



Mexico Update



Sales of Canadian Beef

Although the World Bank projected Mexico's economic growth in 2023 at 1.5 %, the agency clarified that this scenario is not a recession and only high levels of inflation are expected. Increases will have a stronger impact on prices during the 4th quarter with a peak of 8.6%, however the forecast may change if food price increases persist due to supply chain disruptions. The chicken meat sector will enjoy high demand towards year end, being the cheapest protein option. August beef exports from Canada were 2,048 MT, up 13% from a year-ago and up 40.5% from one month ago. August export value was US\$14.9 million, down 20.74% year-over-year (YOY) but up 39.2% from July 2022. Canadian beef shipments to Mexico are on a steady pace and demand is strong for September due to new retail programs and food service rebound. Fresh boneless beef accounted for 74% of Canadian imports, while frozen boneless cuts represented 9.1% and offals 15.47%. Mexico's total beef imports in August 2022 were 15,025 MT, up 3.4% YOY.

Retail Sector Conditions

According to Mexican organizations, the government's plan to freeze prices on at least 24 products of the basic basket does not look easy because Mexico is not self-sustainable in food production. Since the launch of the Agreement Against Inflation (PACIC) in May 2022, inflation has increased, as well as the price of the 24 products. The increase in prices was 8.7% in September, while the 24 products increased 15.7% at an annual rate until mid-September. Beef prices increased on average of 13.3% during the last year and sold between 158.75 MXP/kg(CAD\$10.92) up to 467.55 MXP (CAD\$32.17). Data from the Mexican Meat Council indicates that beef prices have risen exponentially and retail prices for cuts such as tenderloin have risen up to 212%.

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	-2.2	41.93	44.13
Business Confidence	-0.8	51.20	52.00
Currency (PESO = 1US\$)	3 %	20.00	19.33
Inflation (%)	0.7	8.28	7.59
Interest Rates (%)	1	7.67	6.58
Stock Market (MEXBOL)	-17 %	46800	56485

Food Service Sector

Consumers keep interacting on online platforms to a greater extent, so the value of the food service market, specifically in delivery, keeps growing in Mexico. Mexico ranks as the second most valuable market in food delivery in LATAM, with an annual growth of 7.7% compared to 2020. The restaurant and hotel sector estimated a rebound in occupancy and sales on the occasion of the September 15 independence day celebrations. The rebound is approximately 80% in touristic destinations and sales are expected to continue growing in October and November based on room occupancies predicted by the hotel sector. During the first half of September the establishments felt a slowdown due to the start of the school year and increased inflation.

Import/Distribution

The Mexico government has committed to prevent contaminated food from entering Mexico given the concern for the free importation of meat under the PACIC. Meat and livestock industry organizations called for ensuring that sanitary controls prevail in the internment of products and raw material under this agreement. Mexico has been importing beef from Uruguay with restrictions to avoid the risk of meat contaminated with foot-and-mouth disease.

Origin	Year \$ Change	US\$ '000 YTD		Year MT Change	Volume (MT) YTD		Yr \$/kg Change	US\$/Kg YTD		Yr Share Change	Market Share MT	
		2022	2021		2022	2021		2022	2021		2022	2021
CAN	3 %	\$106,572	\$103,915	-4 %	13,606	14,200	7 %	\$7.83	\$7.32	4 %	13%	12%
USA	-8 %	\$566,525	\$614,738	-11 %	75,224	84,357	3 %	\$7.53	\$7.29	-3 %	70%	72%
AUS	19 %	\$6,557	\$5,520	-29 %	668	947	68 %	\$9.82	\$5.83	-23 %	1%	1%
NZ	%	\$199	\$0	%	11	0	%			%	0%	0%
Other	10 %	\$91,014	\$82,950	2 %	17,720	17,292	7 %	\$5.14	\$4.80	12 %	17%	15%
ALL	-4 %	\$770,867	\$807,123	-8 %	107,229	116,796	4 %	\$7.19	\$6.91		100%	100%

Source: (Comecarne)