CURRENT FUEL SITUATION
Customers shipping across the Mexico/United States border are anticipating changes this year after the Mexican government announced double-digit increases in diesel prices for January 2017. The change is one of the most significant parts of Mexico’s energy-reform program, which in 2013, ended the 75-year monopoly of state oil company Pemex over nearly all facets of the sector, from crude production to retail.

IMPACT AND OUTLOOK
These changes will directly and indirectly affect the costs of goods and services into and out of Mexico. Although there is not an accurate forecast on how the prices will behave through 2017, overall supply chain costs in general are expected to increase.

In order to better analyze possible rate increases for transportation services in Mexico, take into account that many rates are in US dollars and in recent months the currency exchange rates are bringing the value of the peso against the US dollar down. This could have a positive impact on the fuel rate increases and fluctuations through 2017.

As a result of these changes there have been some protests and social disruptions; however, thus far, these protests have only affected the transportation routes in a few areas of the country. A constant monitoring of the situation is recommended. Hub Group will be in contact with customers as it deems prudent with any important changes in the coming weeks and months.