

2021-09-01

The China domestic coal market looks more bearish this week. Supply continues to increase with higher production level at mines due to loosened restrictions. And more mines are commencing production and more mines are expected. Another bearish element is that Hydro is producing more electricity with more rains recently in China. The 'Three Gorges Dam' for the first time is producing at its full capacity, which will relieve the reliance on coal. The government is still putting a lot of efforts to stabilize and trying to bring down the coal price. With temperature falling, although the civil usage will be reduced, the factory production is expected to increase, which is a bullish element. Trading activities are strong as power plants are purchasing as needed. Trains are transporting as much coal as possible from mines to ports to increase the supply. The paper price for Sep/Oct/Nov is still strong and climbing, so how will the physical market react to it remains uncertain. There is heavy rain at Kalimantan and some mines already declared FM. Indo coal price is still pushing up, which is also a bullish element for China coal price.

The domestic freight market is hot and strong. The hire of SMX from N China to S China remains abt 31K APS (frt abt 67 RMB from Jingtang to Guangzhou). The increase of index has continued for a week and is still continuing. The inventory level at the major loading ports is abt 15.22 million tons (down by abt 1.206 million tons), which shows active and strong tradings recently. The number of dual licensed vsls in the international water continues to increase, which pushes up the domestic freight:

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	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

8/9/2021	8/16/2021	8/23/2021	8/30/2021	9/6/2021	9/13/2021	9/20/2021
125	127	128	130			

