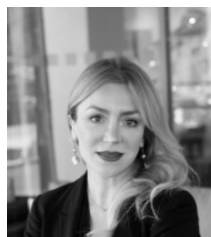




Mexico Update



Sales of Canadian Beef

According to data released by the Mexican Government, 57% of agri-food imports in 2022 were concentrated in the sector of cereals, seeds, and proteins such as meat, dairy products, and eggs. Total imports of pork, beef and poultry increased 4% compared to 2021, amounting to 2.5 million tonnes with a 13.8% higher value of US\$5.4 billion, driven in part by high global beef prices. December 2022 Canadian beef shipments to Mexico totaled 1,986 MT, up 31.7% from the same period a year ago, and up 8.5% in value at USD\$13.7 million. January-December Canadian beef exports to Mexico went up 9.7% in volume (22,300 MT), and rose 4.2% in value to USD\$176.7 million. Chilled Canadian muscle cut shipments accounted for 78% of December export volume (1,554 MT) valued at USD\$11.8 million, followed by frozen variety meats (287 MT) and frozen muscle cuts (146 MT). Canadian beef demand in Mexico continues to strengthen and shows an upward trend for the start of 2023.

Retail Sector Conditions

The Package Against Inflation and High Costs put in place to combat inflation, has not prevented retail prices from rising. In the first half of January 2023, food inflation exceeded 10% and January prices for basic food products were well above the expected. The price of eggs rocketed to the highest level in 18 years due to the outbreak of bird flu in the US that has generated speculation in prices nationwide. Although beef consumption has increased, it continues to be an expensive protein for the population. In January 2023, the average price to the consumer, for a kg of beef was \$178 mxp (USD\$9.70).

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	0.9	42.07	41.20
Business Confidence	-0.9	49.77	50.63
Currency (PESO = 1US\$)	-4 %	19.47	20.18
Inflation (%)	-0.5	8.01	8.52
Interest Rates (%)	2	9.58	8.08
Stock Market (MEXBOL)	9 %	49935	45806

Food Service Sector

The food service sector expects economic increase driven by January and February festivities would rise by 40%, as there are no more restrictions or lockdowns, allowing an important boost to the economy. An analysis of the hotel industry in Mexico revealed that travelers are staying more days in Mexico (above the world average), which is an indicator of traveler confidence. The cost of local hotels has decreased compared to previous years while globally the average cost increase has been 24%. These are important signs of the optimization of this sector to meet changing demand and to maintain economic recovery.

Import/Distribution

The Mexican government continues to establish new commercial channels with Argentina to supply the local demand for meat and try to contain the rise in prices. On January 10, the government issued new health requirements for the importation of boneless and matured meat from Argentina. In addition, the government has authorized beef imports from Brazil and is working on the risk analysis to establish the requirements and comes as a surprise for Mexican beef producers and Agricultural Councils. Consensus is not to open the border to meat imports from Brazil until all necessary requirements are agreed and applied in order to guarantee the safety of meat entering Mexico.

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	4 %	\$176,776	\$169,594	10 %	22,300	20,315	-5 %	\$7.93	\$8.35	11 %	13%	12%
USA	-9 %	\$950,275	\$1,040,114	-2 %	121,735	124,518	-7 %	\$7.81	\$8.35	-1 %	71%	72%
AUS	-25 %	\$10,583	\$14,156	-41 %	1,087	1,848	27 %	\$9.74	\$7.66	-40 %	1%	1%
NZ	319 %	\$281	\$67	-40 %	6	10	-37 %			-39 %	0%	0%
Other	-3 %	\$141,507	\$145,299	-2 %	26,058	26,506	-1 %	\$5.43	\$5.48	-1 %	15%	15%
ALL	-7 %	\$1,279,422	\$1,369,230	-1 %	171,186	173,197	-5 %	\$7.47	\$7.91		100%	100%

Source: (Comecarne)