AAC MARKET PULSE

July, 2026

China Feed, Livestock & Agribusiness Intelligence

National Rigid Production Capacity Reduction Takes Effect; Top Pig Producers Slow Down Slaughter Pace

China's listed pig producers delivered over 85 million hogs in H1 2026, flat year-on-year, but the industry's giants—Muyuan and Wens—cut June slaughter by 11–14%, while some mid-tier players expanded aggressively. Hog prices hit near-decade lows in mid-April, then rebounded ~20% by early July to around CNY 12 /kg, driven by policy-mandated capacity cuts and a temporary shortage of heavy-weight hogs, not by demand recovery.

July at A Glance

The Ministry of Agriculture lowered the normal sow inventory target to 37.5 million head in May 2026, accelerating industry consolidation.

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Key Numbers

- National breeding sow inventory target lowered from 39 million to 37.5 million
- Total H1 slaughter by 14 listed firms: over 85 million head.
- Muyuan Foods H1: 38.6 million head (June down 11.3% YoY).
- Wens Foodstuff H1: 17.8 million head (June down 14.5% YoY).
- New Hope H1: 7.1 million head, down 15.9% YoY.
- Self-breeding loss per head: CNY-315

AAC View

Sow inventories fell in June due to financial strain and policy-driven capacity cuts, and are expected to keep declining in July, though the recent price rally may slow the pace of culling. However, heavy rainfall in some regions could force early sales of lighter-weight hogs, creating short-term supply shocks and potentially dragging prices lower again. Breeders' losses are unlikely to reverse in the near term. Some industry participants view the current low prices and thin margins as a stage-specific supply-demand imbalance rather than a sign of a mature cycle, and express cautious optimism for the second half of 2026.

Business Implications

- For producers: The top three now control ~75% of total slaughter. Mid-tier expansion (e.g., Zhengbang +56%) may backfire if demand lags, extending the downcycle.
- For investors: Futures rallied ~10% in weeks, but physical losses persist—policy interventions have not restored profitability; volatility is likely through H2.
- For supply chain: Expect choppy prices; feed and processing sectors should brace for uneven recovery.
- For policymakers: Administrative capacity control is underway, but structural adjustments in production and consumption are still needed to achieve lasting equilibrium.

Source: Cailian Press, 10th July 2026

China's Feed Output Rises 3.9% in H1 2026, Driven by Pig and Aquaculture Segments

China produced 168.50 million tonnes of industrial feed in H1 2026, up 3.9% year-on-year. Growth was highly uneven across species. Pig feed hit a record 83.53 million tonnes (+7.9%), driven by grower-finisher feed, while layer and duck feed plunged to a five-year low (-10.4%) amid deep poultry restructuring. Aquaculture feed surged 17.4% on strong fish prices and restocking, and pet feed jumped 24.3%. On the ingredient side, corn rose 4.6% on tight supply, while fish meal skyrocketed 25.7% on lower catches and robust aquaculture demand.

Key Numbers

- Total feed output: 168.50 MMT, +3.9% YoY.
- Pig feed: 83.53 MMT, +7.9% (record high); grower-finisher feed up nearly 12%, while sow and piglet feed grew modestly.
- Layer and duck feed: 14.90 MMT, -10.4% (five-year low), with duck feed down 19.2%.
- Aquaculture feed: 11.10 MMT, +17.4%; marine feed up nearly 35%.
- Fish meal prices: +25.7% on Peruvian catch cuts and strong aquaculture demand.

AAC View

The record pig feed output, despite official capacity cuts, confirms that producers are still fattening hogs longer ("heavy-weighting") rather than reducing breeding herds – a strategy that increases per-head meat supply and prolongs the price downturn. The collapse in poultry feed signals structural capacity exits after prolonged losses. Meanwhile, the sharp fish-meal price surge threatens margins for aquaculture feed makers.

Business Implications

- Feed producers: The shift towards compound feed (now >93% of output); concentrate and premix suppliers face shrinking demand.
- Pig producers: Heavy-weighting adds to meat supply and risks prolonging losses – herd reduction remains necessary.
- Aquaculture players: Strong demand is positive, but soaring fish-meal costs will squeeze margins
- Poultry operators: Rapid capacity exits create a potential supply tightness later in 2026–2027

Source: China Feed Industry Association, 17th July 2026

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H1 2026 Meat Imports

BEEF +18%

PORK -29%

China's H1 2026 meat imports showed a stark divergence, with beef soaring to record highs while pork plunged to multi-year lows. Total meat imports (including offal) fell 3.0% to 3.11 million tonnes, but value rose 10.0% to CNY 91.38 billion, reflecting a shift toward higher-priced proteins. Beef imports jumped 17.5% in volume to 1.53 million tonnes and 33.2% in value, driven by strong premium demand. In contrast, pork and offal imports dropped 14.4% to 980,000 tonnes, with pork alone down 28.8% to 380,000 tonnes. Lamb (-20.2%) and poultry (-25.0%) also contracted, though lamb showed a June rebound.

Key Numbers

- Total imports (including offal): 3.11 MMT, -3.0% YoY; value: CNY 91.38 bn, +10.0% YoY.
- Beef: 1.53 MMT, +17.5% YoY; value CNY 63.68 bn, +33.2%.
- Pork (excluding offal): 380,000 tonnes, -28.8% YoY; value CNY 5.32 bn, -32.0%.
- Pork including offal: 980,000 tonnes, -14.4% YoY; value CNY 13.23 bn, -23.0%.
- Lamb: 169,929 tonnes, -20.2% YoY; value CNY 5.48 bn, -6.1%.
- Poultry: 155,239tonnes, -25.0% YoY; value CNY 3.44 bn, -13.8%.

AAC View

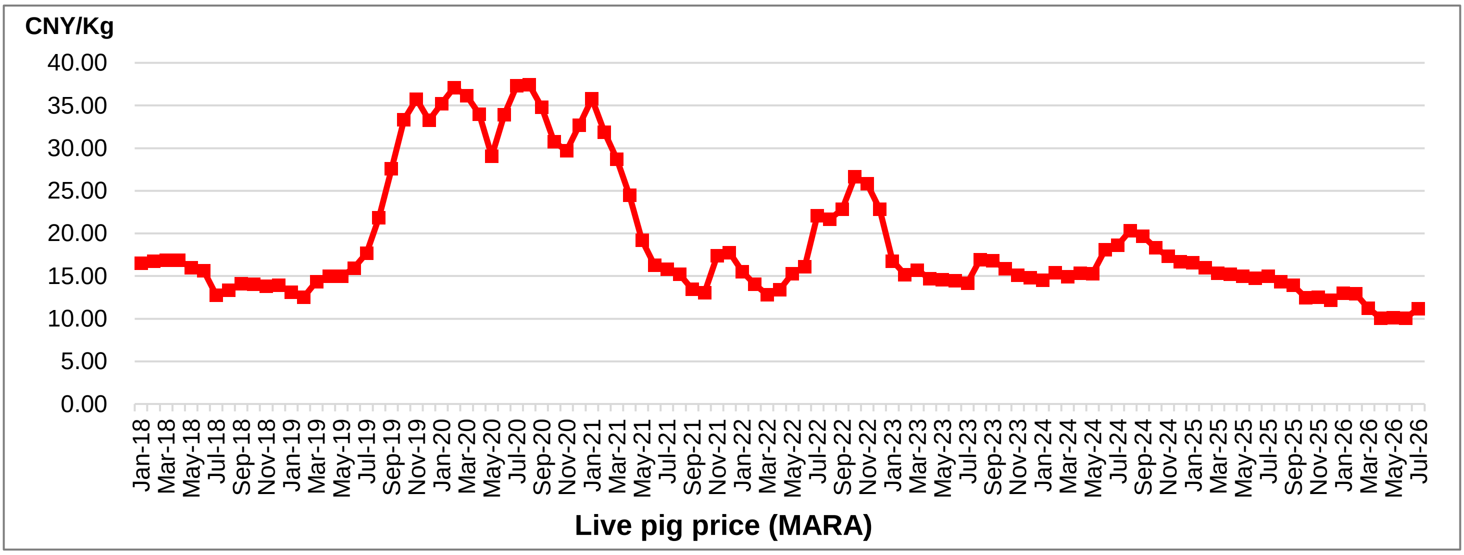
The beef surge confirms sustained consumer upgrading, with rising average prices indicating demand for premium cuts, while domestic production lags. The pork collapse reflects China's ample oversupply and low prices, making imports commercially unviable; this will pressure major exporters (Spain, Brazil, US) to find other markets. Lamb's volume decline but resilient value points to a premiumisation trend within a shrinking segment, while poultry's continued slide mirrors domestic restructuring. Looking ahead, beef imports are likely to stay strong given long production cycles at home, while pork imports will only recover when domestic hog prices rise above import parity—unlikely before late 2026 or early 2027.

Business Implications

- Beef importers/traders: Sustained demand but rising global prices may squeeze margins; secure long-term supply contracts.
- Pork exporters: Diversify away from China or pivot to higher-value processed pork.
- Domestic pork producers: Import threat is gone, but oversupply persists; focus on cost cuts and herd reduction.
- Domestic beef producers: Supply gap is widening; invest in productivity and breeding to capture premium share.

Source: China Customs, 18th July 2026

Live Pig Price in July 2026



China's average hog price rose to CNY 11.20 /kg in July 2026, up 11.0% from June. The increase offered some relief after prices hit decade-lows in April–June, but the level remains 25.2% below July 2025 and far from breakeven. The modest rebound was driven by temporary supply tightness as farmers held back hogs and large producers slowed slaughter, but demand stayed weak due to summer seasonality and ample overall supply. The market remains oversupplied despite ongoing government-mandated herd reduction.

Key numbers

- July average hog price: CNY 11.20/kg, +11.0% month-on-month, -25.2% year-on-year.
- June average: CNY 10.09/kg (the lowest since 2018).
- Breeding sow inventory at end-Q2: 37.80 million head, down 6.5% YoY, just 0.8% above the official target of 37.50 million.
- Self-breeding loss per head: approximately CNY -139 in late July, improved from CNY-275 in mid-June but still in the red for ten consecutive months.

AAC View

The July price uptick is a short-term correction driven by producer behaviour and policy optimism, not a genuine demand recovery. With summer holidays reducing institutional catering and hot weather curbing household consumption, there is no catalyst for sustained gains. It is expect prices to trade in a narrow range of CNY 10.2–11.2 /kg through August, with a meaningful turnaround unlikely until autumn when consumption picks up and supply tightens from earlier culling.

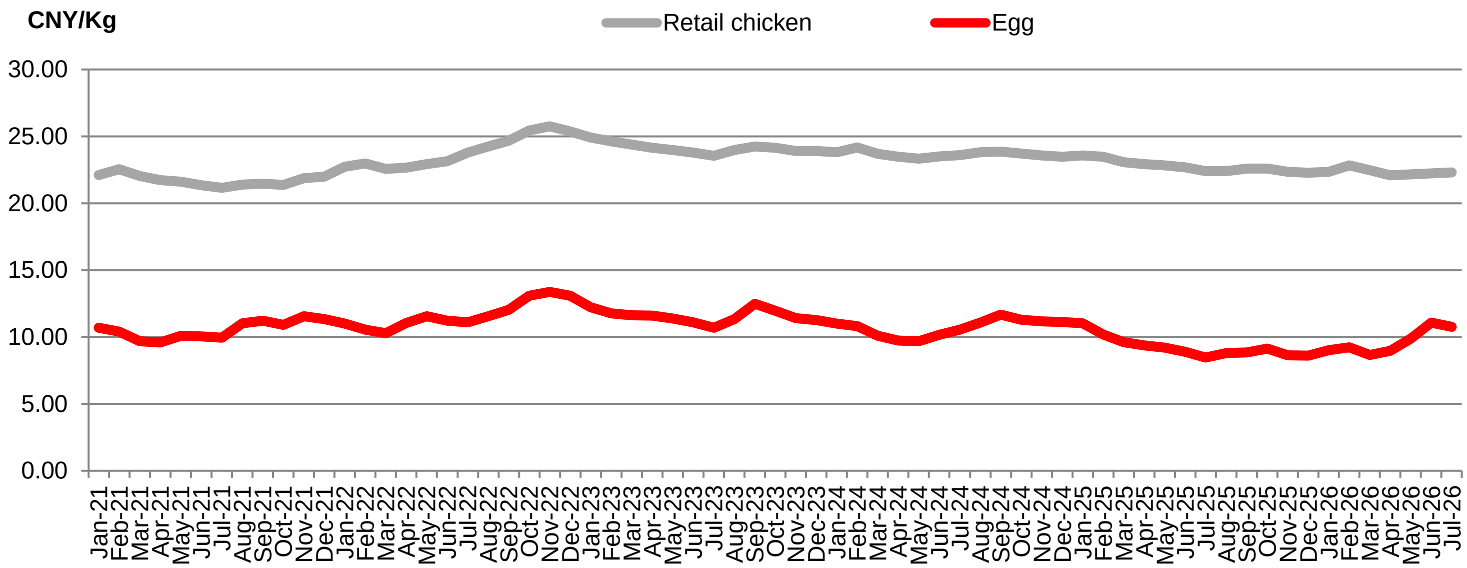
Business implications

- Pig producers: The price rebound provides only fleeting relief. Avoid speculative holding or secondary fattening; focus on cost control as oversupply persists.
- Feed suppliers: Pig feed demand will gradually shift: grower-finisher feed stays firm from heavier pigs, but sow and piglet feed will decline as breeding herds shrink. Diversify into aquaculture or pet feed for better growth.

Source: MARA, July 2026

Chicken Flat, Eggs Ease After June Peak

Chicken prices edged up 0.3% month-on-month to CNY 22.30/kg, remaining range-bound in a narrow CNY 22–23/kg corridor for over two years. Egg prices, however, eased 2.9% to CNY 10.76/kg in July, retreating after surging to a near-two-year high in June. Despite the monthly dip, July eggs were still up 27.0% year-on-year and 26.8% above the February low, reflecting underlying tightness driven by summer heat and holiday stocking.



Chicken and egg prices (MARA)

Key numbers

- Egg price: CNY 10.76/kg (-2.9% MoM; +27.0% YoY)
- Chicken price: CNY 22.30/kg (+0.3% MoM; -0.5% YoY)

AAC View

The chicken market remains stagnant: ample supply and weak summer demand keep prices range-bound, with producers lacking pricing power. The egg market experienced a classic seasonal rally from May to June as summer heat cut layer output, but the July pullback suggests the initial surge may have overshot. While egg inventories remain relatively tight, the decline indicates that high prices are curbing some consumption. Further upside is possible as the festival approaches in September, but the pace will depend on layer productivity and supply response.

Business implications

- Poultry/egg producers: Chicken offers no margin relief—focus on cost control. Egg producers should capitalize on still-elevated prices but avoid over-expansion, as the correction signals vulnerability.
- Processors/retailers: Egg buyers may find some relief from June's peak, but prices remain high; secure supply ahead of festival demand. Chicken processors face thin but stable margins.

Source: MARA, July 2026