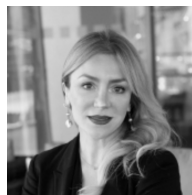




Mexico Update

Sales of Canadian Beef



Claudia Herrera-Blanc

For the first time since the pandemic began, economic activity recovered in all regions of the country and above levels from Q1-2020. The strength of the Mexico peso relieved the pressure on prices of imported raw materials. Canadian beef export prices showed moderate increases from

May for brisket, inside skirt & clods, rising 15%, 13% and 8% respectively, while the top butt primal price declined by 5%. Consumers continue to switch from beef and chicken to pork in a fight against food inflation, while beef from different countries started to be seen in the country. During Jan-June of this year, Mexican beef imports experienced an upward trend, reflecting a 14.8% increase compared to last year, with a total volume of 92,358 MT. Overall beef consumption in June reached 172,274 tonnes. The Canadian beef industry exported 13,687 MT of beef to Mexico during January-June, resulting in a 35% YOY growth in its shipments and an accumulated value of US\$111.3 million.

Retail Sector Conditions

In June, people's confidence in the economy had its highest level since Nov'21. Consumption notably cleared the obstacles from the beginning of the year and is now a prominent catalyst in Mexico's growth formula. Inflation rates have remained mostly steady for the past 4 months with some moderate increase of 5.84% in May after the peak of 8.70% between Aug and Sept'22. Average beef prices for consumers in the last week of June were at US\$9.03/kg for ground beef, US\$11.10/kg for chuck and US\$30/kg for tenderloin.

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	0.3	44.80	44.50
Business Confidence	0.3	53.47	53.17
Currency (PESO = 1US\$)	-5 %	17.16	18.07
Inflation (%)	-1.5	5.45	6.91
Interest Rates (%)	0	11.25	11.25
Stock Market (MEXBOL)	0 %	53647	53860

Food Service Sector

The Mexico foodservice market is expected to reach US\$50.153 billion in sales revenues by the end of 2023. The growth is being driven by the recovery of the sector with an increasing consumer preference for convenient and on-the-go food options and the growing influence of international cuisines. Furthermore, the market is expanding due to an increase in tourism, improved internet connectivity, and higher incomes. According to the Ministry of Tourism in Mexico, the arrival of international tourists in 2022 was 38.3 million, almost 6 million more than in 2021.

Import/Distribution

The Mexican government authorized 34 meat processing plants from Brazil to export to Mexico and its first shipment of fresh beef (valued at US\$107,250) entered the country in June (22 MT). Argentina exported 31 MT of beef in June for a YTD accumulated volume and value of 44 MT and US\$736,000. The US continues to be the main supplier of beef products with a YTD volume of 64,903 MT and a market share of 70% (up 2% YOY). Australia's YTD exports to Mexico were 1,108 MT, while Chile reported 62 MT, Spain 98 MT (US\$252,200), Japan 16 MT (US\$1.3 million), Uruguay 49 MT and Nicaragua 2,322 MT (US\$64.1 million).

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	18 %	\$109,138	\$92,595	35 %	13,687	10,102	-13 %	\$7.97	\$9.17	18 %	15%	13%
USA	11 %	\$540,295	\$488,362	16 %	64,904	55,882	-5 %	\$8.32	\$8.74	1 %	70%	69%
AUS	33 %	\$7,882	\$5,939	85 %	1,107	600	-28 %	\$7.12	\$9.90	61 %	1%	1%
Other	-20 %	\$66,598	\$83,071	-9 %	12,657	13,837	-12 %	\$5.26	\$6.00	-20 %	14%	17%
ALL	8 %	\$723,990	\$670,154	15 %	92,358	80,430	-6 %	\$7.84	\$8.33		100%	100%

Source: (Comecarne)