

# China Broiler Industry Analysis and Forecast Report

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# Content

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<b>BOABC Viewpoint: White broilers and yellow broilers have significant differences in production and consumption characteristics, and they are facing transformation and upgrading pressures .....</b>	<b>3</b>
<b>1 Broiler Market Price and Prosperity Analysis.....</b>	<b>5</b>
1.1 The price of chicks dropped, and the price of live broilers moved up in April.....	5
1.2 The benefit of raising whiter broilers was 1.92 yuan/bird in April .....	6
1.3 The profit of raising san huang chicken decreased 1.37 yuan/bird in April .....	7
<b>2 Analysis of Broiler Industry Market.....</b>	<b>8</b>
2.1 White broilers and yellow broilers have significant differences in production and consumption characteristics, and they are facing transformation and upgrading pressures.	8
<b>3 Broiler Industry Production Analyses and Forecast.....</b>	<b>10</b>
3.1 China's inventory of broiler decreased 0.58% month on month in April .....	10
3.2 China's production of broiler increased 7.66% month on month in April .....	11
<b>4 Broiler and Chicken Import &amp; Export Analysis and Forecast .....</b>	<b>12</b>
4.1 In March, the import volume of breeding birds decreased 175.8% month on month ...	12
4.2 The volume of imported chicken and giblet increased 32.30% year on year .....	12
4.3 China exported chicken decreased 14.56% year on year in March .....	13
<b>5 Business Dynamics .....</b>	<b>15</b>
5.1 Thailand's frozen chicken officially resumed exports to China .....	15
5.2 Wens Group's 20 million birds project in Wugang in Hunan markets 21,000 broilers..	15
<b>Attached Tables .....</b>	<b>16</b>
Table1, Price of Broiler Chick in Major Provinces of China .....	16
Table 2, Weekly Factory Price of Broiler With Feather in Major Provinces of China .....	16
Table 3, Factory Price of Chicken Products in China .....	16
<b>Attached Figures .....</b>	<b>17</b>
Figure 1, China Weekly Wholesale Prices of Chicken Meat in 36 Large Cities, 2013-2017	17
Figure 2, Price of Broiler Chick With White Feather in China, 2012-2017 .....	17
Figure 3, The Price of Broiler With White Feather in China, 2012-2017 .....	18
Figure 4, The Price of Live Chicken With Yellow Feather in China, 2012-2017 .....	18
Figure 5, China's Inventory of Progenitor Broiler Breeder With White Feather .....	19

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Figure 6, China's Inventory of Parental Broiler Breeder With White Feather .....19



**BOABC Viewpoint: White broilers and yellow broilers have significant differences in production and consumption characteristics, and they are facing transformation and upgrading pressures**

Broilers raised in China include white broilers, yellow broilers, and crossbred broilers. The slaughter of white broilers, yellow broilers, and crossbred broilers was 4.1 billion birds, 3.6 billion birds, and 800 million birds respectively, accounting for 47.98%, 42.30% and 9.73% of China's total slaughter of broilers.

White broilers are bred on the basis of the white Plymouth rock, and all GP breeders are imported. The feeding period of white broilers is about 42 days, and the weight for slaughtering is about 2.5 kg. The rearing area is mainly concentrated in northern China. As for rearing methods, caged rearing and net rearing took the leading position with proportions of 38% and 35%, and floor rearing and other rearing methods make up 25% and 2% respectively. In terms of rearing models, it's dominated by contract rearing model with a ratio of 45%, and integrated self-supporting enterprises and independent farmers separately account for 25% and 30%. White broilers are sold in the forms of chicken breasts, chicken legs and chicken wings after slaughtering and cutting and are mainly used for fast food consumption.

Yellow broilers are generally bred with introduced recessive white chickens as female parent and yellow broilers developed by China as male parent, and their feather colors include yellow, flaxen, and color related to yellow and flaxen. According to growth speed, yellow broilers are divided into fast-growing large broilers(within 65 days), medium-growing broilers (60-100 days), slow-growing broilers (more than 100 days), weighing 1.5-2 kg. The production of yellow broilers in China is mainly concentrated in South China, East China, Central China, and Southwest China. Yellow broilers are mainly raised in southern China with floor rearing as major rearing method, which accounts for more than 80% of the total rearing

volume. As for rearing models, contract farming makes up over 60%, and is the main model. The main consumption form is live chickens, which are slaughtered at the scene.

At present, the supply of broilers in China is basically saturated, and there is little room for growth. The total slaughter of broilers basically remain stable, and it's the crucial period for supply stabilization and quality improvement. China broiler industry is facing the challenges such as complicated farming structure and methods, excessive drug residues, disease prevalence, a low rate of return of feed, an increase in investment costs of environmental equipment, high labor costs and food safety. More importantly, white broiler rearing is faced with the problem of excessive high dependence on foreign GP broiler breeders, and yellow broiler rearing faces the pressure of transformation and upgrading to "chilled chicken".



## 1 Broiler Market Price and Prosperity Analysis

### 1.1 The price of chicks dropped, and the price of live broilers moved up in April

#### (1) Broiler price change

**Fresh chicken meat:** the average wholesale price of fresh chicken killed or stripped feather off in China's 36 large and medium-sized cities was RMB14.75/Kg, down by 2.17% month on month, increased 8.40% year on year.

**Broiler with feather:** the purchasing price of broiler with feather in various producing areas was RMB7.76/Kg, up by 1.89% month on month, increased 12.17% year on year.

**Broiler chick:** the factory price of broiler chick in main producing areas was RMB1.95/bird, decreased 37.76% month on month, up by 117.37% year on year.

#### (2) Broiler feed price change

According to MOA's data of feed prices of fair trade market, the price of compound feed for broiler was RMB3.01/Kg, down 0.51% month on month, up 0.94% year on year.

**Table 1.1 Price Trend of Chicken Meat, Broiler With Feather, Broiler Chick and**

Unit: RMB/KG, RMB/Head

	Chicken Meat	Broiler With Feather	Broiler Chick	Compound Feed Price
Mar-2018	14.75	7.76	1.95	3.01
MoM	-2.17%	1.89%	-37.76%	-0.51%
YoY	8.40%	12.17%	117.37%	0.94%

Data source: MOA, BOABC



## 1.2 The benefit of raising whiter broilers was 1.92 yuan/bird in April

This month the ratio between broiler price and grain price was 4.19, the ratio between broiler price and feed price was 2.58. The profit of each link of China's broiler breeding industry in this month is as follows:

**Breeding link:** gross profit of broiler breeding was 1.92 yuan/bird in April, increased 1.17 yuan/bird from last month, up 0.92 yuan/bird from the year before.

**Slaughtering link:** the gross profit of slaughtering link was about 0.00 yuan/kg, decreased 0.07 yuan/kg month on month, down 0.27 yuan/kg year on year.

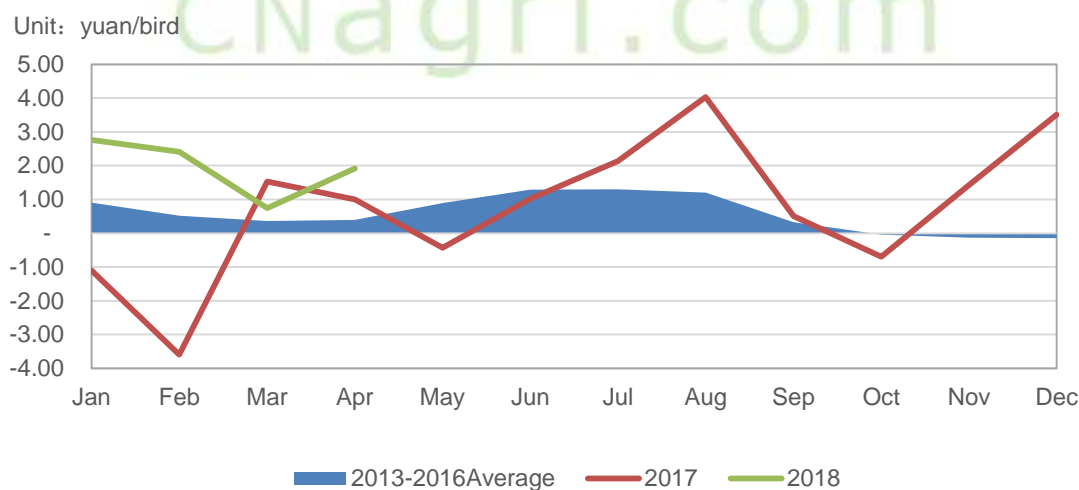
**Table 1.2, Benefit on the Value Chain of Broiler in China**

Unit: RMB/Head, RMB/KG

	Broiler/Corn	Broiler/Feed	Breeding	Slaughter
Apr-2018	4.19	2.58	1.92	0.00
MoM	0.19	0.12	1.17	-0.07
YoY	0.24	0.26	0.92	-0.27

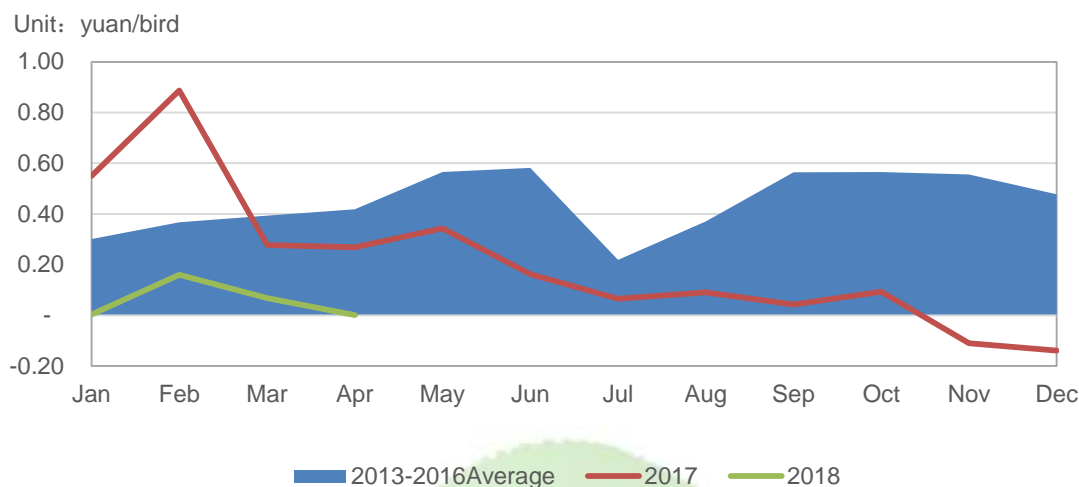
Source of data: BOABC data

**Figure 1.1: Profit on Broiler Breeding**



Source of data: BOABC data

**Figure 1.2: Profit on Broiler Slaughtering**



Source of data: BOABC data

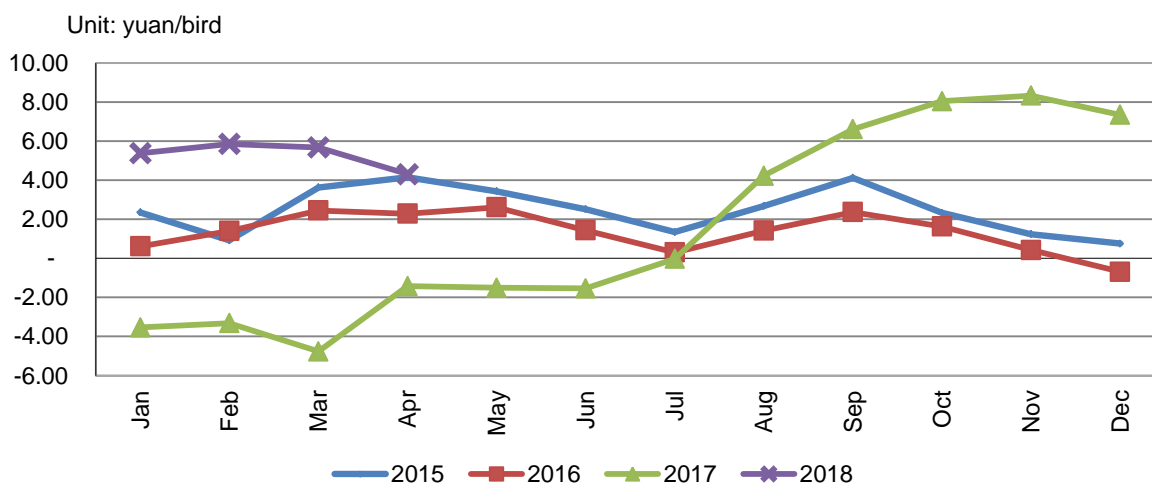
**1.3 The profit of raising san huang chicken decreased 1.37 yuan/bird in April**

In April, the gross profit of feeding sanhuang chicken was 4.37 yuan/bird, decreased 1.37 yuan/bird month on month, up 5.73 yuan/kg year on year.

**(1) Selling price:** in April, the selling price of sanhuang chicken was 14.55 yuan/kg, decreased 0.67 yuan/bird month on month, and increased 4.75 yuan/bird year on year.

**(2) Chick price:** chick price was 2.48 yuan/bird, decreased 0.79 yuan/bird month on month, up 1.31 yuan/bird year on year.

**Figure 7, China's Three-yellow Chicken Breeding Profit Trend**



Source of data: BOABC data



## 2 Analysis of Broiler Industry Market

### 2.1 White broilers and yellow broilers have significant differences in production and consumption characteristics, and they are facing transformation and upgrading pressures.

Broilers raised in China include white broilers, yellow broilers, and crossbred broilers. The slaughter of white broilers, yellow broilers, and crossbred broilers was 4.1 billion birds, 3.6 billion birds, and 800 million birds respectively, accounting for 47.98%, 42.30% and 9.73% of China's total slaughter of broilers.

White broilers are bred on the basis of the white Plymouth rock, and all GP breeders are imported. The feeding period of white broilers is about 42 days, and the weight for slaughtering is about 2.5 kg. The rearing area is mainly concentrated in northern China. As for rearing methods, caged rearing and net rearing took the leading position with proportions of 38% and 35%, and floor rearing and other rearing methods make up 25% and 2% respectively. In terms of rearing models, it's dominated by contract rearing model with a ratio of 45%, and integrated self-supporting enterprises and independent farmers separately account for 25% and 30%. White broilers are sold in the forms of chicken breasts, chicken legs and chicken wings after slaughtering and cutting and are mainly used for fast food consumption.

Yellow broilers are generally bred with introduced recessive white chickens as female parent and yellow broilers developed by China as male parent, and their feather colors include yellow, flaxen, and color related to yellow and flaxen. According to growth speed, yellow broilers are divided into fast-growing large broilers(within 65 days), medium-growing broilers (60-100 days), slow-growing broilers (more than 100 days), weighing 1.5-2 kg. The production of yellow broilers in China is mainly concentrated in South China, East China, Central China, and Southwest China. Yellow broilers are mainly raised in southern China with floor rearing as major rearing method, which accounts for more than 80% of the total rearing

volume. As for rearing models, contract farming makes up over 60%, and is the main model. The main consumption form is live chickens, which are slaughtered at the scene.

At present, the supply of broilers in China is basically saturated, and there is little room for growth. The total slaughter of broilers basically remain stable, and it's the crucial period for supply stabilization and quality improvement. China broiler industry is facing the challenges such as complicated farming structure and methods, excessive drug residues, disease prevalence, a low rate of return of feed, an increase in investment costs of environmental equipment, high labor costs and food safety. More importantly, white broiler rearing is faced with the problem of excessive high dependence on foreign GP broiler breeders, and yellow broiler rearing faces the pressure of transformation and upgrading to "chilled chicken".

#### Comparison between white broiler and yellow broiler

	White broiler	Yellow broiler
<b>Feather color</b>	Mainly white	yellow, flaxen and color related to yellow and flaxen
<b>Finishing weight</b>	2.5kg/bird	1.5~2kg/bird
<b>Market positioning</b>	Fast food consumption such as KFC, McDonald's, etc.; and group meal consumption such as unit canteen White feather broiler cuts are relatively inexpensive with consumer groups mainly in the North	Household consumption, catering consumption Generally, whole chicken is used for cooking soup or making boiled sliced chicken, roasted chicken, etc., The price of yellow broiler is higher than that of white broiler, and the consumer groups are mainly in the South.
<b>Source of breeders</b>	GP breeder chicks are introduced from foreign countries; the breeding technology is monopolized by European and American countries	Own breeds; China masters the breeding technology
<b>Rearing cycle</b>	About 42 days	Fast-growing large broiler(within 65 days), medium-growing broiler (60-100 days), slow-growing broiler (more than 100 days)
<b>Rearing ways</b>	Mainly battering rearing; large-scale production; higher investment in equipment	Mainly cage-free and floor padding, less investment in equipment, great difficulty for realizing scale production
<b>Rearing regions</b>	East China (mainly refer to Shandong), the Northeast, and North China	South China, East China, Central China and the Southwest
<b>Epidemic prevention</b>	Lack of excises, high prevention cost	Natural growth, strong resistance, relatively low prevention cost
<b>Sales</b>	After being slaughtered, white broilers will be sold in the	Yellow broilers are mainly circulated in the form of live

<b>methods</b>	form of chicken breast, chicken legs and chicken wings, or marketed as cooked food.	broiler, and slaughtered on site basically without cutting
<b>Transport modes</b>	Cold chain transport cart	Transport cart for live broilers are mainly used, and fresh chicken is transported through cold chain vehicle.

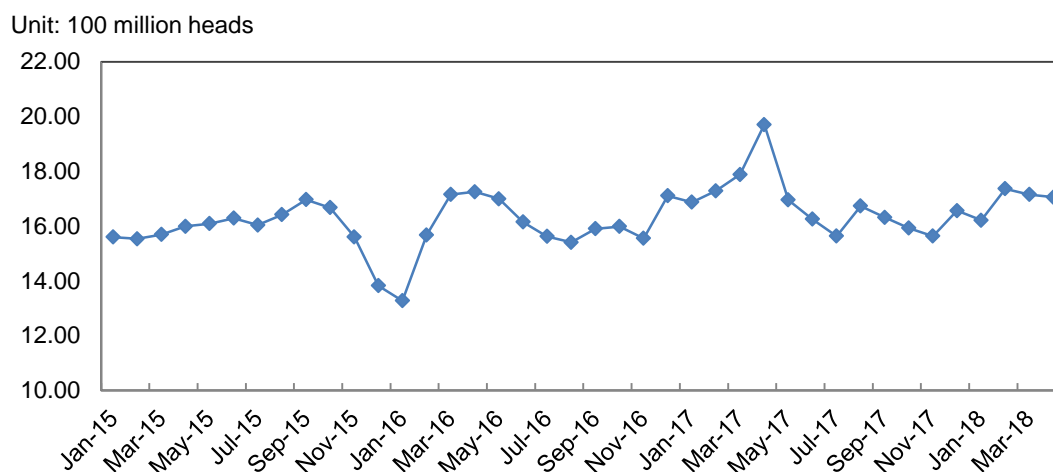
Source: BOABC database

### 3 Broiler Industry Production Analyses and Forecast

#### 3.1 China's inventory of broiler decreased 0.58% month on month in April

According to BOABC's monitoring data, China's inventory of broiler in April was 1.71 billion birds, down by 0.58% month on month, decreased 13.45% year on year. It's predicted that broiler inventory will decrease in May 2018.

Figure 3.1, China's Broiler Inventory



Source of data: BOABC data

**Broiler breeder with white feather:** according to BOABC's monitoring data, China's inventory of progenitor broiler breeder with white feather in the laying period was 800,000 suits in Apr, increased by 0.25% month on month, up 1.07% year on year.

Calculated on the growth cycle of white feather broiler, the propagation ratio from GP generation to commercial broiler is 1:5000. Considering compulsory changes of feather and consumption decrease caused by macro economy decline, annual slaughter of 4.3 billion

white feather broilers is the balance point of supply and demand, so 860,000 sets productive GP white feather broiler breeding birds can meet actual demand. The gap between supply and demand of productive GP white feather broiler breeding birds is about 6,000 sets.

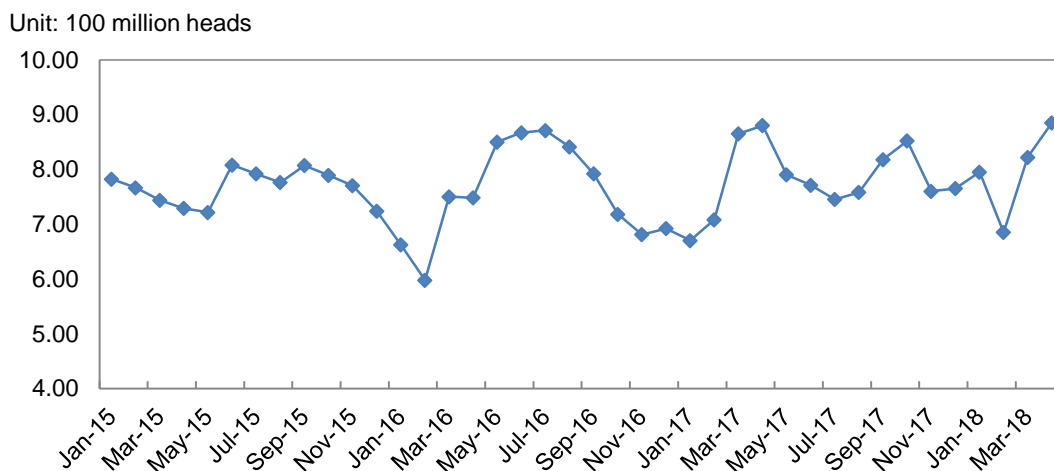
**Parental broiler breeder with white feather:** according to BOABC’s monitoring data, China’s inventory of parental broiler breeder with white feather in the laying period was 33.10 thousand suits in April, up by 2.48% month on month, decreased 7.54% year on year.

Calculated on the growth cycle of white feather broilers, the propagation ratio from parental generation to commercial generation is about 1:120, current inventory of productive parental breeding birds is greater than the actual demand of commercial broilers.

### 3.2 China’s production of broiler increased 7.66% month on month in April

According to BOABC’s monitoring data, China’s production of broiler was 8.85 million birds in April, increasing 7.66% from last month, up 0.57% from last year. The number of broilers for slaughtering will decrease in May 2018.

**Figure 3.2, China’s Broiler Slaughter**



Source of data: BOABC data

## 4 Broiler and Chicken Import & Export Analysis and Forecast

### 4.1 In March, the import volume of breeding birds decreased 175.8% month on month

In March, 2018, China imported 119,711 breeding birds, decreasing 175.8% month on month. From January to March, China imported 232,942 breeding birds, down 17.3% year on year.

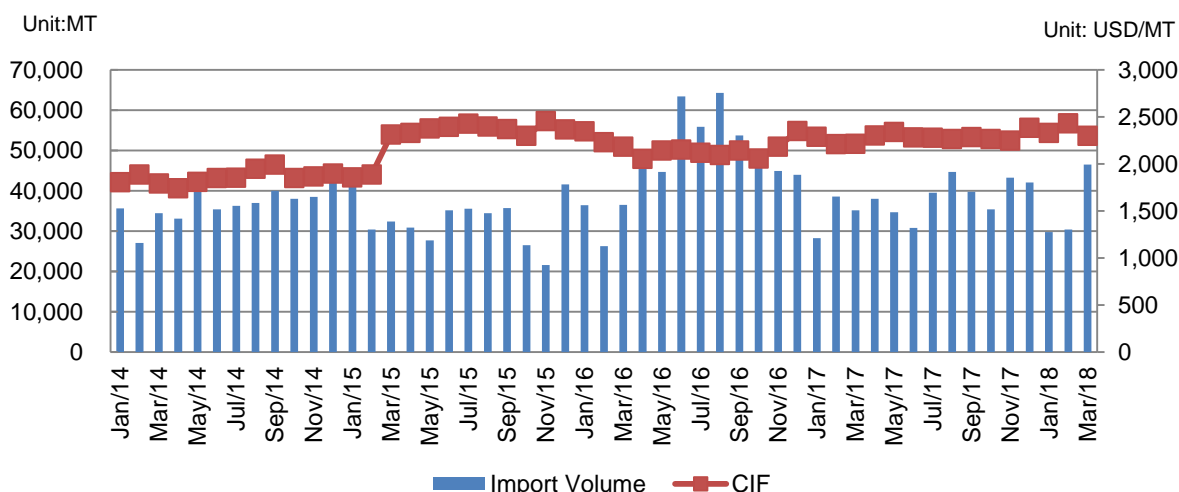
In terms of source countries, most of imported breeding birds in March came from New Zealand and Canada. From January to February, China imported 99,721 breeding birds, 98,848 breeding birds and 34,373 breeding birds from Spain, Poland and Canada.

### 4.2 The volume of imported chicken and giblet increased 32.30% year on year

In March 2018, China imported 46,514 tons chicken and giblet, up by 52.87% than last month, up by 32.30% year on year. From Jan. to Mar., the accumulative import volume of chicken and giblet was 106,688 tons, up by 4.56% year on year.

In March, the average CIF price of imported chicken was 2,298 USD/T, down by 5.51% than last month, up by 3.90% year on year.

Figure 4.1, China's Monthly Import Changes of Chicken in 2014-2018



Source of data: China Customs, BOABC

**Table 4.2, China Chicken and Giblet Imports, in 2018**

Unit : Tons

Products	Mar.		Jan-Mar.	
	Import Volume	YOY	Import Volume	YOY
Total	46,514	32.30%	106,688	4.56%
Entire Chicken (Fresh And Chilled)	264	0.00%	463	0.00%
Frozen Chicken Piece With Bone	5,775	-31.24%	10,234	-56.67%
Other Frozen Chicken Piece	702	2257.37%	978	722.72%
Frozen Chicken Wings	20,649	51.97%	49,329	23.46%
Frozen Chicken Feet	14,366	44.56%	35,436	20.33%
Other Frozen Chopped Chicken Entrails	4,759	53.07%	10,248	17.80%

Source of data: China Customs, BOABC

### (1) Imported chicken was mostly imported from Brazil

The imported chicken and chopped entrails mainly came from Brazil, the US, Argentina, Chile, etc., and Brazil is China's largest source country of imported chicken and chopped entrails.

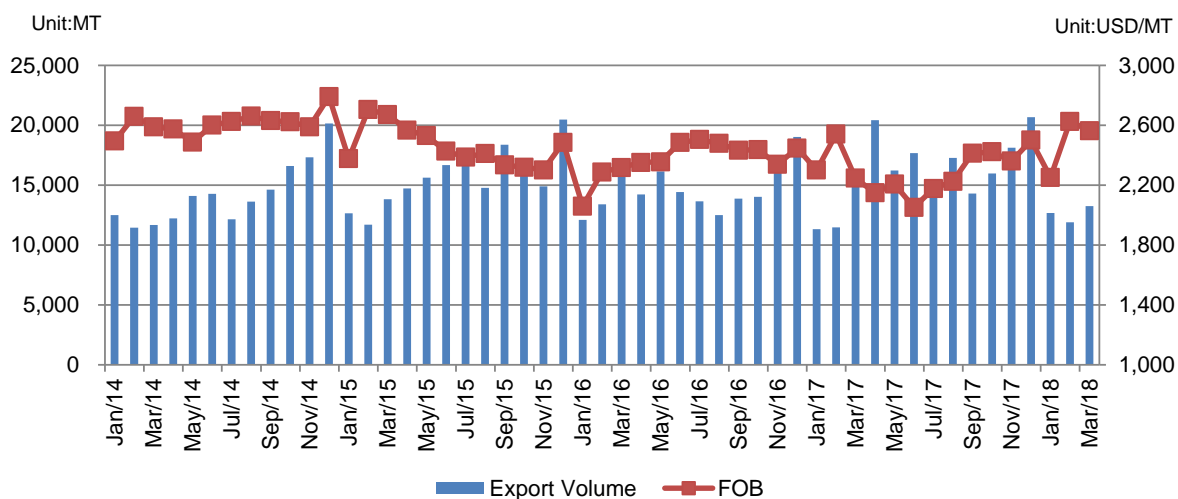
In March 2018, 39,922 tons imported chicken and chopped entrails came from Brazil, accounting for 86% of total.

### 4.3 China exported chicken decreased 14.56% year on year in March

China exported 13,264 tons chicken and giblet in March, down by 11.43% than last month, down by 14.56% year on year. From January to March, the accumulative export volume of chicken and giblet was 37,864 tons, down by 1.28% year on year.

In March, the average FOB price of exported chicken was 2,564 USD/T, down by 2.36% than last month, up by 14.11% year on year.



**Figure 4.3, China's Monthly Export Change of Chicken in 2014-2018**


Source of data: China Customs, BOABC

**Table 4.2, China Chicken and Giblet Exports, 2018**

Unit: Tons

Products	Mar.		Jan-Mar.	
	Export Volume	YOY	Export Volume	YOY
Total	13,264	-14.56%	37,864	-1.28%
Entire Chicken (Fresh And Chilled)	5,807	18.88%	14,256	8.72%
Entire Chicken (Frozen)	241	14.69%	740	34.10%
Frozen Chicken Piece With Bone	1,686	31.50%	4,388	16.18%
Other Frozen Chicken Piece	5,377	-39.59%	18,050	-11.33%
Frozen Chicken Wings	73	-	238	-
Frozen Chicken Feet	0	0.00%	27	0.00%
Other Frozen Chopped Chicken Entrails	80	-	164	-24.53%

Source of data: China Customs, BOABC

### (1) Hongkong is the main exporting destination of chicken

Hongkong is the main destination of exported chicken. In March, 71% exported chicken was sold to Hongkong.

## 5 Business Dynamics

### 5.1 Thailand's frozen chicken officially resumed exports to China

In 2004, due to the outbreak of bird flu in Thailand, China prohibited the direct or indirect import of birds and products from Thailand. Recently, the Import and Export Food Safety Bureau of the AQSIQ renewed the “*List of Meat Products Exported to China by Countries or Regions Complying with the Assessment Review Requirements*”, which mentions allowing Thailand enterprises to export frozen chicken products that meet Chinese requirements to China from March 7, 2018 and onwards.

### 5.2 Wens Group's 20 million birds project in Wugang in Hunan markets 21,000 broilers

Guangdong Wens Group invested broiler poverty alleviation project in Shuangyuan village, Machong town, Wugang city, Hunan province in 2017. The Group plans to totally invest 320 million yuan in three years to build 15 broiler rearing demonstration plots and 300 family farms, and strive to produce 20 million broilers and 100,000 tons feed annually. Recently, 21,000 broilers produced by this poverty alleviation farm have appeared on the market.

## Attached Tables

**Table1, Price of Broiler Chick in Major Provinces of China**

Unit: RMB/Head

	Liaoning	Henan	Hebei	Shandong	Jiangsu	Average
Apr-2018	1.81	2.04	1.87	2.05	1.96	2.92
MoM	-26.92%	-23.62%	-25.60%	-24.21%	-24.56%	-6.70%
YoY	133.66%	92.69%	108.66%	137.97%	121.47%	225.88%

Source of data: BOABC data

**Table 2, Weekly Factory Price of Broiler With Feather in Major Provinces of China**

Unit: RMB/KG

	Liaoning	Henan	Hebei	Shandong	Jiangsu	Average
Apr-2018	7.60	7.61	7.62	8.41	7.57	7.43
MoM	7.89%	6.40%	3.59%	1.12%	6.38%	-2.47%
YoY	16.48%	7.26%	9.33%	22.34%	6.10%	7.38%

Source of data: BOABC data

**Table 3, Factory Price of Chicken Products in China**

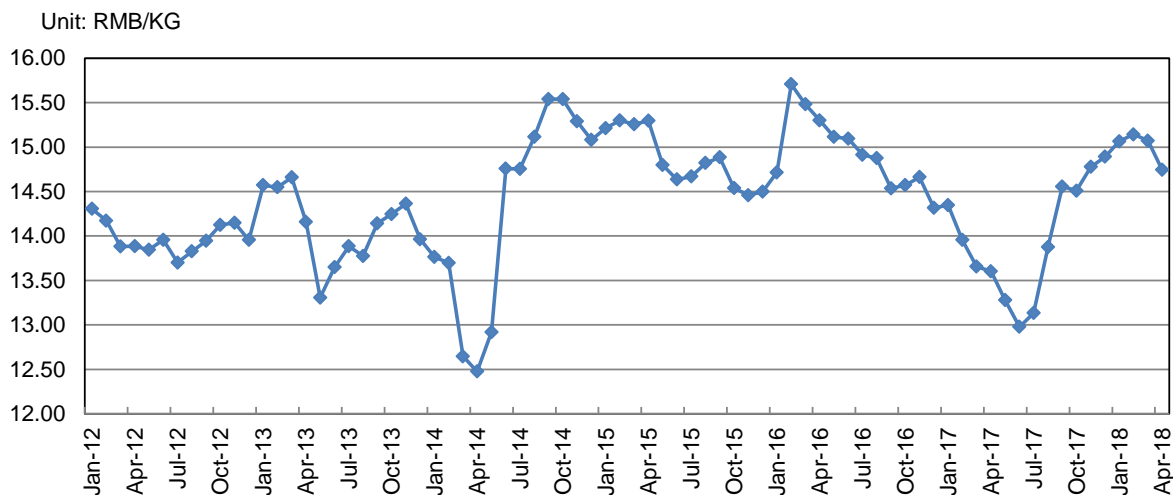
Unit: RMB/KG

	Drumstick	Boneless leg	Chicken breast	Chicken wing
Apr-2018	12.19	9.74	10.33	34.06
MoM	14.44%	-5.28%	-10.30%	-4.09%
YoY	35.98%	13.06%	5.49%	5.92%

Source: BOABC database

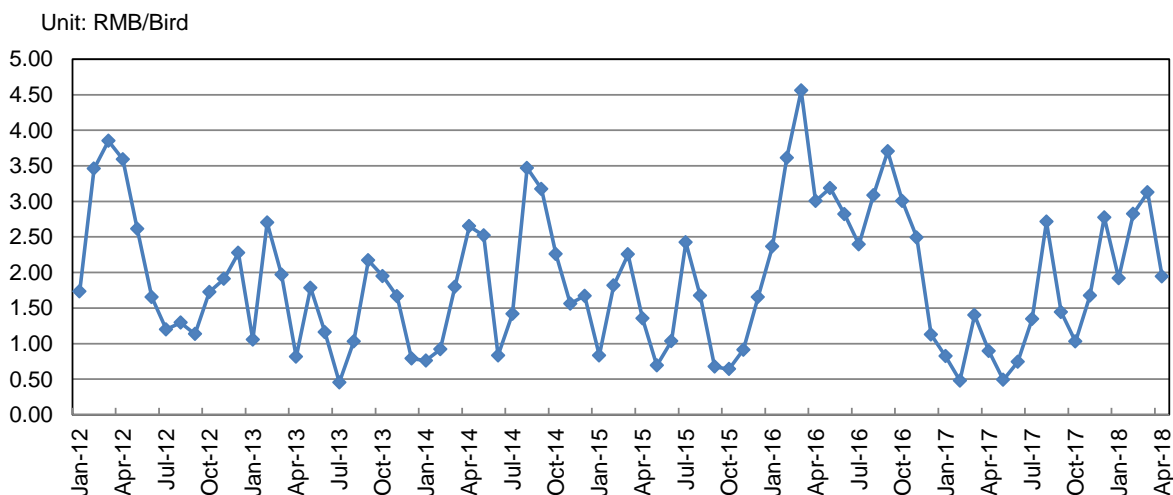
**Attached Figures**

**Figure 1, China Weekly Wholesale Prices of Chicken Meat in 36 Large Cities, 2013-2018**



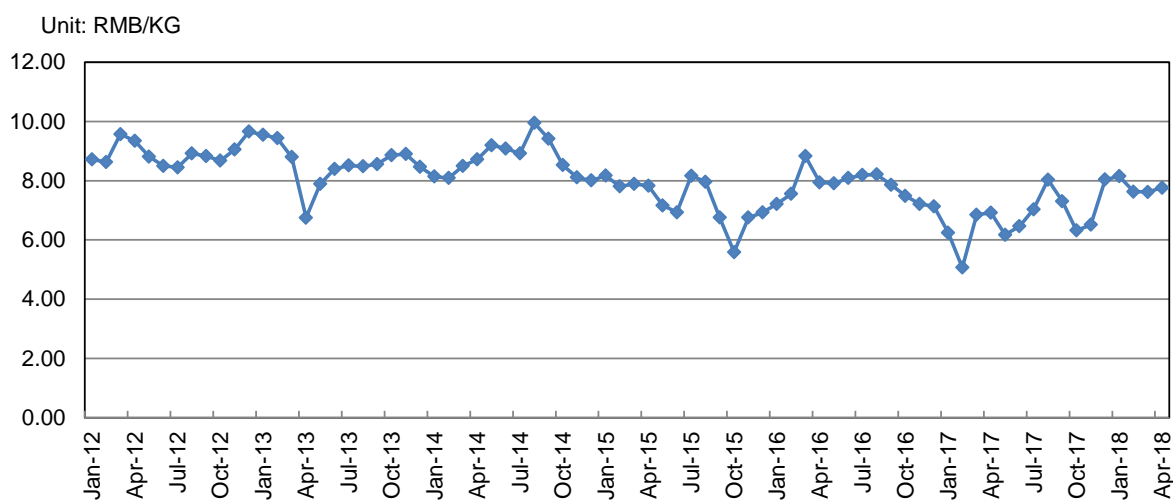
Data source: Ministry of Agriculture

**Figure 2, Price of Broiler Chick With White Feather in China, 2012-2018**



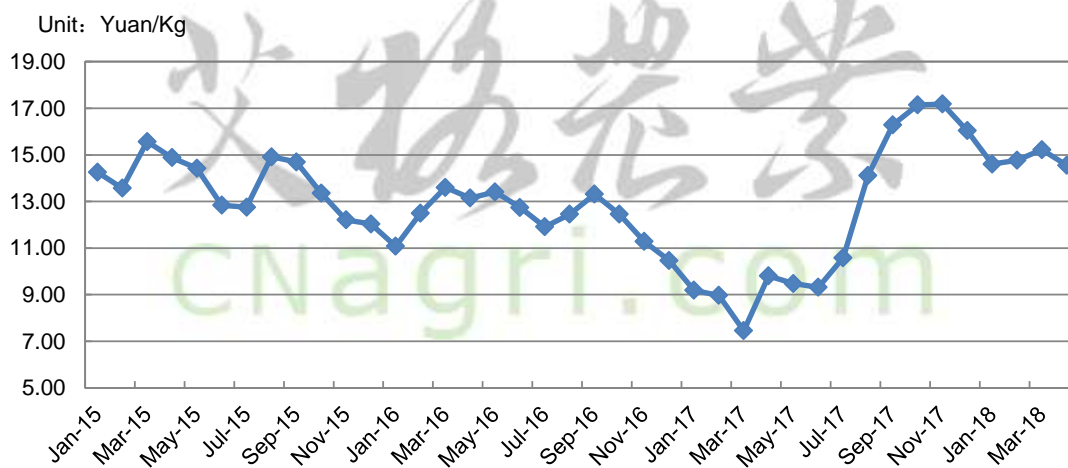
Source of data: BOABC data

**Figure 3, The Price of Broiler With White Feather in China, 2012-2018**



Source of data: BOABC data

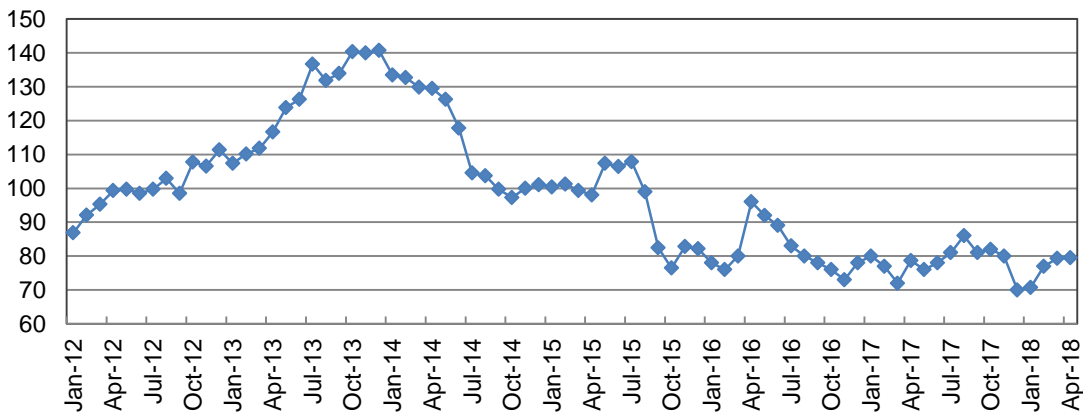
**Figure 4, The Price of Live Chicken With Yellow Feather in China, 2012-2018**



Source of data: BOABC data

**Figure 5, China's Inventory of Progenitor Broiler Breeder With White Feather**

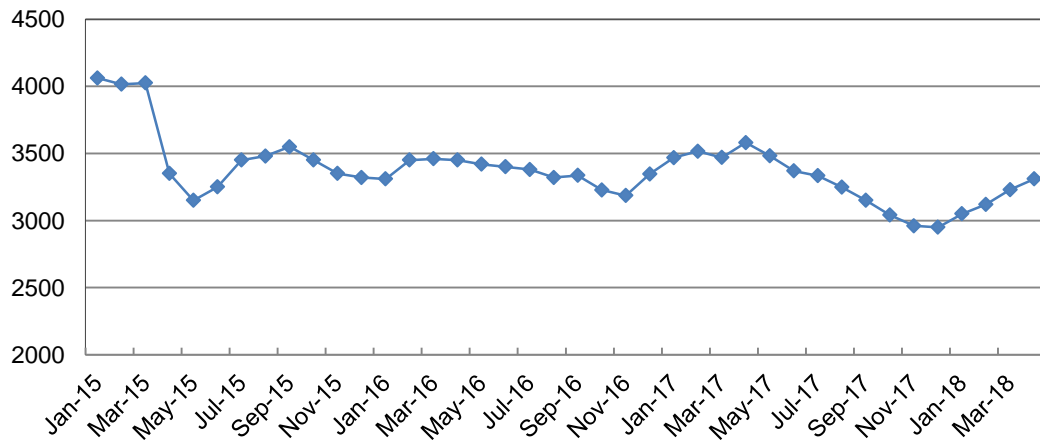
Unit: 10,000 sets



Source of data: BOABC data

**Figure 6, China's Inventory of Parental Broiler Breeder With White Feather**

Unit: 10,000 sets



Source of data: BOABC data



## About BOABC (Cnagri.com)

BOABC—As leader in China's modern agriculture service industry, BOABC was established in 1996, by virtue of nearly 20 years' accumulation in China's agriculture and food industry, as well as our experience in industry data, intelligence, information gathering and analysis, integration of resources for agriculture and food related enterprises, institutions, investors, consumers. Our services including agricultural research, consulting service, media, marketing, private equity investment, financial consultants, public relations and communications conference and exhibition, we also provide integrated services to help enterprises of all types and institutional clients in understanding the rapid development of China's agriculture and food industry, and help them to create greater business value.

## Related Reports

- China's Livestock Market Weekly Report
- China's Livestock Market Annual Report
- Research Report on China's Hog Industry Development
- Research Report on China's Broiler Industry Development
- Research Report on China's Animal Biological Product Industry
- Research Report on China's Piglet Feedstuff Industry
- China Broiler Industry Atlas
- China Layer Industry Atlas
- China Hog Industry Atlas

## Special Survey Service

With 15 years of industry research experience, BOABC is China's best data, information, consulting service provider in agricultural and food fields. We have successfully provided nearly a thousand Chinese and overseas enterprises and governmental agencies with all kinds of special research services including industrial special subject research, market research, strategy consulting, feasibility study on fund-raising investment alternative before listing, regional planning, business plans and so on.

### ❖ Typical Cases:

- ❖ In 2005, provide Beijing Kaoshanju Group with research analysis before entering local chicken breeding, and sales market;
- ❖ In 2005, provide British Publishing Company with China's animal health market research;
- ❖ In 2006, successfully implement China's animal health market research in 10 provinces and municipalities for French MERIAL Group;
- ❖ In 2008, provide duck research for GERSON LEHRMAN GROUP INC;
- ❖ In 2011, provide a survey on poultry salmonella in China for a South Korean company.
- ❖ In 2013, provide poultry market depth research in Anhui/Henan/Jiangxi province for jiangsu lihua company.
- ❖ In 2015, provide Avian influenza vaccine study for a Japanese company.
- ❖ In 2015, provide poultry vaccine market research for a professional animal health industry multinational group.



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