

2021-07-14

The gap between supply and demand for domestic coal still exist. Although a lot of mines have resumed full production in July, it is still not sufficient with higher demand due to higher temperature and higher industrial production, which is expected to increase. The government is now working hard to increase the supply to cool down the domestic coal market. Since July, the electricity usage continues to increase in southern part of China. In Jiangsu, the usage has breached 100 million KWH and similar cases in Zhejiang and Guangdong, who have seen new historical record of electricity usage. Paper price started to climb again for Aug/Sep/Oct, which brings up people's expectation on physical market price. For Calorie 5,500, the price is now abt RMB 950 and for Calorie 5,000 it is abt RMB 875, and both are on the upward trend. Traders are happy and are asking for higher price. The inventory at the major ports keeps dropping although the railway has worked hard to transport the coal from mines to ports. Power plants are experiencing high daily consumption, high coal price and low price of electricity and they are losing money. Thus they are buying what is necessary but holding to purchase more. Imported coal from Indonesia is limited recently due to the severe situation of Pandemic and other countries are requiring more coal as well. In June, China imported abt 28.39 million tons of coal in total, 12.3% increase compared to June in 2020 and 34.94% increase compared to May 2021. For China, it needs to import more.

The domestic freight market is stable and slowly recovering. The number of cargoes and tonnage is balanced and the index is increasing bit by bit. The hire for SMX from N China to S China is abt 23K APS (From Jingtang to Guangzhou at RMB 54) but owners are still quite optimistic abt future market and asking for higher freight. The stock level at the major loading ports is abt 16.785 million tons (down by abt 0.852 million tons) and still dropping. As the domestic market is quite stable and the international market is hot, more dual licensed vsls are entering the international water for better return.

China Import Coal Volume

DATE	Volume (Mil Ton)	Compared to Last Year	Compared to last month
Jan-21	41.13	-39.5%	
Feb-21			
Mar-21	27.33	-1.8%	
Apr-21	21.73	-29.8%	-20.47%
May-21	21.04	-4.6%	-3.19%
Jun-21	28.39	12.3%	34.94%
SUM	139.62		

Dual-Licensed vsls:

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
6/21/2021	6/28/2021	7/5/2021	7/12/2021			
115	117	119	120			

