

2021-03-31

The domestic coal market is going up last week. Main reason for this increase is because of the tightened supply, such as more strict requirement on safety, regular maintenance of the railway, the heavy rain/flooding in Australia, etc. The price for Calorie 5,500 has reached over 700 RMB, now is abt 706 - 710 RMB (up by abt 57 RMB rapidly within a week), some traders are even asking for as high as mid 700. And for Calorie 5,000 the price 626 - 630 RMB (up by abt 55 RMB). Paper is also continuously increasing but today is adjusting a bit. Demand is quite strong at the same time. As of 25th Mar 2021, the daily consumption of the major power plants in 8 coastal provinces is abt 1.89 million tons and the inventory level as low as abt 12.4 days. The power plants are actively purchasing. And the traders are not hurrying to sell as they are very optimistic abt the future market, which will further push up the coal price. The price of Indo coal is also increasing, now abt FOB US\$44 for VC3,800 but no cargoes are available as they have been booked by India, Indo and other SEA countries. It remains uncertain if China will import more coal in Apr/May due to current high freight market but feel like it will need to as May/Jun are traditionally high demand seasons for coal/electricity. Although the clean energy has increased a lot this year and their percentage of the overall electricity produced is increasing, but thermal coal will still play the biggest part, which is the most reliable source when higher demands come.

The domestic freight market is adjusting/flat. The hire level for SMX from N China to S China has remains abt \$28,000 APS (frt abt 64 RMB from Caofeidian to Guangzhou). The stock level at the major loading ports is abt 21.897 million tons (low by abt 0.108 million tons), quite flat. There is a lot port closure due to strong wind and the number of dual licensed vsls in the international is still increasing, tightening the tonnage supply for the domestic market. With the expectation of increased coal price, the freight is expected to increase gradually in near future.

The number of dual licensed vsls in the international market is still high:

6/22/2020	6/29/2020	7/6/2020	7/13/2020	7/20/2020	7/27/2020	8/3/2020
36	39	42	44	45	45	46
8/10/2020	8/18/2020	8/24/2020	8/31/2020	9/7/2020	9/14/2020	9/21/2020
47	47	44	44	43	43	42
9/28/2020	10/12/2020	10/19/2020	10/26/2020	11/2/2020	11/9/2020	11/16/2020
44	46	46	45	45	43	44
11/23/2020	11/30/2020	12/7/2020	12/14/2020	12/21/2020	12/28/2020	1/4/2021

44	45	45	44	42	40	39
1/11/2021	1/18/2021	1/25/2021	2/1/2021	2/8/2021	2/22/2021	3/1/2021
37	36	36	37	37	40	43
3/8/2021	3/15/2021	3/22/2021	3/29/2021			
46	47	51	53			

