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The domestic coal price remain stable and slowly increasing. Supply is still tight and even becoming tighter and tighter due to regulatory requirement on safety and many mines reduce their production. On the other hand, demand is inreasing with higher volume of civil usage. This high-pressure situation is expected to improve after July, in August, when the safety requirement will be a bit loosened and more production will be the focus. Some good news is the hydro production is expected to increase, which will share some pressure. The price is contiously increasing, and the trend is higher and higher. Some traders are asking over RMB 1,000 for Calorie 5,500 and asking over RMB 900 for Calorie 5,000 and still increasing. Parties who are purchasing at this price are factories, power plants are not accepting this historical high price yet. Daily consumption is still high but the inventory level is slowly recovering as power plants are purchasing more from the international market, because of the high domestic coal price and removing the limit on import quota. Paper price is still climbing, soon it will reach a new historical high level, after the sudden spike a few weeks ago.

The domestic freight market is however a bit quiter compared to the hot commodity market. It is stable and fluctuates downward. The hire level from N China to S China is abt 24K APS (frt abt 55 RMB from Caofeidian to Dongguan). Due to the high price, power plants are not active in purchasing market coal, but only buying fwhat is necessary rom long-term contracts to remain the stock level. The stock level at the major loading ports is abt 18.418 million tons (down by abt 0.952 million tons compared to last week). More and more tonnage is entering the international water for higher return, which is thanks to more purchase from foreign coal suppliers. But as mentioned above, mines are expected to increase the production level in July/Aug, the domestic coal price is expected to decrease and power plants will try to buy more at that time.

