



Mexico Update

Sales of Canadian Beef



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The Mexican currency averaged \$18.1 pesos per US dollar in October, below September's average of \$17.3 mxp/usd. Mexico's solid macroeconomic framework has contributed to the peso's stability this year. The severe drought in Mexico has impacted the agricultural sector with losses of \$500 million pesos. The decrease in corn and grain production has led to increased imports resulting in higher prices for meat producers. This year Mexico's total meat intake of 9.8 million MT exceeds the national processing capacity of 7.8 million tonnes, resulting in imports of approximately 2.5 million MT. In October Canada exported to Mexico 2,268MT of beef, up 12% from September and up 13.5% YOY. From January to October, Canadian beef cumulative exports reached 22,427MT, a 24% increase compared to the same period in 2022. The total value of these exports amounted to US\$177.2 million. Chilled muscles accounted for 18,289 MT of total accumulated purchases, while frozen beef muscles represented 1,193 MT.

Retail Sector Conditions

According to the COMECARNE, meat consumption has experienced slight growth, despite the increase in prices and inflation. In 2023, chicken remains the most consumed protein, with 44% of consumption, followed by beef at 21%, pork at 16%, and cold meats at 16%. The sustained growth in out of country remittance flows may be also contributing to the high level of retail spending on meats. Households spend \$3,918 pesos quarterly on meat proteins. Beef prices have increased by 66% YOY. Special grinding, has gone from \$77.9 pesos, to over \$129 pesos. Similarly, Sirloin prices increased 40% from \$150 to \$210/kg mxp, and Inside Round up 44.3% to \$229.9 mxp/kg.

Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.0	46.50	45.47
Business Confidence	0.3	53.83	53.50
Currency (PESO = 1US\$)	2 %	17.46	17.13
Inflation (%)	-0.8	4.45	5.23
Interest Rates (%)	0	11.25	11.25
Stock Market (MEXBOL)	5 %	50975	53674.633

Food Service Sector

Experts predict that the hospitality and restaurant industries will experience a 5% growth rate by the end of 2023 driven by tourism and the adaptation to new trends. The demand for accommodation is reflected in the average hotel occupancy rate of 65%. The restaurant industry expects sales to reach US \$71 billion in 2023, up 9% YOY. The fast-food segment accounts for over 40% of total sales. The casual dining segment follows, with 30% of sales, while the fine dining segment accounts for 10%.

Import/Distribution

Meat prices from non free trade agreement sources are expected to rise in early 2024 due to the expiration of the Agreement Against Inflation and High Costs which currently allows the import of meat proteins at zero tariff. The agreement is set to expire on December 31,2023. The Mexican meat industry is also seeking clarity regarding food safety policies. This uncertainty has led to a potential surge in purchases before tariffs are re-introduced in January, as importers try to secure supplies. Jan-Oct accumulated beef imports in October from non US or Canadian sources reached 21,126mt @US\$108.4M Nicaragua, 2,372mt @ US\$15.7M Australia, 1,351mt @ US\$6.5M Brazil and 435mt @US\$3.7M from Argentina. Chile, Spain, Italy, Japan, Panama, Paraguay and Uruguay also exported smaller volumes.

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	14 %	\$177,242	\$154,883	24 %	22,427	18,054	-8 %	\$7.90	\$8.58	6 %	14%	13%
USA	14 %	\$939,445	\$821,639	17 %	113,187	97,001	-2 %	\$8.30	\$8.47	-1 %	70%	70%
AUS	93 %	\$16,631	\$8,612	217 %	2,372	749	-39 %	\$7.01	\$11.50	169 %	1%	1%
NZ	11 %	\$330	\$298	253 %	53	15	-94 %			201 %	0%	0%
Other	4 %	\$130,726	\$125,400	9 %	23,737	21,817	-4 %	\$5.51	\$5.75	-7 %	15%	16%
ALL	14 %	\$1,264,374	\$1,110,832	18 %	161,776	137,636	-3 %	\$7.82	\$8.07		100%	100%

Source: (Comecarne)