



## Mexico Update



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### Sales of Canadian Beef

In the last half of July there was a YOY 5.2% increase in the basic Mexican food basket cost due mainly to high meat prices. In June and July the Mexican economy accelerated its recovery despite the third wave of Covid and aimed to reach pre-pandemic levels. Commerce and services were the most dynamic activities of growth. Canadian beef import volumes increased 79% from a year ago to 12,389 MT (January – July) with value up 96% to \$84 million USD. July import volumes for chilled Canadian boneless muscle cuts were steady with the previous month at 1,519 MT (1,503 in June) and value remained at \$13.1 million, while volume was up 44% from a year ago at 1,056 MT. Canadian frozen cuts volume of 178 MT increased 889% from July 2020. Offal volumes have remained steady for the last 4 months, with values decreasing by 12.7% compared to May.

### Retail Sector Conditions

The preferred locations for Mexican households to buy beef, chicken, and pork are overwhelmingly specialized meat shops and supermarkets. The prices of different types of meat have been climbing during 2021. As of July, annual increases have even reached double digits. The most pronounced increases were in pork and beef products. Pork saw a YOY price increase of 18.5 % in the first half of August, and a 3.5% increase compared to July, while beef saw increases of up to 72% YOY in August due to higher global prices and inflation rates in Mexico. This upward trend had not been seen in more than five years and will probably be seen for the remaining months of 2021. With restrictions on foodservice expected to remain in place, demand for Canadian muscle cuts in Mexico and other Latin American markets are expected to keep increasing and shifting to the retail sector, while e-commerce sales will continue to strengthen.

### Food Service Sector

The recovery in the hotel sector has mostly been traced to beach destinations. In cities the lack of business trips and the closure of entertainment attractions has kept this sector under pressure. In

### Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.7	43.77	42.10
Business Confidence	3.5	51.73	48.27
Currency (PESO = 1US\$)	-1 %	19.99	20.19
Inflation (%)	0.2	5.76	5.55
Interest Rates (%)	0	4.50	4.25
Stock Market (MEXBOL)	6 %	51467	48667

Mexico City, hoteliers do not expect a recovery until the end of 2022 and hotel occupancy is at a level of 32% compared to hotels on the beaches that have registered occupancy rates above 60%. The restaurant industry is suffering through Mexico's third COVID wave. Nonetheless, restaurateurs have found new opportunities in the sale of alcoholic beverages accompanied by food. Customers adopted restaurants as the new hubs for consuming beer and spirits after the 17 month closure of bars and clubs. Sales recovery for this sector is on the right track despite the tremendous drop in revenues experienced in 2020. Canadian beef demand in this sector has seen an increase especially in the tourism areas but further growth still remains limited due to higher prices.

### Import/Distribution

From January to July, US slaughter cattle exports to Mexico increased 769% versus the same period in 2020 due to the lack of labour in US plants. From January to July 2021, Mexico imported 74,188 MT of beef from the US, representing 73% of the country's total purchases. Imports from Nicaragua accounted for 14.4% share with 14,800 MT, followed by Canadian beef with 12% share of imports and by Australian beef with less than 1%. Total beef imports for the period reached 102,249 MT an increase of 25% from the same period in 2020. On the pork side, the Mexican herd (over 18 million head) and the country's food security would be at risk if African Swine Fever were to enter Mexico. Pork consumption in 2020 accounted for 2.4 million MT and is the protein with the second highest intake in Mexico, after chicken.

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	96 %	84,086	42,913	79 %	12,389	6,936	10 %	\$6.79	\$6.19	43 %	12%	8%
USA	35 %	510,767	378,227	13 %	74,188	65,486	19 %	\$6.88	\$5.78	-9 %	73%	80%
AUS	143 %	4,430	1,824	20 %	772	642	102 %	\$5.74	\$2.84	-4 %	1%	1%
NZ	-100 %	0	60	-100 %	0	15	-100 %	\$0.00	\$4.00	-100 %	0%	0%
Other	111 %	69,816	33,091	70 %	14,924	8,762	24 %	\$4.68	\$3.78	36 %	15%	11%
<b>ALL</b>	<b>47 %</b>	<b>669,099</b>	<b>456,115</b>	<b>25 %</b>	<b>102,273</b>	<b>81,841</b>	<b>17 %</b>	<b>\$6.54</b>	<b>\$5.57</b>		<b>100%</b>	<b>100%</b>

Source: (Comecarne)