



Make Informed Decisions

Kevin Grier

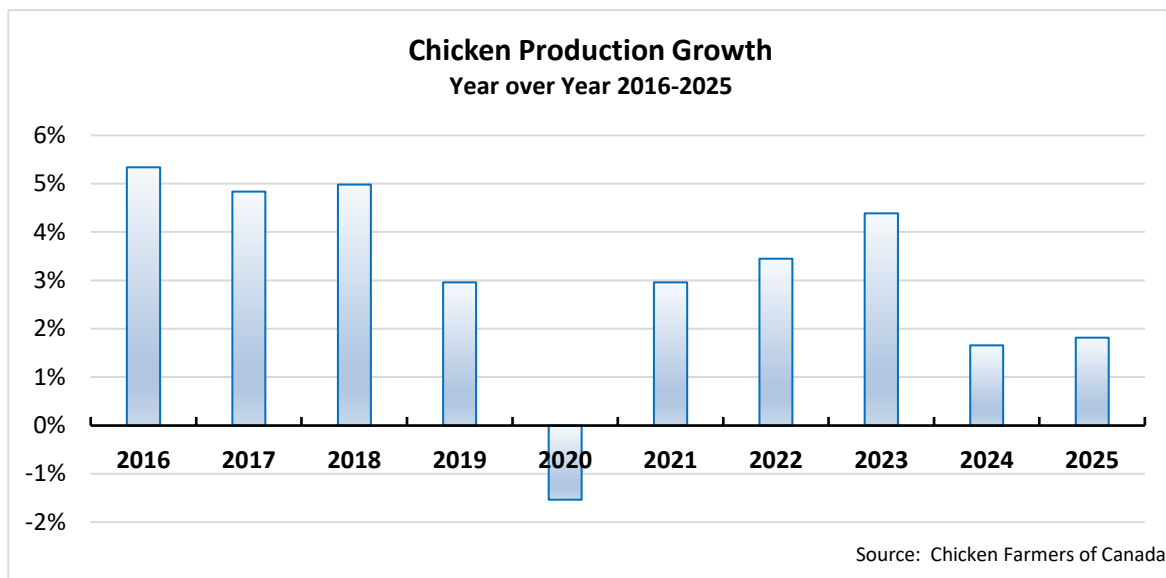
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Canadian Chicken Missed Growth Opportunities

Representatives of the Canadian chicken industry recently came to terms on the volume of chicken to be produced in July and August 2026. The chicken producers, primary processors, and further processors decided to allocate a nearly 8% increase production for those months year over year. That increase follows 9-10% production increases planned for the spring and about 8% allocated for the winter of 2026.

Constrained Supplies in 2024-2025

These planned allocations are very large by historic standards. Normal year over year growth for the chicken industry over the 2016-2023 period (not counting COVID 2020) in Canada is an impressive 4%. The reason for the unusually large growth in recent periods is in response to the unusually small or tepid growth seen in 2024 and 2025. Year over year growth in chicken production in 2024 and 2025 was less than 2%. In late 2024 and early 2025 there were several months of declining production, which is extraordinary.



That constrained production of 2024 and 2025 was probably in part due to industry concerns about poor financial returns for primary processors in 2024. The industry

representatives decided that allocated production needed to be pulled back in hopes of increasing processor prices.

Coinciding with the decision to restrict allocated production were greatly increased problems with hatching egg chick performance and access. These challenges resulted in the industry not even producing up to the tepid allocated volumes. Add to that a 2025 ban on Brazilian imports due to avian influenza in that country.

The combination of constrained allocations, poor chick performance and no Brazilian imports resulted in sharply reduced chicken supplies in 2025. It also made for a very difficult and financially stressed 2025 for chicken buyers in the further processing, retail and food service sectors. This was all happening at a time in which the Canadian beef supply was also very short. The year 2025 could have been one of significant market share growth in the meat case, but that was not the case.

Situation Gradually Improving

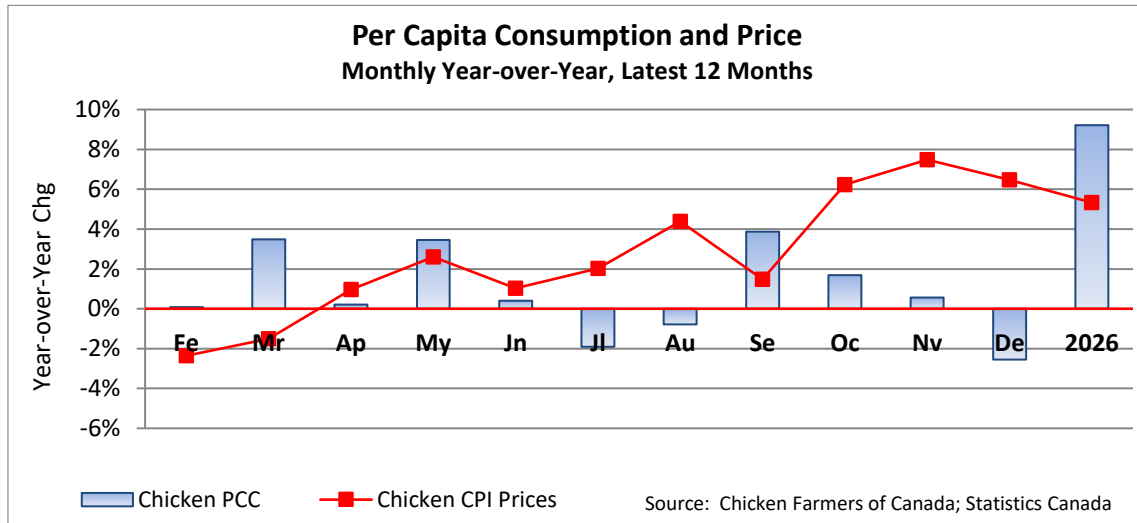
Moving into the spring of 2026, given the recent increases in allocation and production, chicken supplies have been adequate, or in better balance. That is at least in comparison to the chaotic 2025. That is particularly the case with white meat; dark meat availability is still tight. The exception to the white meat statement is if there is aggressive featuring in the region. In those cases, supplies are regionally short. Those that need above average leg volumes must go south. Dark meat imports are a symptom of the tight situation. Imports are running above prorata despite the increased production.

Stocks continue to slide despite the improved domestic production and still active imports. That again suggests that supplies are on a knife edge.



Excellent Demand

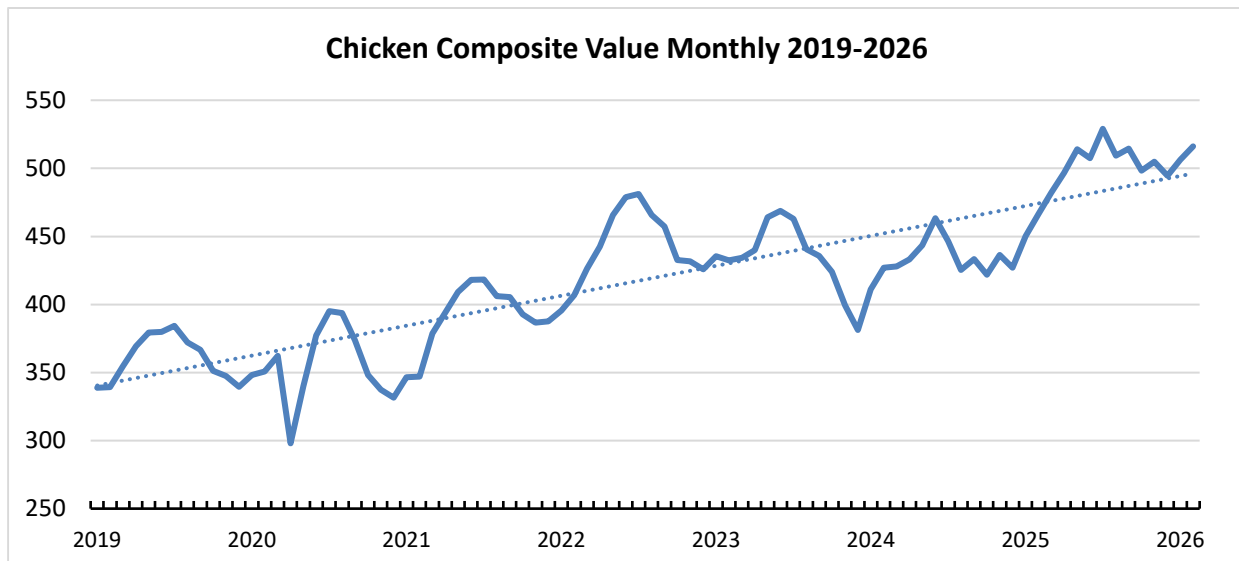
Within that supply-side volatility, chicken demand has been good. Looking at the data on consumption and price, it shows that January demand was excellent.



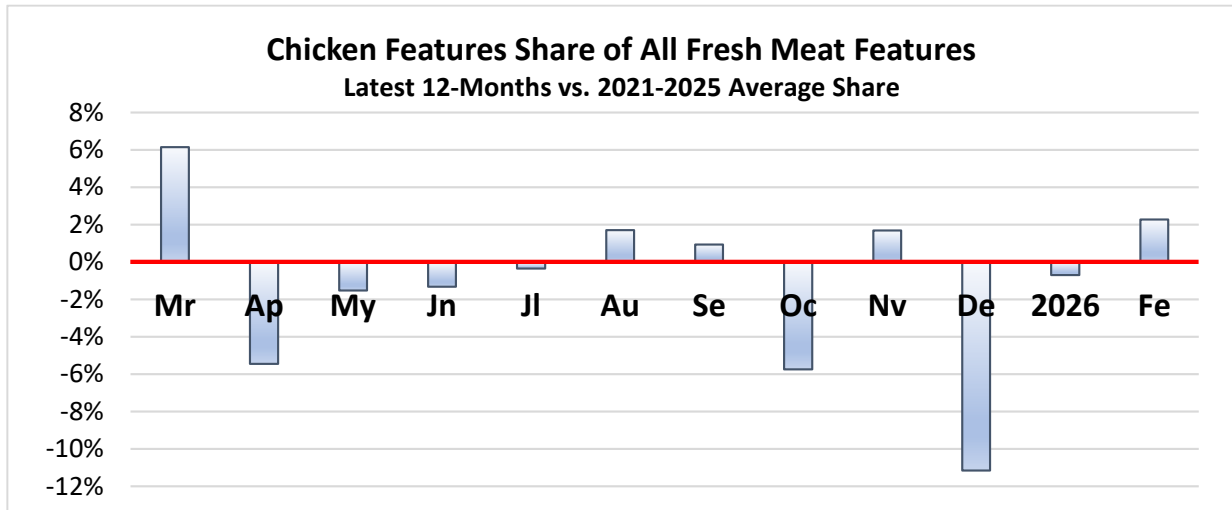
Anecdotally market participants say movement has been good and supply chain partners are active buyers. As an aside, consumer beef prices increased about 18% in January (latest) while consumer chicken increased “just” 5%. Chicken is a competitive bargain to consumers and supply chain buyers.

Very High Processor Prices

While the supply situation has improved to more normal levels, pricing at the processor level remains exceptionally robust. Early year pricing looks more like mid-year pricing. Prices are off last year’s highs, but they remain at record levels for this time of year. Market participants appear to have taken last year’s prices as a new normal.



The repercussions from the tight supplies of 2025 continue to be reflected in very high consumer prices and tepid merchandising. Tracking of chicken features shows below average exposure for chicken. The latest Nielsen data shows year-over-year chicken sales declines, despite big declines in both beef and pork.



Retail sales declines despite good chicken demand is the result of tight supplies. The chicken industry continues to miss sales and market share opportunities due to availability issues.

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March 26, 2026

A version of this article first appeared in the February edition of the Canadian Chicken Market Report. For a free three-month trial of that report, email, kevin@kevingrier.com