



CHINA HOG MARKET UPDATE



**SITONIA
CONSULTING**

**Prices fell sharply
in September on
government's
aggressive plans to
shrink hog herd**

September 2025

**Government tells
large companies to
shrink output by 10%**

Summary

Hog prices saw major losses in August, with cash prices down 11.5% for the month, and futures prices down over 9.0%.

Although hog prices were weak going into the month, major policy changes by the central government to boost prices have led to an increase in supply in the short term.

Policy

Since June, the National Development and Reform Commission has wanted the size of China's sow herd to fall. The size of the sow herd has remained persistently above the government's ideal size of 39.5 million sows.

On September 16, the government had a meeting with representatives of the hog industry and announced wide-reaching rules to shrink the country's hog production.

The national sow herd would shrink by 1 million, and provincial governments would be responsible for ensuring their regions shrank by the corresponding amount to achieve this goal. Large companies would also be required to shrink their output by 10% in 2026.

These policies will shrink production in the long term, but in the short term, companies are selling more hogs to gain market share and achieve high sales before the reductions of 10% come into effect in 2026.

Futures

Futures prices fell sharply in September. Following the government's meeting with the hog industry, November futures fell over 8% in only 11 trading sessions.

This policy move also led to more of a carry in the market. Although futures across the curve were down, the decline in the July 2026 contract was only 5.6%.

Production

The sow herd 40.38 million head in August, down 0.1% compared to July, and flat year on year.

Slaughter volume of large companies was 33.5 million, up 5.8% compared to July

and up 29.6% year on year.

Net losses for large companies were 57 yuan per head in August, according to the Ministry of Agriculture, while losses at small farms grew to 109 yuan per head.

November 2025 Hog Futures

Live Hog Futures - November 2025 Contract



Futures selling accelerates after government meeting

The price ratio of hogs to corn continues to fall. The stockpiling of pork into frozen reserves continues, but the volumes are still relatively small. Guangdong province raised its warning level for an excessive decline in hog prices in the province after the hog:corn price ratio was below 6:1 for three consecutive weeks.

Consumer

Consumer demand continues to be weak, even going into one of the biggest holidays in China, Chinese National Day.

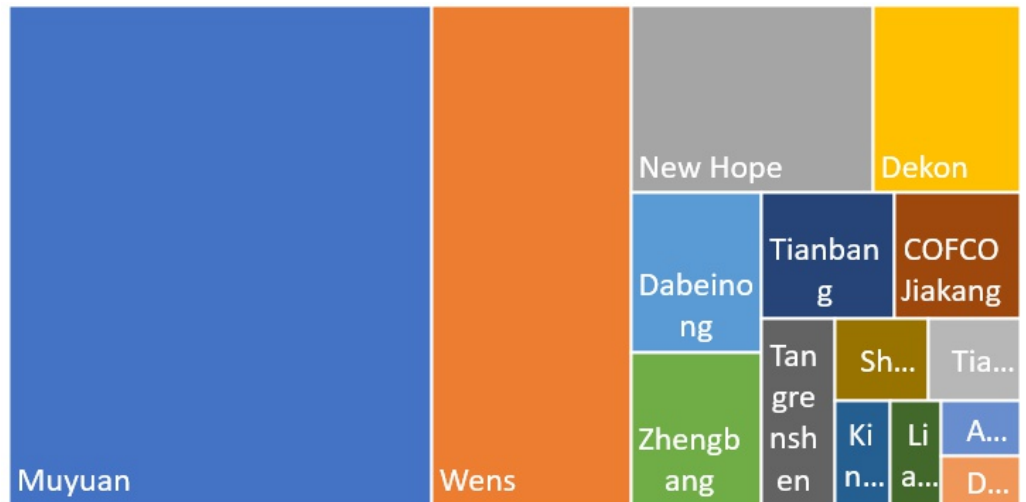
Temperatures remained above average across most of the country in September, which also weighed on demand. Restaurant spending rose 2.1% in August but continues to lag behind the broader growth in consumer spending, up 3.4% year on year in August.

Feed

Feed output was 29.36 million tons in August, up 3.7% compared to July, and up 3.8% year on year. Hog feed prices average 3270 yuan per ton, down 0.4% compared to July, and down 2.1% year on year.

Corn inclusions were 32.9%, up 1.7 percentage points year on year, and soybean meal inclusions were 14.3%, up 1.5 percentage points year on year.

January-August 2025 Market Share of Major Public Companies



Imports fall in August, down 11.1% y/y

Imports

Pork and offal imports in July were 180k tons, down 11.1% year on year. Yearly imports through July are 1.52 million tons, up 1.4% year on year.

Pork imports were 80k tons, down 12.5% year on year. Yearly imports are 710k tons, up 1.8% year on year.

Outlook

At current levels, most farms are losing money. The central government's new regulations are positive for prices in the medium term but added substantial pressure to prices in the short term.

The government's plans to reduce the size of the herd were more aggressive than the market was expecting. The plans also have more enforcement than previous efforts to shrink the herd size. This includes giving specific targets to both large companies and provincial governments, while also restricting subsidies and state financing.

Chart Update

Live Hog Prices (Yuan per KG)



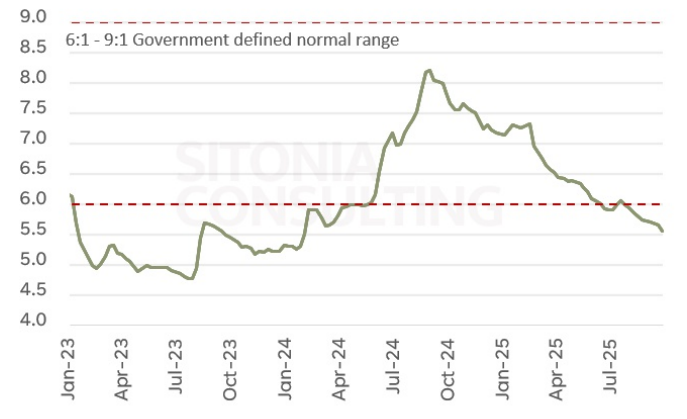
Piglet Prices (Yuan per KG)



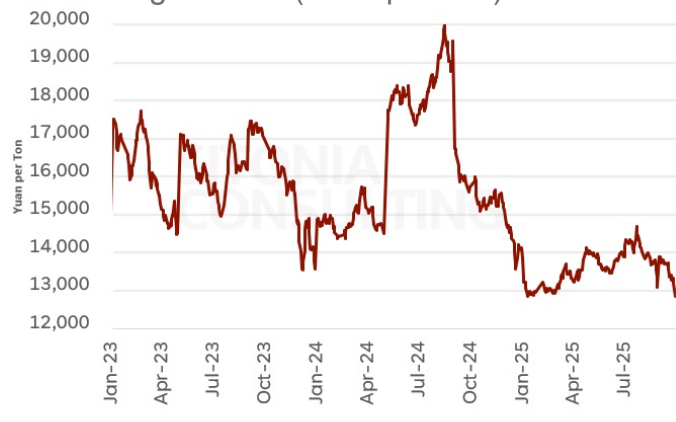
Pork Prices (Yuan per KG)



Hog: Corn Price Ratio



Dalian Hog Futures (Yuan per Ton)



Dalian Hog Futures Forward Curve

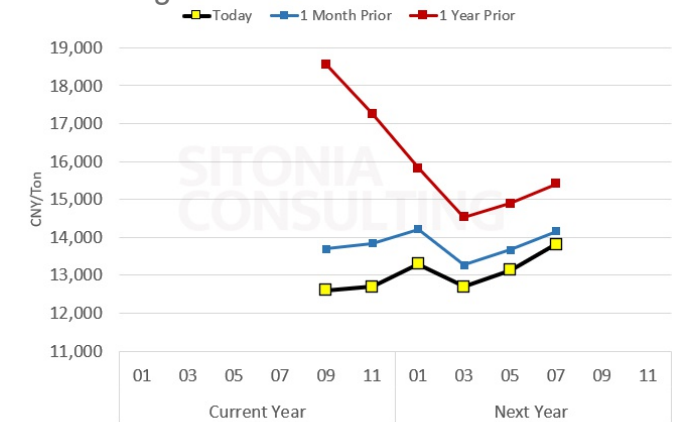
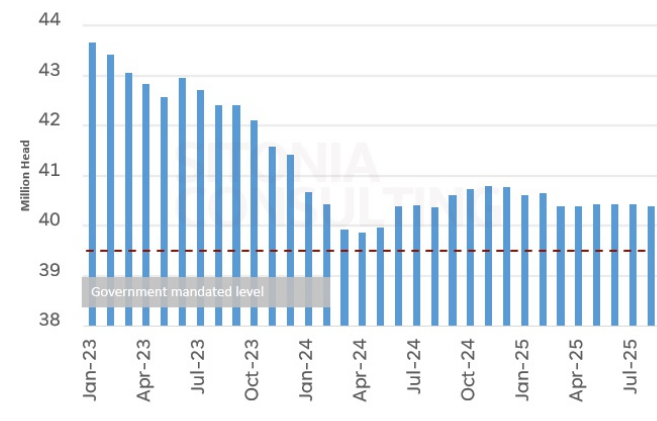
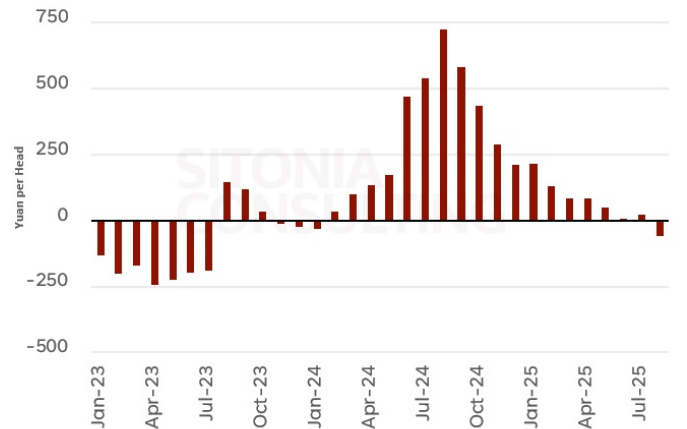


Chart Update

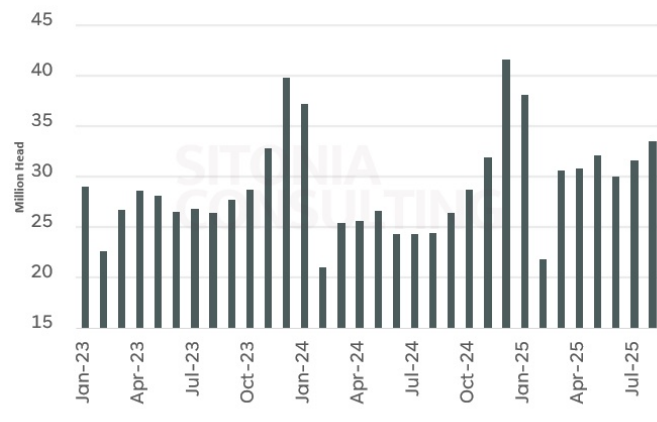
Sow Herd (Million Head)



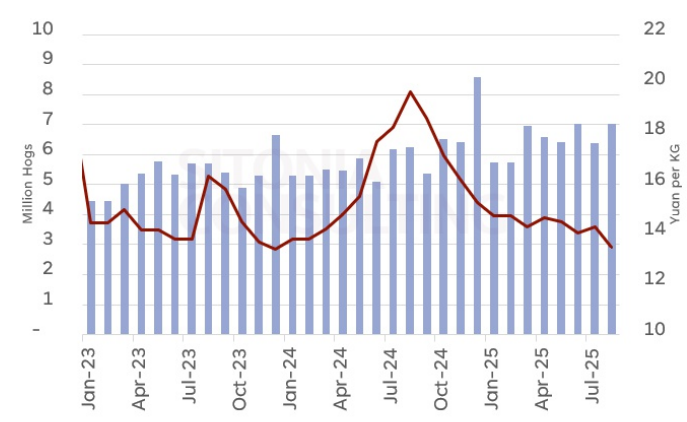
Net profit per hog - Large producers (Yuan/head)



Slaughter Volume - Large Companies (Million Head)



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



Sitonia Consulting provides research and analysis into China's agricultural commodity markets through a curated network of local contacts, direct market intelligence, and original research. Sitonia Consulting helps clients see beyond public data to uncover the real trends driving China's agricultural commodities.

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