

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 6/1/2018

**GAIN Report Number:** MX8028

## Mexico

**Post:** Mexico

### Mexico Announces Increased Target Prices for Key Staple Crops

**Report Categories:**

Agricultural Situation

Grain and Feed

Oilseeds and Products

Policy and Program Announcements

**Approved By:**

Melinda Sallyards

**Prepared By:**

Benjamin Juarez

**Report Highlights:**

On May 31, 2018, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) the new target prices used to determine support payments under the Income Target Program for producers of corn, wheat (durum and soft wheat for bread production), sorghum, soybeans, safflower, canola, cotton, rice, and sunflower for the 2017/18 fall/winter and 2018 spring/summer planting seasons.

## General Information:

**Introduction:** This report summarizes the new target prices used to determine support payments for selected agricultural products published in Mexico's *Diario Oficial* (Federal Register) on May 31, 2008.

**Disclaimer:** This summary is based on a cursory review of the subject announcements and therefore should not, under any circumstances, be viewed as a definitive reading of the regulations in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

## Title of the Announcement:

[Agreement that modifies, for the second time, the similar agreement announcing the Operational Rules of the Marketing Support Program of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs for 2018, published on December 30, 2017.](#)

**Type of Regulation:** Operational

## Important Dates:

- 1. Publication Date:** May 31, 2018
- 2. Effective Date:** May 31, 2018

**Eligible Commodities:** Corn, Wheat, Sorghum, Soybeans, Safflower, Canola, Cotton, Rice, and Sunflower.

## General Summary

On May 31, 2018, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) the new target prices used in determining support payments for corn, wheat (durum and soft wheat for bread production), sorghum, soybeans, safflower, canola, cotton, rice, and sunflower for the 2017/18 fall/winter and 2018 spring/summer planting seasons. These supports are part of the Target Income Program.

The objective of Target Income Program is to assist producers in increasing their production and their economic profitability through the delivery of support payments, which supplement producers' incomes and offset the costs of energy inputs. In addition, the program seeks to strengthen producers' participation in markets and to give them certainty during the commercialization processes (see 2009 GAIN Report [MX9001](#)).

The Target Income Program provides payments to cover the difference between the market price of the eligible commodities and the government-established "target income." The maximum amounts that

SAGARPA would pay are defined as the difference between the market price and the “target income” of the eligible products. The market price is defined by SAGARPA’s Marketing Services and Agricultural Market Development Agency (ASERCA) based on prices offered by buyers during the harvest season, agreed-upon prices in the Forward Contract Program (see 2018 GAIN Report [MX8010](#)), international prices, and regional market conditions. The Target Income Program does not cover the production of the listed commodities for self-consumption or experimental purposes, production at academic or governmental institutions, nor multiple crops in the same field.

It should be noted that many producer groups have complained that the previous target prices were clearly insufficient to offset the increase of inputs costs since the last year, while the international prices of grains and oilseeds have been bearish in the same period.

Following are the new target prices for each crop included in the Target Income Program starting from the fall/winter 2017/18 crop cycle, compared to the previously-established prices.

| <b>Table 1. Mexico: Target Income Prices by Commodity</b> |   |  |                 |
|---|---|--|-----------------|
| <b>Crop</b>   | <b>Previous “Target Income” (Pesos/Ton)</b> | <b>“Target Income” for 2017/18 fall/winter to 2018 spring/summer (Pesos/Ton)</b> | <b>% Change</b> |
| Corn  | 3,300                                       | 3,960  | 20              |
| Hard Wheat  | 4,400                                       | 5,010  | 14              |
| Durum Wheat   | 3,750                                       | 4,556  | 22              |
| Sorghum   | 2,970                                       | 3564   | 20              |
| Safflower   | 6,600                                       | 8,400  | 27              |
| Canola  | 6,600                                       | 8,400  | 27              |
| Cotton  | 21,460                                      | 25,750   | 20              |
| Rice  | 3,650                                       | 4,380  | 20              |
| Soybean   | 6,600                                       | 8,400  | 27              |

Exchange Rate (June 1<sup>st</sup>, 2018) \$1.00 = 19.87 MX pesos

### For More Information

FAS/Mexico Web Site: We are available at [www.mexico-usda.com.mx](http://www.mexico-usda.com.mx) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

| Report Number          | Title of Report   | Date Submitted |
|------------------------|---|----------------|
| <a href="#">MX8024</a> | Lower Wheat and Rice Crops, Average Sorghum Trade Expected          | 5/30/2018      |
| <a href="#">MX8015</a> | Mexico Announces New corn and Sorghum Support Programs              | 4/10/2018      |
| <a href="#">MX8010</a> | Slight Changes in Production as Grain Imports Continue Upward Trend | 3/7/218        |
| <a href="#">MX8002</a> | Corn, rice, and Sorghum Estimates Increased Slightly                | 1/18/2018      |
| <a href="#">MX7031</a> | Slight Bump in corn Production, Smaller Wheat Harvest               | 9/14/2017      |
| <a href="#">MX7024</a> | Mexico Expects Strong Corn Crop Due to Favorable Weather            | 6/15/2017      |

|                        |   |           |
|------------------------|---|-----------|
| <a href="#">MX7007</a> | Average Production Expected as Consumption Growth Slows | 3/14/2017 |
|------------------------|---|-----------|