

2021-06-30

With 1st of July coming closer, the domestic coal market is becoming less active, especially for the supply side. The coal production is further decreased due to more strict safety requirement. Demand is still stable as temperature is increasing. However, the Development and Reform Commission announced a statement that it estimates the coal supply to increase and be sufficient post 1st of July, which brings down the current and future coal price with a big impact. Paper price for Aug and Sep start to go down and there are fewer trading activities as people expect a downward trend. Downstream buyers are holding watch and see position. Another factor is that hydro and solar power are expected to increase in July and Aug, offsetting part of the stress for high demand of electricity. Price for Calorie 5,500 is reduced a bit to about RMB 980 and for Calorie for 5,000 is reduced to about RMB 880. Future market becomes more uncertain as it is now very policy oriented. Traders are still very positive about the market, as the supply/demand conflict is still there and the gap is still quite big. Production of mines will resume and increase in July for sure but how the impact remains uncertain. There may be more imported coal but the overall supply is also limited with bad weather/tight supply.

The domestic freight market continues to drop as there are few cargoes for vessels to carry in the market. 5 big ports are not allowed to load cargoes but only discharge in the north, Tangshan, Jingtang, Caofeidian, Tianjin and Qinhuangdao, until 1st of July noon or 1800 hrs. The hire level from N China to S China drops to about 18K APS (frt about 46 RMB from Huanghua to Yangjiang). The inventory level at the major loading ports now is about 17.402 million tons (down by 0.778 million tons compared to last week). More dual licensed vessels are entering the international market to pursue higher return.

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|------------|------------|------------|------------|------------|------------|------------|
| 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  | 4/6/2021   | 4/12/2021  | 4/19/2021  |
| 46         | 47         | 51         | 53         | 54         | 73         | 88         |
| 4/27/2021  | 5/10/2021  | 5/17/2021  | 5/24/2021  | 5/31/2021  | 6/7/2021   | 6/15/2021  |
| 91         | 102        | 108        | 111        | 113        | 113        | 114        |

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| 6/21/2021 | 6/28/2021 |  |  |  |  |  |
| 115       | 117       |  |  |  |  |  |

Below is the table of Electricity Production from different sources:

