



Mexico Update



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Sales of Canadian Beef

January was another record month for Canadian Beef exports to Mexico. Volumes climbed 70% with 2,539 MT in 2021 compared to 1,490 MT in 2020 and 18% in value (USD \$13.7 million compared to last year's value of USD \$11.6 million for the same month).

Following the strong rebound since December, Canadian beef imports continued to gain momentum in January with a 2.5% increase in volume from the previous month.

Export volumes were the largest on record for the last 2 years and above the seasonal trend. Foodservice restrictions eased in some states but remain in place in the metropolitan cities and keep impacting this sector. US beef remained the market volume leader in Mexico at 18,045 MT (down 18% from a year ago) valued at \$87.8 million (down 25%). The outlook for Canadian beef remains positive based on new retail opportunities and higher foodservice demand.

Retail Sector Conditions

Mexican families faced the largest price increase in chicken, the most popular consumer protein, in more than 22 years, as well as the steepest price increase in beef in the last five years. The average price per kg of chicken went up 21% in January compared to the same month last year, while beef prices increased 8% compared to the same period; this is the biggest rise since August 1998. Consumer tasting in supermarkets across Mexico have started to resume allowing for opportunity to sample and promote Canadian beef programs. Faced with the rise in prices, 42% of Mexicans are changing their consumption towards private supermarket brands, as they are seeking something that provides value for their money.

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.3	38.30	37.01
Business Confidence	0.4	42.03	41.60
Currency (PESO = 1US\$)	-1 %	20.02	20.32
Inflation (%)	-0.3	3.48	3.81
Interest Rates (%)	0	4.16	4.25
Stock Market (MEXBOL)	20 %	44503	37120

Food Service Sector

The new rules for re-entering the US severely impacted the Mexican tourism industry which is strongly dependant on American travelers. The restrictions eliminated 9.6 million foreign visitors dropping the total spending by international tourists in January to 59.4% of last year's levels. Food service operators continue to suffer opening hours limitations therefore accelerating their digital transformation through new ordering channels such as WhatsApp, mobile apps and webpage orders. Home deliveries still generate over an estimated 20% of revenues. Menus aimed at the premium segment are also having the best performances representing up to 40% of total orders, 13% more than at the beginning of 2020.

Import/Distribution

Mexico started the year with a 14.1% reduction in meat imports compared to Jan 2020 purchases, acquiring a total of 173,255 tons of chicken, beef and pork. The value of these foods was USD 314.5 million, a drop of 17.5% from last year. All three proteins had significant drops, however chicken stood out with a 24.4% fall in volume. Pork experienced the greatest loss in total value, down by 20.6% to 155.5 million USD with tonnage amounting to 98,826 MT, 9% less than in Jan 2020. Beef imports showed the smallest reduction in volume, 6.8% below January 2020 levels, at 16,990 MT. The value of beef shipments fell 14.3% to 98.2 million dollars. Argentina will once again resume exporting beef to Mexico following the 2001 closure of the market to Argentine meat when cases of foot-and-mouth disease were recorded.