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AAC MARKET PULSE

June, 2026

China Feed, Livestock & Agribusiness Intelligence

This Month at A Glance

- Government mandates reductions in pig-production capacity
- Feed production increases 1.6% year-on-year
- Beef imports continue to rise despite safeguard measures
- Hog prices remain under severe pressure
- Egg prices rebound strongly

Government Mandates Reductions in Pig-Production Capacity

On June 17, 2026, the Ministry of Agriculture and Rural Affairs (MARA) convened an emergency symposium in Beijing with the nine major pig-producing provinces and leading pig farming enterprises to enforce the "Pig Production Capacity Comprehensive Regulation Implementation Plan (2026 Revision).

“The meeting defined three mandatory regulatory policies: compulsory culling of low-efficiency breeding sows, strict controls on secondary fattening practices, and mandated reductions in slaughter weights. These measures mark a fundamental shift from voluntary guidance to binding administrative constraints tied to fiscal subsidies.

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Key Numbers

- National breeding sow inventory target lowered from 39 million to 37.5 million
- Q1 2026 sow inventory: 39.04 million (1.54 million above target)
- Industry losses for over 10 consecutive months: CNY 270–400/head for farrow-to-finish operations
- Standard slaughter weight ceiling set at 120 kg (industry average: ~123 kg)

AAC View

This represents a decisive regulatory intervention in China's pig sector. While administrative capacity reduction may accelerate market rebalancing in the short term, the shift to binding quotas raises questions about implementation enforcement across provinces and potential market distortions. The direct linkage to fiscal subsidies signals that the government views industry profitability as a policy priority, but success will depend on compliance among large enterprises and smaller producers alike.

Business Implications

- Demand for high-performance genetics will remain strong as producers seek productivity improvement.
- Low-efficiency breeding herds may accelerate culling, reducing future piglet supply.
- Feed additive suppliers focused on productivity, feed efficiency, and animal health solutions may benefit from producers' focus on cost reduction.

Source: MARA, 17th June 2026

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Feed Production Reached 28.90 Million Tonnes in May 2026

National feed production totalled 28.90 million tonnes in May 2026, a year-on-year increase of 1.6%. Compound, premix, and concentrate feed prices all declined month-on-month across pig, layer, and broiler segments, reflecting weaker raw material costs and subdued livestock sector demand.

Key Numbers

- Total feed production: 28.90 million tonnes (+1.6% YoY)
- Compound feed: 27.24 million tonnes; premix: 0.52 million tonnes; concentrate: 0.96 million tonnes
- Compound feed prices: fattening pigs CNY 3.27/kg (-0.1% MoM); layer CNY 3.04/kg (-0.1% MoM); broiler CNY 3.48/kg (-0.1% MoM)
- Concentrate feed prices declined 0.5–1.3% MoM; premix prices mixed

Source: China Feed Industry Association, 17th June 2026

AAC View

The modest year-on-year increase in feed production masks underlying weakness, with pig feed demand constrained by prolonged losses and ongoing capacity reduction. Price declines across all feed categories suggest easing input costs but also reflect destocking and cautious buying behaviour among livestock producers. The divergence between stable total output and falling prices indicates a buyers' market, with suppliers absorbing margin pressure.

Business Implications

- Functional feed additives with measurable ROI will have stronger market acceptance.
- Premium feed solutions may outperform commodity products.
- Suppliers supporting cost reduction and productivity improvement will have stronger positioning.

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Meat Imports

BEEF +18%

PORK -30%

China's May 2026 meat import data reveals stark divergences: beef imports surged despite new safeguard measures, while pork imports collapsed. The January–May cumulative beef import volume reached 1.32 million tonnes (+19.9% YoY), with value rising even faster (+31% YoY), indicating strong underlying consumer demand shifting toward higher-value proteins. In contrast, pork imports fell 15.2% YoY to 0.81 million tonnes for the first five months, reflecting both weak domestic hog prices and ample local supply.

Key Numbers

- Meat imports (Jan–May): 2.58 million tonnes (-3.5% YoY); value CNY 74.83 billion (+8.0% YoY)
- Beef imports (Jan–May): 1.32 million tonnes (+19.9% YoY); value CNY 52.78 billion (+31% YoY)
- May 2026 beef volume: +18.4% year-on-year
- Pork imports (Jan–May): 0.81 million tonnes (-15.2% YoY); value CNY 10.96 billion (-23.2% YoY)
- May pork volume: -30% year-on-year
- Lamb imports (Jan–May): 138,621 tonnes (-24.6% YoY)
- Poultry imports (Jan–May): 121,389 tonnes (-28.0% YoY)

AAC View

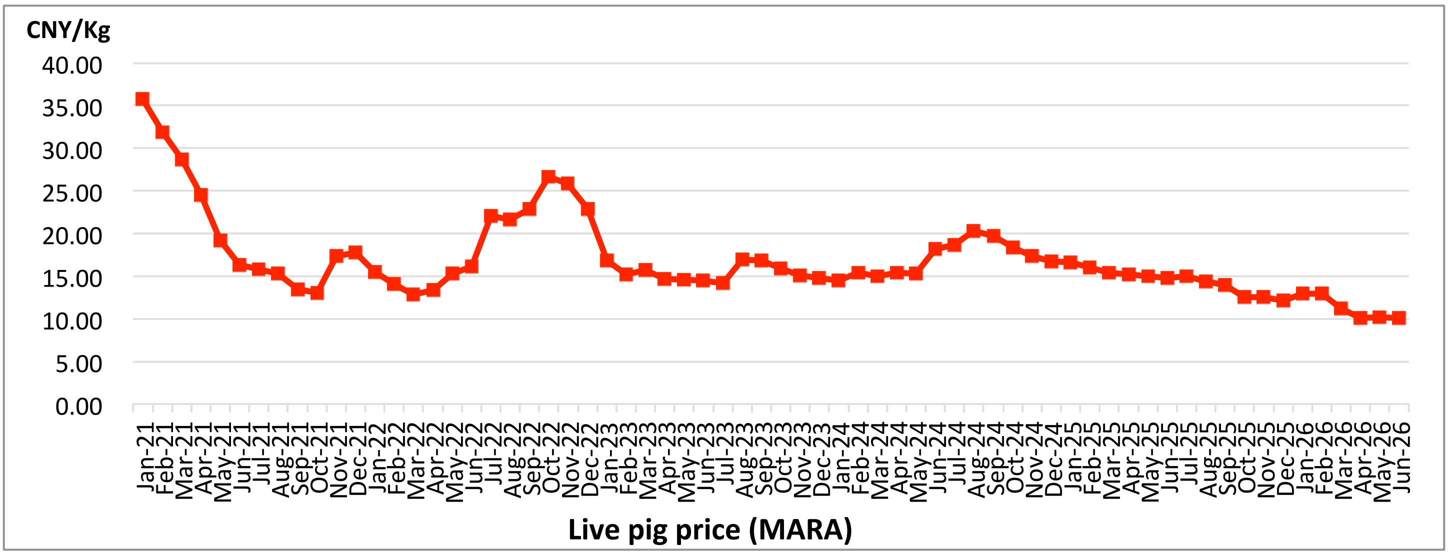
The robust beef import growth despite new safeguard tariffs underscores the structural shift in Chinese consumer preferences toward beef, driven by rising incomes and dietary diversification. Domestic beef production continues to lag demand, making imports the primary balancing mechanism. The safeguard measures appear insufficient to curb imports, suggesting either strong demand elasticity or tariff pass-through to consumers. Conversely, pork's import collapse confirms that China's domestic pig sector—even in a loss cycle—remains largely self-sufficient at current price levels, rendering imports commercially unviable.

Business Implications

- Global pork exporters may face reduced opportunities in China.
- Domestic pork producers will remain the main suppliers of China's pork market.
- Premium animal protein categories may continue expanding.

Source: China Customs, 18th June 2026

Live Pig Price in June 2026



China's average live pig price fell to CNY 10.09/kg in June 2026, down 0.6% from May and 31.6% lower than June 2025. Prices remain at deeply depressed levels, reflecting persistent oversupply despite ongoing capacity reduction efforts. The sector has now endured losses for over 10 consecutive months, with production costs estimated at CNY 15–16/kg for most commercial operations.

Key numbers

- Meat imports (Jan–May): 2.58 million tonnes (-3.5% YoY); value CNY 74.83 billion (+8.0% YoY)
- Average production cost: approximately CNY 15–16/kg
- Losses per head: CNY 270–400 for farrow-to-finish operations

AAC View

The continued slide in hog prices even as the government implements mandatory capacity cuts suggests that reduction measures have yet to materially tighten spot market supply. The scale of oversupply (1.5 million head above target) and the lagged effect of policy implementation imply prices may remain under pressure through Q3 2026. However, the cumulative effect of sow culling, stricter secondary fattening controls, and lower slaughter weights should begin to reduce marketable pig volumes by late Q3 or early Q4.

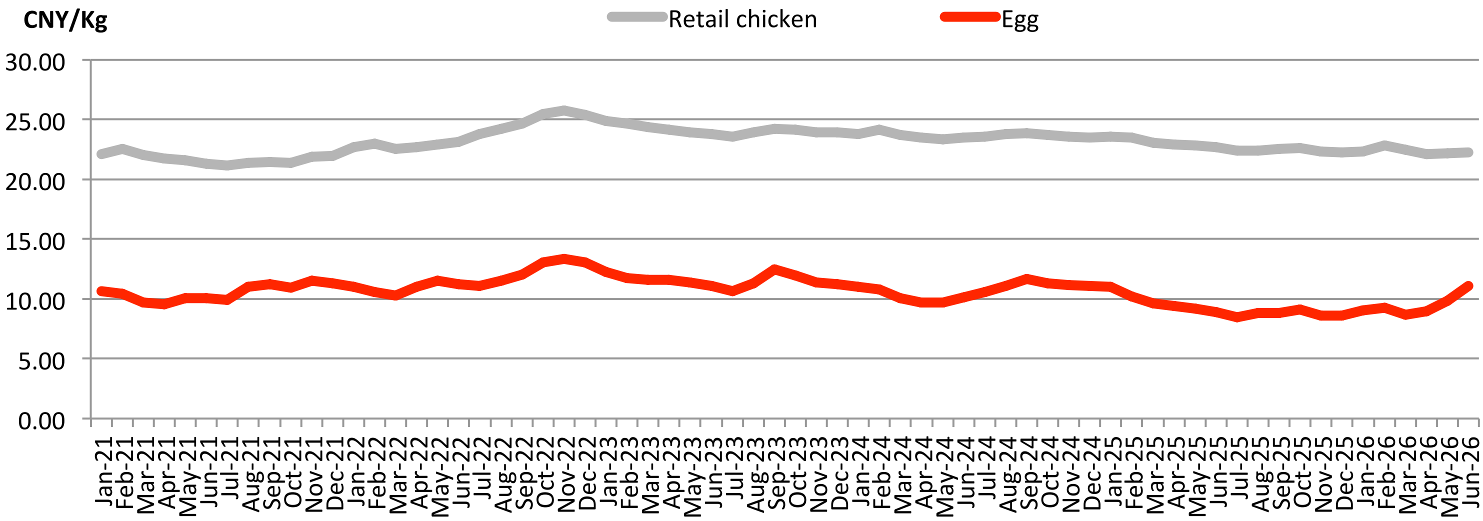
Business implications

- Producers will continue prioritizing cost reduction.
- Genetics, nutrition, health, and farm management solutions with clear economic benefits will become more valuable.
- Smaller inefficient farms may exit the market.

Source: MARA, June 2026

Egg Prices Rebound Strongly

China's egg prices recorded a sharp rebound in June 2026, rising 12.1% month-on-month to CNY 11.08/kg and standing 24.5% higher than June 2025. The strong seasonal recovery reflects tightening supply following earlier layer depopulation, improved consumption patterns, and reduced availability of alternative proteins given pork's continued price weakness.



Live chicken and egg prices (MARA)

Key numbers

- Egg price: CNY 11.08/kg (+12.1% MoM; +24.5% YoY)
- Chicken price: CNY 22.24/kg (+0.4% MoM; -1.9% YoY)

AAC View

The egg market's strong performance stands in sharp contrast to the pig sector's prolonged depression. Higher egg prices reflect successful adjustment of layer inventories after 2025's production rationalisation, combined with resilient demand from households, food service, and processing sectors. The divergent trends between egg and pork markets highlight the importance of species-specific supply dynamics and consumer substitution effects.

Business implications

- For egg producers: Improved margins support investment in layer farm modernization and disease management. Caution warranted on rapid expansion to avoid repeating the pig sector's supply trap.
- For poultry producers: Chicken prices remained stable but underperformed eggs, suggesting broiler supply remains adequate and consumer preference shifts may benefit eggs in the near term.

Source: MARA, June 2026

Market Outlook

Pig prices and capacity de-stocking: The next 1–3 months will be characterized by continued capacity de-stocking and volatile but range-bound pig prices. The mandatory sow culling, secondary fattening controls, and slaughter weight limits are expected to accelerate supply tightening, though the lagged effect means marketable pig volumes may not meaningfully decline until late Q3 or early Q4. The 37.50 million sow target is likely to be reached or even undershot by end-Q3, assuming current reduction momentum continues. However, rising productivity (MSY stabilizing at 22–24 head) means "fewer sows, not less meat" will mute the price impact of sow reductions. Most analysts expect no sustained rally through July–September, with a genuine cycle turning point more likely in Q4 2026 or early 2027.

Feed costs and farmer profitability: Feed costs are expected to remain subdued through Q3. Corn prices face pressure from policy grain releases and reduced feed-mill buying, while soybean meal upside is capped by high inventories and ample global supply. Lower feed costs will provide modest margin relief but are insufficient to restore profitability at current hog prices. Losses are expected to persist through Q3, though some narrowing may occur by late Q3 if prices firm.

Imports: Pork imports are unlikely to recover meaningfully over the next 1–3 months, with domestic hog prices remaining well below import parity and ample local supply depressing import economics. The import market will remain a residual supplier, serving niche processing and high-end retail channels. Beef imports are expected to maintain their strong momentum, with underlying consumer demand continuing to outpace domestic production.

Egg prices: The egg price rally may moderate as summer heat affects layer productivity, but prices are expected to remain historically elevated through Q3, supported by favourable supply-demand dynamics and seasonal demand for processed egg products ahead of the Mid-Autumn Festival.

Bottom line: The next 1–3 months will see continued policy-driven capacity reduction, volatile but range-bound pig prices, and persistent industry losses. While the worst of the price decline is likely behind us, a genuine cycle reversal requires further supply tightening and a seasonal demand pickup—conditions more likely to align in Q4 than in the immediate July–September window. Market participants should prepare for continued volatility, monitor secondary fattening unwind risks in late July–early August, and watch for policy enforcement signals as the September capacity-reduction deadline approaches.