

CHINA HOG MARKET UPDATE

**SITONIA
CONSULTING**

May 26, 2026

Summary

Prices have remained low with losses mounting for hog breeders. The Ministry of Agriculture announced a new policy which reduces the government's target for breeding sows by 1.5 million.

Policy

In May, the Ministry of Agriculture released its Implementation Plan for Comprehensive Regulation and Control of Pig Production Capacity that revised down the government's breeding sow target to 37.5 million sows.

The original target for the breeding sow population was published in September 2021 and had a target for the national sow herd of 41 million. By focusing on a target population for breeding sows, the government aimed to reduce volatility in the supply and prices of hogs.

In February 2024, this target was revised down to 39 million sows. The Ministry of Agriculture cited the increase in breeding efficiency and the slowing growth in pork consumption as reasons for the adjustment.

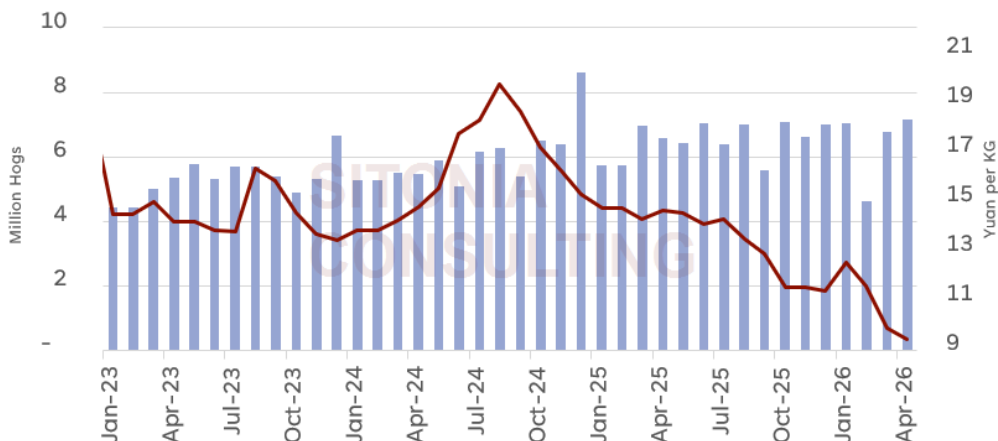
There has been uncertainty over the past year about the government's target. When the government started efforts to reduce the sow herd in June 2025, the sow herd was within 'green zone' defined in the 2024 policy, where no action needed to be taken. Hog industry publications were also frequently citing a target of 36.5 million as an unofficial target.

The 2026 policy also sets a goal of maintaining the number of large farms at 130k, with these large farms filing production plans and information with the government.

Farms with over 10k hogs can choose to be included in the national capacity control system and are offered additional support programs for joining this management system.

The 2024 policy defined a 'green zone' where the government didn't need to take action if the sow population was 92%-105% of the government's target. In contrast, the 2026 policy narrows this to 92%-103%, indicating that the government is more concerned about overcapacity rather than undercapacity.

Muyuan Monthly Hog Sales and Average Selling Price



Ministry of Agriculture cuts breeding sow target to 37.5 million, down from 39 million

Prices

After dipping below 9 yuan per KG in April, cash prices were relatively steady through May, at about 9.70 yuan per ton.

According to price monitoring from the Ministry of Agriculture, live hog prices across 500 markets average 10.16 yuan per KG, down 32.7% year on year.

Piglet prices have performed worse, with prices at 23.31 yuan per KG, down 40.8% year on year. Pork prices are 20.06 yuan per KG, down 22.4% year on year.

Based on current feed and hog prices, the National Development and Reform Commission estimates losses of 399 yuan per hog at the end of May, an improvement compared to losses of 511 yuan per hog in mid-April.

In futures markets, the forward curve remains in a steep carry. Futures prices recovered in the latter half of April but have fallen during the month.

Production

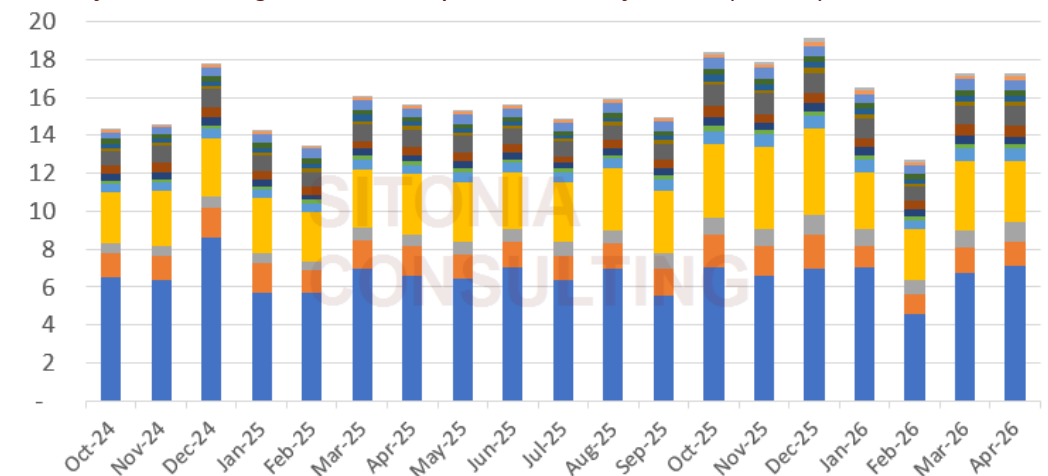
The most recent data for the breeding sow herd was 39.04 million head, down 3.3% year on year, at the end of Q1.

The updated sow guidance released in May specifies that the National Bureau of Statistics releases the sow statistics quarterly, and this will be supplemented by monthly data from the Ministry of Agriculture, but the ministry is no longer publishing this data publicly.

The slaughter volume by large companies in April was 39.98 million head, up 10.9% compared to March, and up 22.1% year on year. The growth in this metric is due to hog breeders expanding downstream and consolidation in the industry.

Sales by 16 large publicly traded companies were essentially flat in April at 17.4 million hogs, down marginally from 17.5 million in March.

Publicly Traded Hog Breeders Reported Monthly Sales (Million)



Muyuan reported sales of 7.1 million hogs, the second-highest on record for the company. The average selling price was only 9.45 yuan per KG with the cost of production in April at 11.7 yuan per KG.

Zhengbang, which previously went through restructuring in 2023, reported sales of 1.0 million hogs. This is the first time since November 2021 that the company had monthly sales over 1 million.

Financial pressure has continued to mount for hog companies due to the extended periods of loss. Keming Foods, a noodle company, had to lend its hog-breeding subsidiary up to 50 million yuan due to cash flow issues.

There are also increasing anecdotal reports of employees on hog farms either have had their pay reduced, or are not being paid at all, due to cash flow issues at the farms.

Consumer demand

Consumer demand has not notably increased due to the low prices. Going into the

Hog breeders monthly sales remained elevated in April at 17.4 million hogs

summer, pork demand is also seasonally weaker.

Xinfadi wholesale market notes that slaughterhouse buyers are more reluctant to buy heavier pigs with higher fat because these are more difficult to sell over the summer. However, farms have been holding back hogs and feeding them to higher weights, hoping that prices will recover.

Feed Demand

Total feed output in March was 29.74 million tons, up 26.0% compared to February, and up 10.2% year on year. In Q1, industrial feed output was 81.58 million tons, up 5.8% year on year.

The average price for hog feed was 3270 yuan per ton, up 1.1% compared to February, and up 0.1% year on year.

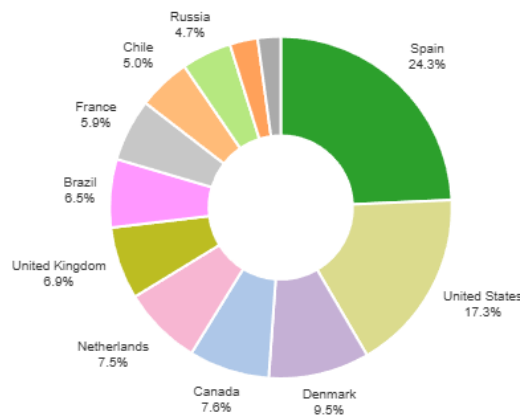
Imports

Pork and pork offal imports in March totaled 180k tons, up 2.9% year on year. Through April, imports total 640k tons, down 15.5% year on year.

Pork imports in March were 70k tons, down 12.5% year on year. Through April, imports are 250k tons, down 30.1% year on year.

The US had announced that China would buy \$17b of US agricultural products (excluding soybeans) as part of the recent meetings. Pork has historically been a large component in US agricultural exports to China, with pig trotters accounting for the largest portion of the pork trade. At this point, details are limited, and news about the increase in trade has mostly focused on poultry and beef, rather than pork.

2026 Pork Imports by Source



Outlook

Following the introduction of the new Ministry of Agriculture sow capacity policy, including the lower breeding sow target, the long-term trend is still capacity reduction.

The government has seemed reluctant to take direct action against firms or provinces that have not cut capacity. This may change under new leadership at the Ministry of Agriculture and with the updated capacity policy.

In the near term, overcapacity remains an issue, and prices are below the cost of production. April hog sales for large companies were basically unchanged since March, but increasing financial pressure on farms will lead to cuts in capacity.

Firms are facing higher debt ratios and cash flow problems. Even if the government doesn't take direct action to reduce capacity, market pressures are increasing the longer prices stay at these depressed levels.

Feed prices have risen slightly over the past year on rising corn prices

About Sitonia Consulting

Sitonia Consulting provides research, analysis, and consulting focused on Chinese agricultural markets, including grains, oilseeds, proteins, and government policy.

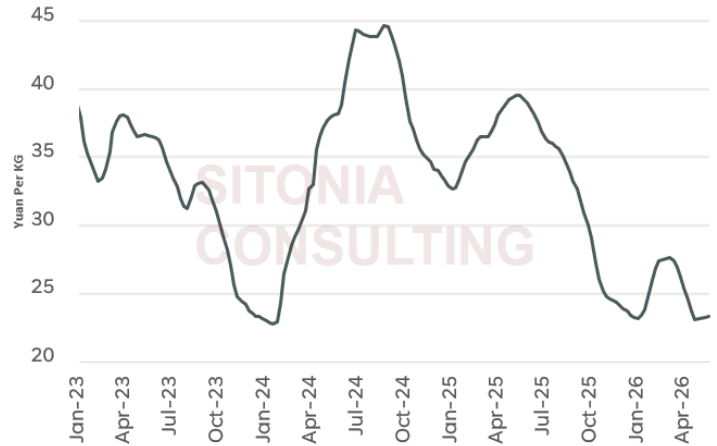
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Live Hog Prices



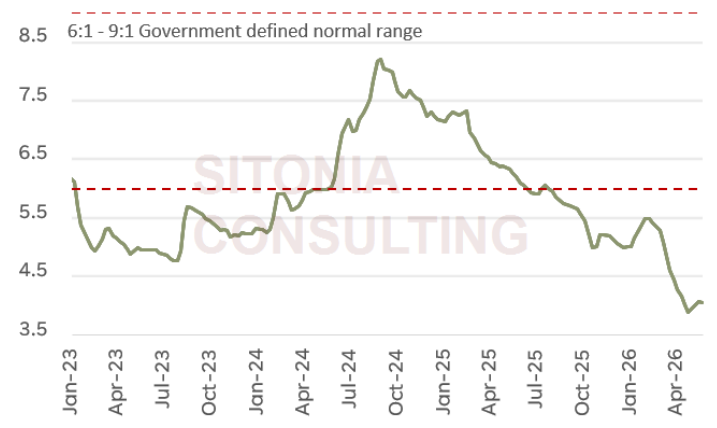
Piglet Prices



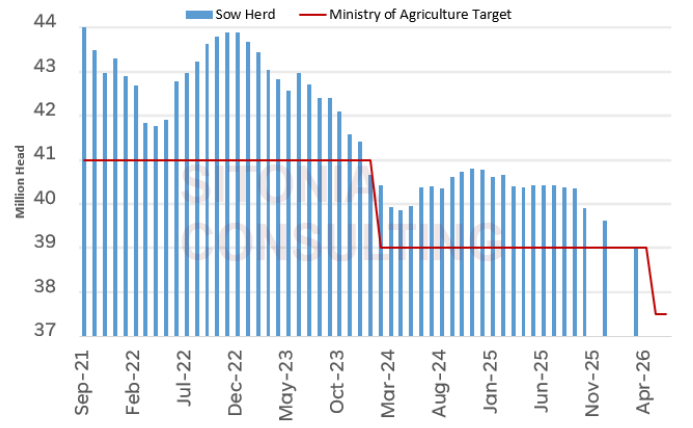
Pork Prices



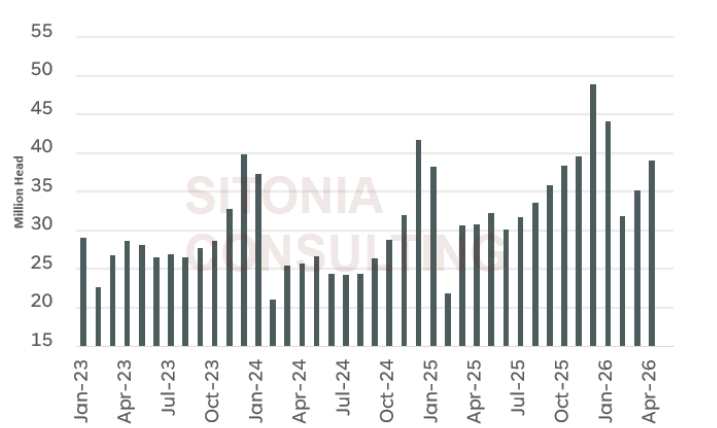
Hog: Corn Price Ratio



Breeding Sow Population



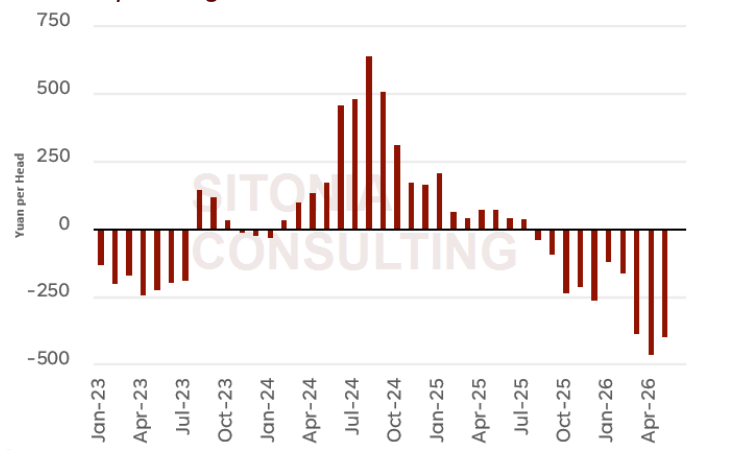
Hog Slaughter (Large Companies)



Dalian Live Hog Futures - Continous



Profits per Hog



China Hog Production Capacity Polices

Sitonia Consulting

	Sept 2021	Feb 2024	May 2026
Breeding Sow Target (Million)	41.0	39.0	37.5
Policy Title	Interim Implementation Plan for the Regulation and Control of Pig Production Capacity	Implementation Plan for the Regulation and Control of Pig Production Capacity (Revised in 2024)	Implementation Plan for Comprehensive Regulation and Control of Pig Production Capacity (Revised in 2026)
Policy Background/Reasoning	Four major 'hog cycles' since 2009. Stable breeding sow population means stable supply of hogs and pork	Pork consumption is stable, production efficiency has increased, 2021 targets need to be adjusted	Strengthen capacity responsibility, help keep hog prices at reasonable levels, stabilize the industry
Green Zone (Normal fluctuations)	95-105%	92-105%	92-103%
Policy response	No action needed	No action needed	No action needed
Yellow Zone (Significant fluctuations) - Undersupply	90-95%	85-92%	88-92%
Policy response	Issue early warning levels to provinces, urge farms to reducing culling, encourage restocking	Guide large firms to increase capacity, slow culling, issue specific warnings to provinces	Guide large firms to increase capacity, slow culling, issue specific warnings to provinces
Yellow Zone (Significant fluctuations) - Oversupply	105-105%	105-110%	103-106%
Policy response	Issue early warning levels to provinces, urge capacity control and culling of inefficient sow	Guide large firms to reduce capacity, increasing culling, issue specific warnings to provinces	Guides large firms to make capacity reduction commitments, cull inefficient sows, issue early warning letter
Red Zone (Excessive fluctuations) - Undersupply	<90%	<85%	<88%
Policy response	Issue warning letters, urge local governments to adopt subsidies or support for farms	Issue warning letters, urge local governments to adopt subsidies or support for farms	Issue warning letters, urge local governments to adopt subsidies or support for farms
Red Zone (Excessive fluctuations) - Oversupply	>110%	>105%	>106%
Policy response	Strengthen guidance to cull inefficient sows	Strengthen guidance to cull inefficient sows, limit new breeding sows and construction of new farms	Strengthen guidance to cull inefficient sows, limit new breeding sows and construction of new farms