Mexico´s Animal Protein Outlook 2027

An uneven sector recovery amid uncertainty

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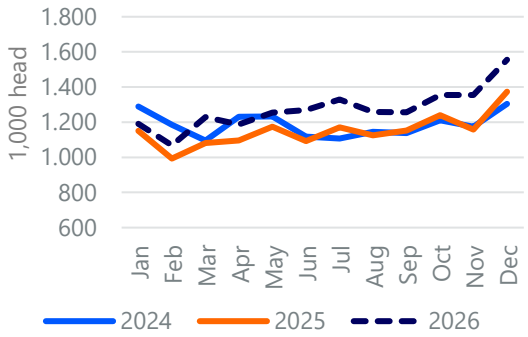
Summary

Mexico's animal protein sector will enter 2027 in adjustment mode after a year of abundant supplies, tight margins, sluggish consumption, and intense competition from imported protein. Chicken and egg production growth should slow, while pork output is likely to continue expanding even as pork consumption remains subdued. Chicken imports may stabilize, and small volumes of US egg imports could respond to higher Mexican prices. Beef remains the primary export-supported exception, helping balance the market and sustain packer margins. Across species, a rebound in feed costs could constrain production and delay margin recovery.

Our view for 2027

Figure 1: In 2026, Mexican hog slaughter will grow 10 percent versus 2025



Note: October to December 2026 is estimated
Source: OPORMEX, RaboResearch 2026

Mexico's animal protein market should rebalance in 2027, but margin recovery will vary by segment. Live chicken and egg producers begin 2027 after a severe margin squeeze. Chicken meat remains exposed to abundant domestic supply and competitively priced Brazilian imports. Additional sow capacity will keep hog and pork markets well supplied. Beef is the relative exception. Beef packer margins should remain neutral to slightly positive, supported by steady exports, particularly to the US, even if US beef prices soften. However, as Mexico's live cattle exports to the US gradually increase, cattle prices will rise in Mexico and put pressure on downstream margins. Cattle imports will remain useful for completing orders and optimizing margins.

The demand backdrop leaves little room for error. Slower economic growth, weak formal job creation, soft consumer confidence, and continued pressure from energy and food inflation will keep households highly sensitive to prices, favoring smaller purchases, promotions, and more affordable proteins. In 2027, we expect the peso to be weaker on average than in 2026, raising the cost in local currency of imported feed (read more at: "Feeding the Animal Protein Market in 2027"), equipment, animal health products, and meat. At the same time, a weaker currency would improve export returns in pesos. In this environment, outperformance will depend less on volume

growth and more on supply discipline, biosecurity, biological performance, product mix, and active management of procurement, energy, and currency exposure.

Table 1: Mexico animal protein outlook by market segment, 2027

Sector	2027 expectation	Key driver and implication
Live chicken	Gradual margin recovery	Placement and weight discipline must be sustained long enough to clear inventories; biological performance will separate operators.
Chicken meat	More stable, but upside capped	Domestic supply should stabilize, but competitively priced imports, particularly boneless breast meat from Brazil, will limit pricing power. We expect production growth of around 1% and imports to stabilize.
Eggs	Slow rebalancing	Flock adjustment in 2026 should moderate supply growth in 2027. Flat consumption, limited US export opportunities, and US imports that respond to price changes constrain rebalancing.
Live hogs	Margins remain under pressure	Newer farms, additional sow capacity, and better health performance will expand hog availability faster than demand.
Pork meat	Mild oversupply	Higher domestic production and ample availability will constrain packer pricing power. Imports should remain sluggish, while rising exports are unlikely to absorb all incremental output.
Cattle	Prices remain supported	Tighter feeder availability and improving export flows to the US should underpin cattle values. We nevertheless expect adequate Mexican cattle availability in 2027; the extent of any domestic cattle supply tightening remains uncertain.
Beef	Positive but narrower margins	Higher cattle costs will pressure downstream margins, partly offset by solid external demand and carcass value optimization.

Source: RaboResearch 2026

2027 context: a potentially challenging year and limited room for error

Economic momentum is likely to remain subdued in 2027. Low public and private investment, weak formal job creation, and limited growth in real incomes will constrain household spending. Mexico also remains highly exposed to a US slowdown through trade, remittances, investment,

and confidence. Consumers will continue to favor affordable proteins, smaller purchases, and promotions, limiting the industry's ability to pass through higher costs.

A weaker peso has opposing effects. It raises the cost in local currency of imported feed ingredients, meat, equipment, and animal health inputs, other things being equal. It also increases revenues in pesos from exports priced in US dollars and may improve export competitiveness, although higher costs for imported inputs can offset part of these benefits. Our working assumption for 2027 is an average exchange rate near MXN 18.5/USD, with Mexico–US interest rate differentials, risk appetite, and broad US dollar movements posing risks of substantial volatility.

Feed and operating costs remain the main margin risk. In 2027, we expect average delivered feed costs to be higher than in 2026. For planning purposes, we assume delivered costs will generally remain at or above approximately MXN 5,000 per metric ton for yellow corn and MXN 8,000 per metric ton for soybean meal. Freight, diesel, natural gas, electricity, and financing could add further upside price pressure. El Niño poses risks to crops, pasture, water availability, and logistics, while geopolitical disruptions could sustain energy and inflation volatility.

Trade and sanitary policy will be equally important. The USMCA review, Mexican trade remedies, Brazilian access, decisions on preferential beef, poultry, and pork import quotas for 2027, and protocols for live cattle exports could change market balances quickly. Quota renewal remains a scenario variable, distinct from sanitary eligibility and North American trade access. Our base case assumes no additional major outbreaks of avian influenza, PRRS, PEDv, or New World screwworm in North America, but biosecurity remains a central source of volatility.

Six forces that could reset the 2027 outlook

The sector outlook that follows reflects species fundamentals, but six wider forces could change the path and timing of the recovery. **First, geopolitics will increasingly affect delivered costs:** disruption around the Strait of Hormuz or the Black Sea, including the Russia–Ukraine conflict, could lift energy, fertilizer, freight, and feed costs even when global grain inventories appear comfortable. **Second, Mexico's domestic cost base could rise independently of commodity markets** as water rules, labor requirements, fiscal enforcement, electricity charges, and permitting reshape the economics of farms and plants. **Third, animal health remains both an operating and a trade risk,** with avian influenza, PRRS, PEDv, and New World screwworm able to alter supply and market access quickly. **Fourth, demand is becoming more segmented:** affordability still dominates the mass market, while convenience, nutrient density, and the growing use of GLP-1 therapies among some consumer groups could support smaller portions and products rich in protein. **Fifth, global trade is becoming less dependent on China and more competitive.** A changing Chinese import role will intensify competition for alternative destinations, Brazil is likely to remain more active in Mexico, and US trade policy and the future of the USMCA will influence access, investment, and regional sourcing.

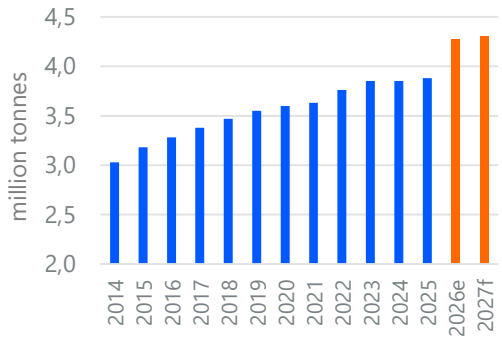
The sixth variable that could impact 2027 outcomes is Mexico's decisions on preferential beef and pork import quotas (cupos). The outlook should allow for quotas to be either renewed or discontinued, rather than assume that preferential access will continue. Renewed or expanded quotas could sustain competitively priced supplies from countries without preferential trade access to Mexico, supporting consumer affordability while limiting domestic pricing recovery. Discontinuing or tightening quotas could reduce these suppliers' competitiveness on landed costs and shift sourcing toward Mexican and North American suppliers. Quotas should not be treated as a simple permission or prohibition on imports: preferential tariff treatment and sanitary eligibility are separate conditions. Neither scenario necessarily determines total import volumes or

guarantees margin recovery; the impact will depend on quota volumes, allocation, duration, utilization, landed costs, and available supply. These six forces will not affect every species equally, which is why the next sections focuses on where each market is most exposed.

2027 outlook by sector

Chicken

Figure 1: Chicken meat production increased significantly in 2026

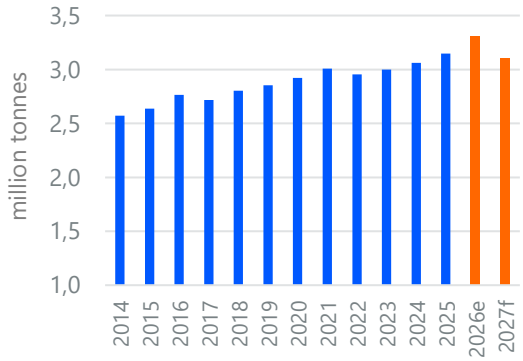


Note: Production is represented in carcass weight equivalent
Source: UNA, RaboResearch 2026

Margin recovery will require supply discipline. Mexican poultry production is estimated to have grown around 8% to 10% in 2026, driven mainly by heavier slaughter weights, with higher slaughter numbers also contributing. Abundant supply and sluggish demand delayed marketings and kept birds in the system longer, while spent hens from flock adjustments added further volume. Imports declined as domestic availability increased, and exports remained minimal. For 2027, we expect production growth of around 1%, broadly stable consumption, and imports to stabilize. Sustained discipline in placements and bird weights will be essential to clear inventories and support a gradual margin recovery, with the strongest results concentrated among efficient, integrated operators.

Eggs

Figure 2: Egg production is expected to slow down in 2027



Source: UNA, RaboResearch 2026

Rebalancing will take time. Egg production is estimated to have grown around 6% in 2026 after strong margins in 2024 and 2025 encouraged infrastructure and flock expansion. Growth slowed around midyear as producer economics deteriorated. Imports increased when abundant, competitively priced US supplies created arbitrage opportunities, while exports edged lower. Assuming stable sanitary conditions, we do not expect another production surge in 2027. Flock reductions should slow supply growth, but flat consumption, excess capacity, and imports that respond to price changes will delay a full recovery. Producers should prioritize flock productivity and segmentation; branding, functional benefits, food safety, and convenience can support value, while the mass market remains highly sensitive to prices.

Pork

Production growth will test the market. Hog production in TIF plants is estimated to have risen between 10% and 15% in 2026; this is a segment estimate rather than a national growth rate.

Recent sow investment and better herd health should support further output growth in 2027. Consumption and import demand are likely to remain sluggish, however, and weak pork prices will keep producer and packer margins tight. Exports have improved but will need to grow further to absorb additional supply. If chicken remains inexpensive and domestic demand stays weak, live hog prices could remain near breakeven for extended periods, especially in the first half. Producers should emphasize PRRS and PEDv control, productivity, and disciplined expansion, while processors focus on carcass optimization, further processing, and export channels.

Beef

Higher cattle prices will transfer margin risk downstream. The gradual recovery of live cattle exports to the US should redirect part of northern feeder supply away from domestic feedlots. Initial flows will be constrained by certification, inspection, and logistics costs, but the direction is clear: stronger exports should support cattle prices. Cow-calf returns are likely to improve, while feedlots face higher placement and feed costs. Packers may see lower slaughter availability than in 2026, reducing utilization and margins. Retail beef prices are likely to rise, but consumers sensitive to prices will shift toward cheaper cuts and competing proteins.

Domestic cattle availability was strong in 2026 and should remain adequate in 2027 even as live cattle exports resume. Beef exports are estimated to have grown by as much as 20% in 2026, while imports declined by roughly 10% amid sluggish domestic consumption and high feed and feeder cattle import costs. Tight US cattle supplies should continue to support external demand in 2027. The result is a beef market supported by exports but facing rising downstream cost pressure, rather than a broad shortage of Mexican cattle.

Consumers and industry implications

Mexican consumers will continue to demand value, but value is not dictated by price alone. Taste, affordability, nutrition, convenience, food safety, and consistent quality will shape purchases. This favors whole chicken, eggs, processed and ground products, smaller beef pack sizes, ready-to-cook formats, and clear promotions. Premiumization will remain selective and must offer a tangible benefit.

For the industry, 2027 will be less about producing more and increasingly about producing the right product at the right cost. Successful operators will protect feed conversion, livability, reproduction, and carcass value; align production with demand; and use procurement, energy efficiency, and financial hedging to reduce volatility. A strong balance sheet will remain important because cost increases may arrive before margins recover.

Key risks to the outlook

- **Feed, energy, and logistics:** Mexico's livestock complex is highly exposed to the delivered cost in pesos of US corn, soybean meal, DDGS, fats, premixes, and additives. A move in CBOT prices may be manageable on its own, but a weaker peso combined with higher rail rates, congested border crossings, elevated diesel prices, or tighter regional basis would hit poultry and egg operations in Jalisco, Puebla, Veracruz, and the Bajío quickly because feed represents a large share of cash costs. Hog producers in Sonora, Yucatán, and central Mexico face the same exposure, while northern feedlots must absorb both higher grain costs and more expensive replacement cattle. Natural gas and electricity also matter directly for feed milling, ventilation, hatcheries, slaughter, rendering, cold storage, and refrigerated distribution. The relevant indicator is therefore delivered feed cost in pesos, not only the futures price.

- **Domestic supply and processing bottlenecks:** In Mexico, biological lags can prolong oversupply even after margins deteriorate. Broiler placements made weeks earlier, birds held to heavier weights, delayed culling of layer flocks, and recently added sow capacity can continue feeding volume into the market after demand has softened. Pressure is amplified when slaughter, deboning, freezing, or cold storage capacity is concentrated or temporarily disrupted, because live animals cannot be stored economically. The first signals will appear in live bird and live hog prices, slaughter weights, spent hen availability, changes in sow numbers and layer flocks, plant utilization, cold stocks, and unusually wide spreads between farmgate and wholesale prices.

- **Animal health and regional market access:** Sanitary events in Mexico can create large regional effects even when national protein supply remains adequate. Avian influenza in a major layer or broiler area could require depopulation, interrupt movements of hatching eggs and chicks, and tighten local supplies of eggs or poultry meat. PRRS and PEDv can reduce pigs marketed per sow and disrupt the flow of uniform hogs to TIF plants, raising unit costs even without a formal trade ban. New World screwworm is especially important for cattle because detection, inspection, treatment, and certification determine whether northern cattle can move to the US; any interruption would redirect animals into Mexican feedlots and slaughter channels, pressuring domestic cattle values while benefiting packer utilization. Regionalization, traceability, laboratory capacity, and the speed of decisions by SENASICA and trading partners will determine whether a health event remains local or becomes a national market shock.

- **Trade policy and import competition:** Mexico's protein balance depends on different trade channels by species. US poultry and pork enter through deeply integrated North American supply chains, while Brazilian boneless chicken breast has become the clearest swing supplier for processors and foodservice buyers when its landed price is lower than domestic product. Additional Brazilian approvals or displaced Brazilian export volume from other markets could cap Mexican breast meat prices even if local whole bird prices recover. Pork trade remedies, quotas, sanitary plant approvals, and customs administration could alter imports quickly in a market where Mexico is a major global buyer. For beef, the key issue is access in both directions: protocols for live cattle determine feeder availability in northern Mexico, while US demand supports Mexican packers. The 2026 USMCA review therefore matters less through headline tariffs in the base case than through uncertainty around rules enforcement, sanitary disputes, customs procedures, and investment in integrated feed, livestock, and processing networks.

- **Domestic regulation, water, labor, tax, and demand:** Policy costs specific to Mexico could widen the performance gap between regions and operators. Tighter administration of groundwater concessions, extraction rights, discharge permits, and wastewater compliance would be most consequential in livestock and processing regions facing water stress, where poultry houses, hog farms, feedlots, and slaughter plants need reliable water for animals, cooling, cleaning, and food safety. Higher minimum wages, rules on shorter working hours, social security obligations, and labor scarcity would raise costs in labor-intensive activities such as catching crews, deboning, further processing, sanitation, and distribution. Stronger tax and customs enforcement could also increase working capital needs and reduce the advantage of informal operators, favoring integrated and TIF-certified companies with stronger systems. These costs will be difficult to pass through if formal employment and real household income remain weak. The

likely consumer response is greater reliance on promotions, smaller packs, substitution from beef toward chicken or eggs, and slower growth in premium and foodservice channels.

Final thoughts

Margins and operating performance will differ across species and market segments in 2027. Producers should tailor production and investment decisions to their own market conditions rather than assume that a sector recovery will benefit all operators equally. The common priority is cost control and operating efficiency. With limited room to pass higher costs on to consumers, improving unit costs will be more important than pursuing volume growth alone.

The focus should be on variables that producers can control: feed conversion, herd and flock productivity, biosecurity, energy use, and production planning. Cost reductions should preserve animal health and biological performance, while output should remain aligned with demand. For processors, plant utilization, carcass value, and product mix will be equally important. These priorities will not remove exposure to import competition or policy changes, but they can help protect margins when market conditions offer less support than expected.

Imprint

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