

2021-08-04

The domestic coal market is still hot with high price and active trading volume. But it starts to feel like reaching the top. The government is putting more efforts to carry out the "Supply Guarantee" policy to increase the production and in some areas, it has indeed increased. In Ordos (at Inner Mongolia), which is one of the major production city, all mines are back to full production. It means more 200KT per day, 6 million tons in a month. The trains are working hard and non stop to transport the coal, especially Thermal Coal. On the other hand, after typhoons passed and the temperature starts to go up again, daily consumption is increasing again and fast. But it is not expected to go further higher as the hottest days in summer have gone and the starting point of autumn in Chinese calendar is 7th of Aug, just around the corner. The conflict between supply and demand is expected to improve and the power plants are thus holding watch and see attitude and working under low inventory situation, only purchase what is required and via long term contracts as many as possible. Regarding imported coal, with the Pandemic situation getting worse in Indonesia and China also found a number of positive cases in Jiangsu, the government is tightening the restrictions and checks again, causing slow custom clearance.

The domestic freight market is stable this week. Everything is back to normal post-typhoon except Jiangsu Province, due to current spike of positive cases. The hire of SMX from N China to S China is abt 26K APS (RMB 59 from Huanghua to Guangzhou). However, as mentioned above, owners are positive abt the future market because if the domestic coal price indeed drops, power plants are going to buy buy buy with their current low and dangerous inventory level. The index is still recovering but slower. The stock level at the major loading ports is coming back a bit, 16.484 million tons (up by abt 0.991 million tons) and still increasing. The number of dual licensed vsls in the international market sees a slight increase, as per below table.

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	7/19/2021	7/26/2021	8/2/2021
115	117	119	120	122	122	123

