



## Mexico Update



Claudia Herrera-Blanc

### Sales of Canadian Beef

Following two record months in December 2020 and January 2021, Canadian beef exports to Mexico slowed in February. The volume fell 33.2% from the previous month to 1,612 MT but was still higher (+16.4%) from the Feb 2020 volume of 1,384 MT.

Export values in February were down 21.75% from January at USD \$10.6 million. Total muscle cuts to Mexico for the month were 1,274 MT, a decrease of 77.5% from the previous month, but almost steady with Feb 2020 volumes of 1,266 MT. February exports consisted of 68% chilled cuts, 11% frozen cuts and 21% offals. Offals continued to be in high demand as exports were 2.2 times higher than in the previous month and reached the highest monthly volume and value during the last few years, at 339 MT and USD \$1.62 million, respectively. February pricing for most end meats increased an average of 8% compared to January.

### Retail Sector Conditions

As a consequence of the pandemic and resulting price increases, meat consumption has decreased in Mexico. Nonetheless, changes to requirements by the USDA for Mexican livestock imports could drop the price of beef by up to 30%. This would be the result of a slowdown in exports of live cattle to the US, which would cause an oversupply of beef in the domestic Mexican market. Mexican producers are seeking to increase their exports to China and Japan to diversify from the U.S. Retail chains are focusing on strengthening their digital sales channels and adapting to the new normal as many consumers still prefer to cook at home due to the ongoing COVID-19 pandemic and resulting restrictions.

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.6	39.30	37.70
Business Confidence	1.7	44.23	42.50
Currency (PESO = 1US\$)	2 %	20.65	20.34
Inflation (%)	0.5	3.99	3.52
Interest Rates (%)	0	4.08	4.25
Stock Market (MEXBOL)	7 %	46843	43865

### Food Service Sector

The hotel sector is regaining a positive outlook as tourism and business activity are starting to improve. The demand for luxury hotels has increased, a result of more robust security, better sanitary protocols and the vaccination rollout. The ease in lockdown restrictions has nevertheless increased food prices throughout Mexico, far exceeding the annual inflation rate of 4.67% registered in March. Prices could rise further as the pandemic improves and more restaurants and tourist centers are reopened, leading to a greater demand for food. The policy to allow outdoor terraces to be set up by restaurants in public spaces promote tourism and dining out will now be permanent. There remains concern, however, that relaxed sanitary measures during Holy Week could lead increased Covid-19 cases.

### Import/Distribution

The Mexican livestock industry is concerned about the risk from foot and mouth disease, if the federal government continues with the new agreement to grant access to meat imports from Argentina. February meat import volumes suffered a 14.1% reduction from the previous month totaling 173,255 MT of chicken, beef and pork. Chicken had the greatest decline with a drop of 24.4% in volume. Imported chicken prices increased by 9.4% followed by beef with a 7.5 % increase. Beef imports from Australia rebounded to Jan 2020 levels with 234 MT in February, up 86% from the previous month, while imports from Nicaragua were down 22.4% compared to January.

### Value, Volume, Price and Market Share % of Beef Imports from Major Suppliers ( Feb 2021, YTD) -10% +10%

Origin	Year \$ Change	US\$ '000 YTD		Year MT Change	Volume (MT) YTD		Yr \$/kg Change	US\$/Kg YTD		Yr Share Change	Market Share MT	
		2021	2020		2021	2020		2021	2020		2021	2020
CAN	10 %	24,212	22,064	40 %	4,026	2,867	-22 %	\$6.01	\$7.70	52 %	13%	8%
USA	-16 %	141,850	168,399	-18 %	23,122	28,143	3 %	\$6.13	\$5.98	-11 %	74%	83%
AUS	69 %	2,008	1,189	-22 %	360	460	116 %	\$5.58	\$2.58	-15 %	1%	1%
Other	91 %	15,550	8,141	58 %	3,893	2,458	21 %	\$3.99	\$3.31	71 %	12%	7%
ALL	-8 %	183,621	199,794	-7 %	31,402	33,929	-1 %	\$5.85	\$5.89		100%	100%

Source: (Comecarne)