Oct 2018		Oct 2019		Oct 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7200	7198	6800	6620	7300	7300
Beginning Stocks	5649	5649	5089	5160	2189	2310
Production	27600	27671	25000	26100	28000	28000
MY Imports	16658	16658	17300	16500	18300	18300
TY Imports	16658	16658	17300	16500	18300	18300
Total Supply	49907	49978	47389	47760	48489	48610
MY Exports	718	718	700	950	600	600
TY Exports	718	718	700	950	600	600
Feed and Residual	25900	25900	26500	26500	27300	27300
FSI Consumption	18200	18200	18000	18000	18250	18250
Total Consumption	44100	44100	44500	44500	45550	45550
Ending Stocks	5089	5160	2189	2310	2339	2460
Total Distribution	49907	49978	47389	47760	48489	48610
Yield	3.8333	3.8443	3.6765	3.9426	3.8356	3.8356
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Mexico's corn production estimate for MY 2020/21 (October to September) remains unchanged at 28.0 MMT, with an estimated of 7.3 million hectares planted, based on recent planting intentions released by SADER for the crop cycle 2020 spring/summer and private industry information.

Post's total corn production estimates for MY 2018/19 and MY 2019/20 are revised upward from the USDA/Official estimate to 27.6 MMT and 26.1 MMT, respectively, due to more complete data from SADER as of May 31, 2020. In the case of the MY 2019/20, these statistics include the final results of the 2019 spring/summer crop cycle (18.3 MMT), as well as available information through May for the 2019/20 fall/winter crop cycle. According to the president of the Mexican Republic Threshers Union, the beneficial weather conditions during this period allowed producers to carry out the corn harvest normally in the different producing areas in the northern regions of Sinaloa, the main producing corn state. For the 2019/20 fall/winter crop cycle, production is estimated at 8.0 MMT, slightly lower that the than the average production obtained in the same cycle in the last five years. This reduction is due to lower production in Tamaulipas, as a result of lack of water and lower planted area, along with a decrease in the harvest in the state of Sonora.

Trade

The corn import estimate for MY2019/20 has been decreased to 16.5 MMT from the USDA/Official estimate, because of higher than previously estimated domestic production. Also, export estimates for MY 2019/20 has been increased to 950,000 MT, based on Trade Data Monitor information for the first seven months of the marketing year and private industry sources.

Stocks

The Post/New MY 2018/19 and MY 2019/20 ending stock estimates have been revised upward from the USDA/Official estimate to 5.16 and 2.31 MMT, respectively, reflecting higher than previously estimated domestic production in both marketing years. This is reflected in the upward adjustment to MY2020/21 carry over as well.

SORGHUM

Table 3: Mexico, Sorghum Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Sorghum	2018/2019		2019/2020		2020/2021	
Market Year Begins	Oct 2018		Oct 2019		Oct 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1350	1327	1320	1360	1350	1350
Beginning Stocks	113	113	309	85	109	135
Production	4700	4476	4300	4350	4500	4500
MY Imports	596	596	700	900	200	200
TY Imports	596	596	700	900	200	200
Total Supply	5409	5185	5309	5335	4809	4835
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	5000	5000	5100	5100	4600	4600
FSI Consumption	100	100	100	100	100	100
Total Consumption	5100	5100	5200	5200	4700	4700
Ending Stocks	309	85	109	135	109	135
Total Distribution	5409	5185	5309	5335	4809	4835
Yield	3.4815	3.373	3.2576	3.1985	3.3333	3.3333
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

The total sorghum production and harvested area estimates for MY 2019/20 have been revised upward based on updated official data released by SADER. These statistics include the final results of the 2019 spring/summer crop cycle, as well as available information through May 2020 for the 2019/20 fall/winter crop cycle. In Tamaulipas for example, expected production for the 2019/2020 fall/winter crop cycle is 1.8 MMT, which is slightly higher than the same crop cycle last year. Private sources stated this figure could be modified downwards if drought conditions prevail in the producing areas. Tamaulipas alone accounts for 80 percent of Mexico's fall/winter crop cycle, and only 22 percent of the fall/winter crop is irrigated. The MY 2018/19 production and harvest area estimates were decreased to reflect final government figures issued by SADER.

Trade

The total sorghum import estimate for MY2019/20 has been revised upward from the USDA/Official estimate to 900,000 MT, based on information from private sources. Feed industry and trade sources estimate that sorghum imports could increase slightly this year due to relatively affordable prices, the bullish demand of the livestock sector, and the need to rebuild stocks. Industry contacts report that Mexican imports increased because sorghum prices are lower due to fewer sorghum purchases from China. The sorghum-to-corn cash price ratio is also slightly favorable to sorghum during the harvest season in the southern United States. Trade sources stated that during the harvest season in states like Texas, some Mexican livestock importers regularly take advantage of the more affordable sorghum prices. Some report that they import sorghum by truck during these times.

Stocks

Estimated MY 2019/20 ending stocks were increased based on higher domestic production than previously estimated. The estimate of MY 2018/19 ending stocks were revised downward because of lower domestic production compared to earlier estimates.

RICE

Table 4: Mexico, Rice Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Year Begins	Oct 2018		Oct 2019		Oct 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	43	43	38	39	44	44
Beginning Stocks	151	151	137	137	156	156
Milled Production	188	188	169	172	193	193
Rough Production	274	274	246	250	281	281
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	744	744	785	785	800	800
TY Imports	730	730	785	785	800	800
Total Supply	1083	1083	1091	1094	1149	1149
MY Exports	26	26	5	8	5	5
TY Exports	12	12	5	8	5	5
Consumption and Residual	920	920	930	930	950	940
Ending Stocks	137	137	156	156	194	204
Total Distribution	1083	1083	1091	1094	1149	1149
Yield (Rough)	6.3721	6.3721	6.4737	6.4103	6.3864	6.3864
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Mexico's rice production estimate for MY 2020/21 (October to September) remains unchanged at 281,000 MT (equivalent to 193,000 MT of milled rice), with an estimated 44,000 hectares of area harvested. It should be noted that official sources have stated that rice planting intentions

could be approximately 49,000 hectares in this marketing year, mainly because of the expected higher area planted in Campeche in the 2020 spring/summer crop cycle. However, private sources consider these intentions extremely optimistic. The Mexican Rice Council estimates that the increase in planted area could be only 5,000 hectares higher compared with the previous marketing year, despite the new governmental support from the Guarantee Prices program.[2] The total rice production estimate for the MY 2019/20 was adjusted slightly upward to 250,000 MT rough production, based on SADER updated official figures as of May 31, 2020. This production is equivalent to 172,000 MT of milled rice

Consumption

Based on information from private industry, the estimated MY 2020/21 consumption was lowered because the reduction in purchasing power of Mexican consumers due to the severe economic impact caused by the COVID-19 pandemic.

Trade

The export estimate for the MY2019/20 is increased to 8,000 MT based on Trade Data Monitor information for the first seven months of this marketing year and information from the Mexican Rice Council. The export forecast for MY 2020/21 remains unchanged at 5,000 MT.

On April 22, 2020, the Mexican Government announced that Uruguay was eligible to ship rice to Mexico for a period of 90 days. Uruguay had been removed from the list of eligible exporting countries of rice after findings of khapra beetle in several containers of Uruguayan rice in 2019. However, as a result of increased domestic demand and high rice prices resulting from the COVID-19 pandemic, the Mexican Government decided to reopen the Mexican market for the imports of Uruguayan rice following Uruguayan phytosanitary authorities' submission of a phytosanitary protocol describing their production and transport controls. The import period has since been extended by an additional month, until August 22, 2020. Private industry sources indicate that the import period extension both provides Mexico with an additional source for rice to alleviate the current high demand while also giving Uruguay additional time to demonstrate the safety of its rice and regain long-term import authorization from the Mexican government.

Stocks

Estimated MY 2020/21 ending stocks were increased based on the forecast lower domestic consumption due to the COVID-19 pandemic.

[2] Under the Guarantee Prices program, eligible growers receive the full guaranteed price of 6,120 Mexican pesos per ton (USD 269) for up to 120 MT and fifty percent of the guarantee price for the next 180 MT. See GAIN Report MX2020-0015 for more information.

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
MX2020-0015	Grain and Feed Annual	3/12/2020
MX2020-0004	Grain and Feed Update	1/13/2020
MX2019-1402	Corn and Wheat Production Higher than Expected but Wheat Consumption Down	8/23/2019
MX2019-1401	Higher than Expected Corn Production While Rice Imports Lower	7/17/2019
MX2019-1132	Modest Growth Expected for Grain Production and Imports	3/12/2019
MX2019-1168	Corn Production Lower than Expected, Rice Higher	2/21/2019
MX2019-2042	Mexico Announces New “Production for Wellbeing” Support Program	2/7/2019

Attachments:

No Attachments