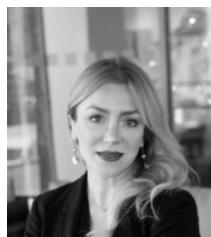




Mexico Update



Sales of Canadian Beef

Mexican households are shifting to processed meats such as ham and sausages due to the loss of purchasing power and the higher prices of beef, pork and chicken. Consumption of processed meats has increased in the last two years despite the price rise of 10-16% registered from 2022 to 2023. Mexico's total beef imports in January 2023 were 15,360 MT, up 21.8% year over year but 10.5% below Dec 2022. Beef imports from Canada totaled 2,110 MT, a considerable rise of 52% from Jan 2022 and up 6.24% from the previous month. Chilled boneless cuts accounted for 61.6% of Mexico's total imports while variety meats represented 26% of the total volume. Canadian beef export value in January reached US\$16.7 million, up 12.7% from Jan 2022. Foodservice demand in Mexico for premium beef programs remains strong, therefore, as the country looks to diversify its food supply to combat high inflation, we expect to see Brazil and Argentina entering this sector with chilled, frozen and aged beef cuts.

Retail Sector Conditions

Meat prices in Mexico (chicken, pork, beef and processed meats) have stabilized, however adding additional security measures for safeguarding trucks on the roads is increasing food costs for end-consumers. Price rises in proteins such as eggs (up 35.17%) will elevate the basic food basket cost by 25.4% by the end of March. Consumer prices increased 0.56% in Feb'23, and annual inflation moderated to 7.62%, its lowest level since March '22. Despite this, annual inflation for food increased 12.66% YOY.

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.9	43.07	41.17
Business Confidence	-0.4	49.90	50.27
Currency (PESO = 1US\$)	-4 %	19.15	20.00
Inflation (%)	-0.8	7.84	8.60
Interest Rates (%)	1	9.58	8.25
Stock Market (MEXBOL)	-10 %	51539	46445.5

Food Service Sector

Mexican diners are willing to pay more for unique experiences, with average spending tickets up to 2,000 pesos. The food service industry will grow this year with the arrival of new restaurant brands and higher average spending. There will be an increased demand for pork in 2023, derived from the high inflationary situation and lower supply of chicken. As of Feb 28, all F&B establishments in Mexico City must comply with new regulations which require merchants to fully disclose the products and prices they offer, to avoid abusive practices against customers.

Import/Distribution

Brazil announced it has 34 plants authorized and ready to export beef to Mexico. Free access from Brazil and Argentina has caused speculation and a drop in beef sales prices in the country. After 10 years of negotiations, the first shipment of Argentinian beef to Mexico with different beef cuts, took place. An additional 21 establishments were authorized to export to the Mexican market. U.S beef exports to Mexico in January totaled 11,112 MT, followed by Canada (2,110 MT) Nicaragua (1,998 MT) and Australia (120 MT).

Origin	Year \$ Change	US\$ '000 YTD		Year MT Change	Volume (MT) YTD		Yr \$/kg Change	US\$/Kg YTD		Yr Share Change	Market Share MT	
		2023	2022		2023	2022		2023	2022		2023	2022
CAN	13 %	\$16,724	\$14,832	52 %	2,110	1,388	-26 %	\$7.93	\$10.69	25 %	14%	11%
USA	15 %	\$87,785	\$76,144	28 %	11,112	8,684	-10 %	\$7.90	\$8.77	5 %	72%	69%
AUS	-9 %	\$1,421	\$1,564	-40 %	120	200	51 %	\$11.84	\$7.82	-51 %	1%	2%
NZ	%	\$0	\$0	%	0	0	%			%	0%	0%
Other	-20 %	\$10,622	\$13,311	-13 %	2,018	2,331	-8 %	\$5.26	\$5.71	-29 %	13%	18%
ALL	10 %	\$116,552	\$105,851	22 %	15,360	12,603	-10 %	\$7.59	\$8.40		100%	100%

Source: (Comecarne)