

CHINA HOG MARKET UPDATE



**SITONIA
CONSULTING**

Prices fall to yearly lows with weak demand

August 2025

Summary

Hog prices steadily declined in August and reached the lowest levels of 2025. High summer temperatures have weighed on demand, and farmers' enthusiasm for secondary-fattening is low, which is leading to increased supply as these hogs are sent to market.

Futures

Futures prices continued lower, with prices down 4.3% over the past month and now down 25.3% year on year. After initially rallying on the government orders for capacity reduction, futures sold off and ended August at the monthly lows.

Live Hog Prices (Yuan per KG)



More of a carry developed in the futures curve into next year due to larger supplies.

Production

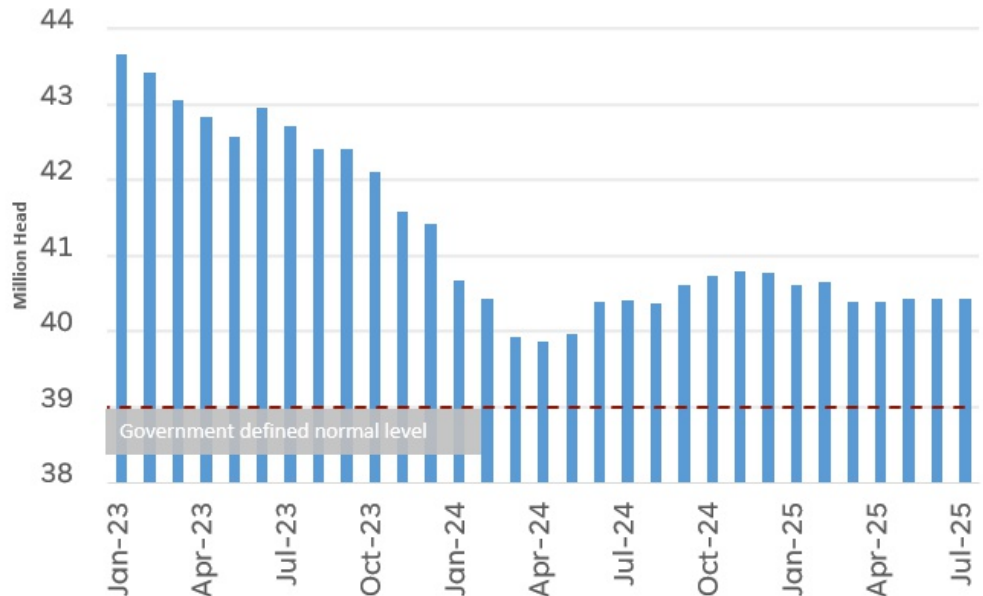
The sow herd 40.42 million head in July, essentially flat compared to both June and July 2024.

Slaughter volume of large companies was 31.7 million, up 5.3% compared to June

and up 30.4% year on year.

Net profits for large companies rose to 21 yuan per head in July, according to the Ministry of Agriculture, as prices were stronger during the month, but margins have narrowed considerably in August.

Sow Population (Million Head)



Government begins reserve stockpiling as prices fall

While the most efficient producers are slightly profitable at current levels, smaller farms are losing money at these levels.

The price ratio between hogs and corn has fallen below 6:1, which led the National Development and Reform Commission to announce the start of pork stockpiling. While the volumes purchased for stockpiling are insignificant, it does boost market sentiment as these purchases typically align with the bottom of the price cycle.

In their semi-annual reports, companies have said they are complying with the government's efforts to stabilize the hog herd. This includes reducing the sow herd, limiting hog weights to 120kg, stopping sales to secondary-fattening operations, and strictly controlling capacity expansion.

Shandong province also announced that hogs over 30kg are banned from entering the province, with some limited exceptions. This is both a way to reduce the risk of ASF but also curtail secondary-fattening operations in the province.

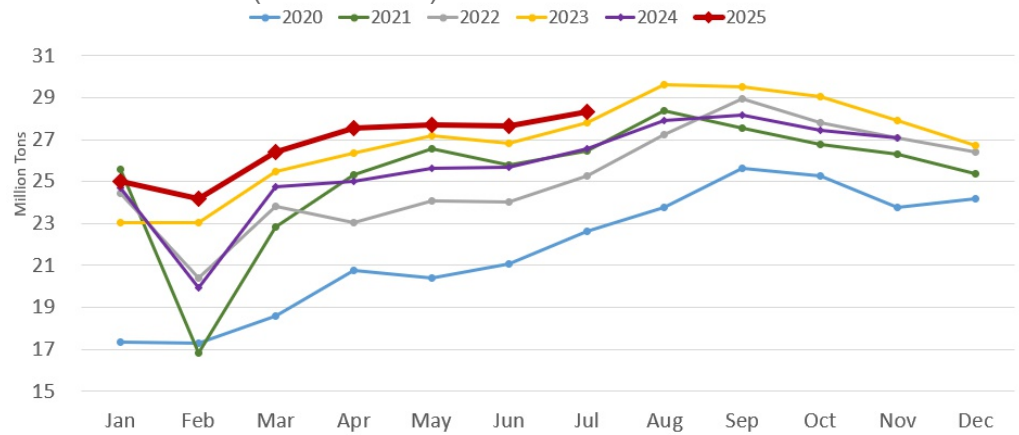
High temperatures weigh on consumer demand

Consumer

Consumer demand continues to be weak due to very high temperatures in China. For example, Shanghai announced it has had 24 consecutive days of higher temperatures over 35C (95F), which is tied for the longest heatwave since 1926.

Retail spending on restaurants in July was up only 1.1%, compared with total

Feed Production (Million Tons)



consumer spending rising 3.7% year on year.

Feed production up 5.5% year on year in July

Pork also faces competition from cheaper protein sources. Both pork and egg prices are down 22% year on year.

Feed

Feed output was 28.3 million tons in July, up 2.3% compared to June, and up 5.5% year on year. Soybean meal inclusions were 14.1%, the highest since May 2024, and corn inclusions fell to 33.1%. Corn feeding is increasing as the new crop corn harvest nears, and corn is becoming more price-competitive with wheat.

Hog feed prices were up 0.3% in July, but are still down 2.5% year on year.

Imports

Pork and offal imports in July were 190k tons, up 2.7% year on year. Yearly imports through July are 1.34 million tons, up 3.3% year on year.

Pork imports were 90k tons, down 0.6% year on year. Yearly imports are 630k tons, up 4.1% year on year.

Through July, imports from every EU country, with the exception of Finland, are up compared to the same period in 2024.

Imports from the US and Brazil are down compared to last year.

Outlook

Hog prices are at the bottom of the cycle, with small farmers losing money and more restrictions on secondary fattening. With the start of the school year and the arrival of cooler temperatures, demand should increase and stabilize prices.

The government's regulations to stabilize the hog herd should be supportive of hog

Chart Update

Live Hog Prices (Yuan per KG)



Piglet Prices (Yuan per KG)



Pork Prices (Yuan per KG)



Hog: Corn Price Ratio



Dalian Hog Futures (Yuan per Ton)



Dalian Hog Futures Forward Curve

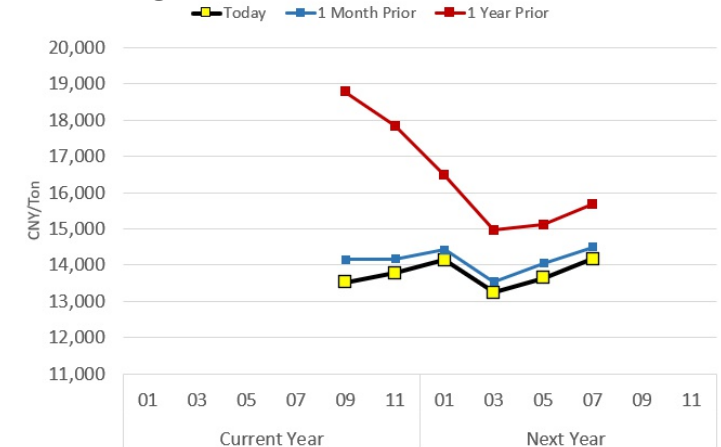
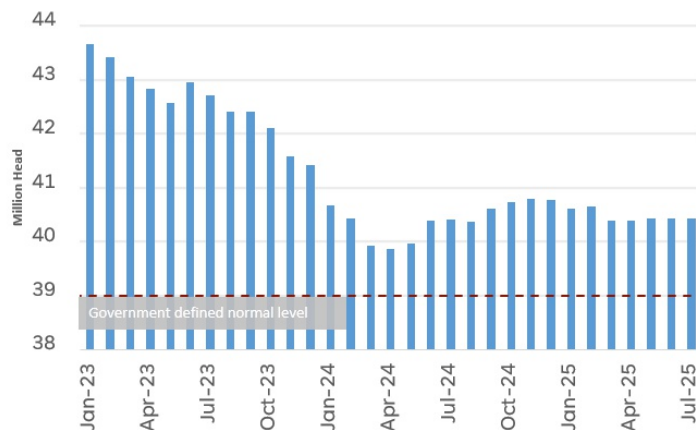
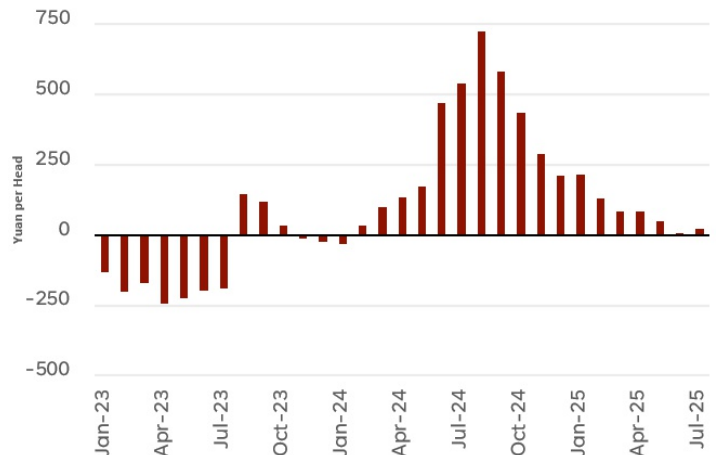


Chart Update

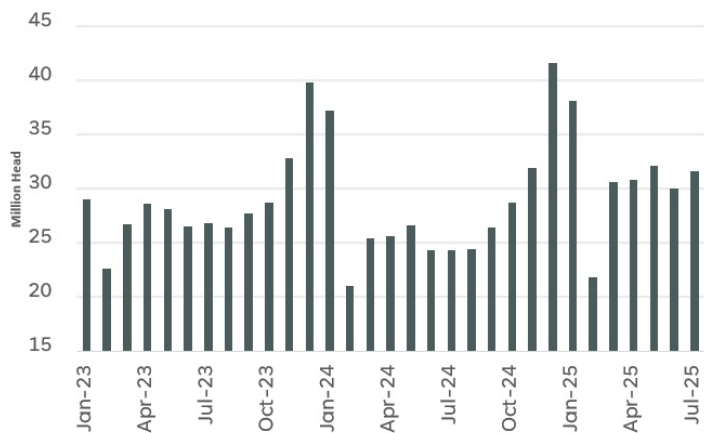
Sow Herd (Million Head)



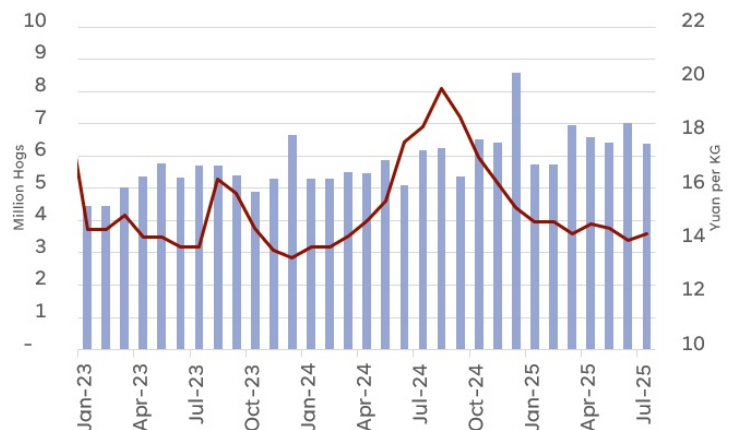
Net profit per hog - Large producers (Yuan/head)



Slaughter Volume - Large Companies (Million Head)



Muyuan Monthly Sales (Millions) - Average Sales Prices (Yuan per KG)



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