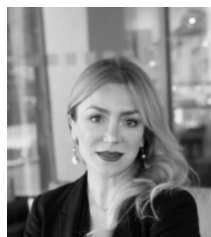


Mexico Update



Sales of Canadian Beef

For 2022, meat consumption in Mexico including chicken, pork, beef and processed meats, rose 3.3% compared with 2021, totaling 10.9 million MT, with pork being the protein in highest demand.

Despite rising inflation in the country and increased competition through suspended duties for imported beef, Canadian beef exports to Mexico had a steady performance in November at 2,259 MT, up 38.2% from a year ago, while export value increased 10.8% to US\$16.6 million. Driven by a stronger demand in the food service and hospitality sectors, January to November accumulated Canadian beef exports to Mexico were up 8% YOY to 20,313 MT, valued at US\$145.7 million. This included a 6.8% YOY increase in muscle cuts exports, which totaled 17,171MT (US\$142.7 million) and a fall of 29.2% in beef variety meats to 3,143 MT. Canadian beef import prices in November remained mainly steady compared to the previous month, except for regular clods and chuck, which went up 9% and 12% respectively.

Retail Sector Conditions

Consumer prices in Mexico rose 8.4%, while in the rest of the Latin America region prices increased 6.8% on average. In December, pork prices in Mexico increased 12.45% annually, even exceeding chicken and beef prices. Chicken meat had the second highest increase at 8.78% compared with the previous year, followed by beef with a price increase of 7.85% YOY. Inflation rates have led to an increase in food prices by up to 53%. According to the meat sector, the temporary elimination of tariffs implemented by the government to combat inflation will only be useful for having additional sources of meat supply and to compensate domestic chicken demand, but not to lower current protein prices.

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	-0.6	41.33	41.93
Business Confidence	-1.3	49.87	51.17
Currency (PESO = 1US\$)	-2 %	19.70	20.13
Inflation (%)	0.0	8.30	8.28
Interest Rates (%)	1	9.12	7.65
Stock Market (MEXBOL)	4 %	48689	46772

Food Service Sector

Changes to the General Law for Tobacco Control in Mexico have been enforced, thus prohibiting smoking in public areas such as terraces and balconies, among others. Restaurant chambers in some states are seeking protection against the new regulations, claiming that it will negatively affect thousands of establishments. For some destinations vital for the reactivation of the food service sector, the return of tourism and customers have occurred at a much faster rate than expected. As a result they are facing challenges such as shortage of personnel and the ability to offer competitive prices due to strong economic fluctuations.

Import/Distribution

According to Mexican meat producers, the opening of Argentinian beef represents a high risk for the Mexican meat production chain, but also unfair competition due to lower costs of production than in Mexico. Nonetheless, in November the Government of Mexico allowed access for 22 Argentinian plants to officially start exporting boneless and OTM beef to the country. Other countries exporting beef to Mexico during November were Australia (101 MT), Japan (2 MT), Nicaragua (1,912 MT), Panama (4 MT) and the U.S with 12,085 MT. As of Nov, the U.S. remained the leading supplier in Mexico for imported beef with 109,086 accumulated 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	
		2022	2021		2022	2021		2022	2021		2022	2021
CAN	4 %	\$162,038	\$155,973	8 %	20,313	18,807	-4 %	\$7.98	\$8.29	11 %	13%	12%
USA	-9 %	\$857,924	\$941,160	-4 %	109,086	113,258	-5 %	\$7.86	\$8.31	-1 %	71%	72%
AUS	-22 %	\$8,918	\$11,466	-47 %	850	1,592	46 %	\$10.49	\$7.20	-45 %	1%	1%
NZ	316 %	\$279	\$67	50 %	15	10	-38 %			54 %	0%	0%
Other	-1 %	\$127,916	\$129,130	-1 %	23,758	24,034	0 %	\$5.38	\$5.37	1 %	15%	15%
ALL	-7 %	\$1,157,075	\$1,237,796	-2 %	154,022	157,701	-4 %	\$7.51	\$7.85		100%	100%

Source: (Comecarne)

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