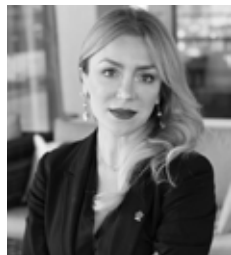




## Mexico Update

### Sales of Canadian Beef



Claudia Herrera-

Due to the impact of the super peso, there is an increased supply of beef, pork, and chicken in Mexico, although this has not translated into lower prices for consumers. The lower exchange rate has made imports cheaper, leading to a record-breaking volume of meat imports from Jan-Sept of 2.23

million MT, 7% higher compared to 2022. Pork & chicken imports reached historical levels, while total beef imports were the highest in the past four years. The total cost of these purchases amounted to a record-breaking US\$4,336 million, an 8.3% increase YOY. However, the impact on consumer prices was mitigated by the favorable exchange rate. Jan-Sept imports of Canadian beef witnessed a significant increase of 26%, reaching 20,159 MT compared to 16,058 MT YTD Sep 2022. The total value of these imports also rose 14% compared to last year reaching US\$ 152.4 million. Canadian beef prices remained stable in Sept, except for skirts which saw a 12% increase from August.

### Retail Sector Conditions

Consumer prices have not significantly decreased. In fact, the average price of whole chicken nationwide was 2.8% higher in Sept compared to last year. Similarly, ground beef prices increased by 2.6%. Pork chops, however, experienced a slight decrease of 1.8%. Although the increased supply should theoretically lead to lower prices, some meat products have only seen marginal price reductions of 1 to 3% annually, while others have even increased in price. According to industry sources, this suggests that retailers, particularly self-service chains, are benefiting from higher profit margins.

### Economic Indicators for Mexico

Indicator	Change	Last 3 Mth	Prev 3 Mth
Consumer Confidence	1.8	46.57	44.77
Business Confidence	0.5	53.73	53.27
Currency (PESO = 1US\$)	-3 %	16.97	17.50
Inflation (%)	-1.1	4.63	5.72
Interest Rates (%)	0	11.25	11.25
Stock Market (MEXBOL)	2 %	52844	53752.267

### Food Service Sector

During the Patriotic Holidays in September, the foodservice and tourism sector had high expectations for a positive impact on the economy. The festivities would generate an economic influx of over 23 billion pesos. Yet, major tourism destinations did not experience the anticipated sales increase. Despite hopes for occupancy rates above 80%, the industry faced challenges, including the overall economic situation of families and the declining value of the US dollar. Sales and occupancy rates fell short of expectations.

### Import/Distribution

Mexican beef production in August was 189,596 MT, 2% higher YOY. Expectations are for production to be around 190-191K MT per month during the fall, which should strengthen supply availability at a time that the country has fully opened market access for beef and is importing 18% more compared to the previous year (122,408 MT Jan-Sep 2022). Accumulated imports YTD: U.S 101,367 MT, up 17.9% vs Sep 2022, Argentina 273 MT, Australia 2,004 MT up 195% YOY, Brazil 456 MT, Spain 241 MT, Nicaragua 19,000 MT down 1.08%.

### Value, Volume, Price and Market Share % of Beef Imports from Major Suppliers (September 2023, YTD)

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 %	\$152,435	\$134,062	26 %	20,159	16,058	-9 %	\$7.56	\$8.35	7 %	14%	13%
USA	14 %	\$800,020	\$699,034	18 %	101,367	85,970	-3 %	\$7.89	\$8.13	0 %	70%	70%
AUS	76 %	\$13,281	\$7,534	195 %	2,004	680	-40 %	\$6.63	\$11.08	151 %	1%	1%
NZ	-14 %	\$244	\$284	107 %	31	15	-95 %			76 %	0%	0%
Other	-3 %	\$105,491	\$108,973	4 %	20,436	19,685	-7 %	\$5.16	\$5.54	-12 %	14%	16%
ALL	13 %	\$1,071,471	\$949,887	18 %	143,997	122,408	-4 %	\$7.44	\$7.76		100%	100%

Source: (Comecarne)