

China Coal Daily

The definitive daily publication on the Chinese coal industry

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China mine prices edge higher

Firmer pricing spread to mining regions today, after a number of mines moved to control output following steep price cuts previously, while maintenance on the Daqin rail line has reduced deliveries.

Some miners in Shaanxi raised prices by RMB5-10/t (\$0.75-1.49/t), anticipating supply strains as local authorities tightened sales licensing again, and due to nationwide safety inspections which are underway.

Several traders increased stockpiling efforts as well, pushing prices at loading ports to an estimated RMB629/t (\$93.74/t) FOB Qinhuangdao (QHD), basis 5,500 kc NAR, up RMB3/t (\$0.45/t) from yesterday, with 5,000 kc NAR cargoes climbing by the same amount to RMB531/t (\$79.14/t) FOB.

Queuing vessels at QHD rose to 44 today, from 34 yesterday and 36 a week ago, and the number of vessels scheduled to arrive also grew to 13 from seven a week ago, while stocks at the port increased to 6.47 mt from 6.42 mt yesterday, due to closures caused by strong winds. The tonnage at Huanghua climbed to 2.14 mt today, from 2.12 mt yesterday.

Inventories at coastal power plants slid to 15.43 mt or 23 days today, from 15.52 mt or 25 days yesterday, and coal burn at the units recovered to 0.66 mt yesterday, up from 0.61-0.62 mt/d during the holiday in the previous three days.

For major generators across China, stocks were 70 mt at end-March, up from 68.73 mt on 24 March, though still enough for 18 days of consumption. This compared with 62.57 mt or 17 days a year earlier.

Domestic seaborne freights for QHD to Guangzhou in 50,000-60,000 t vessels increased RMB1.8/t (\$0.27/t) to RMB34.1/t (\$5.08/t) yesterday, and the rate for QHD to Shanghai in 40,000-50,000 t vessels grew RMB3/t (\$0.45/t) to RMB28.9/t (\$4.31/t).

China encourages large mine development

China's National Development and Reform Commission (NDRC) has said it will encourage the construction of underground mines

Customer notice on page 5 regarding IHS Markit Coking Coal Methodology changes

Steam coal prices

Week ending	22-Mar	29-Mar	5-Apr
QHD FOB markers (\$/t)			
5,000kc NAR	78.98	77.51	78.08
or 4,700kc NAR	74.24	72.87	73.40
5,500kc NAR	92.90	92.23	92.90
5,800kc NAR	98.37	97.34	98.04
or 6,000kc NAR	101.77	100.70	101.42
QHD FOB markers (RMB/t)			
5,000kc NAR	529	522	526
or 4,700kc NAR	497	491	495
5,500kc NAR	622	622	626
5,800kc NAR	659	656	661
or 6,000kc NAR	681	679	683
South China CFR markers (\$/t)			
3,800kc NAR	45.75	44.36	45.00
4,700kc NAR	62.54	61.90	62.18
5,500kc NAR	65.60	65.40	65.46
6,000kc NAR	83.02	82.50	82.58

Note: FOB prices include domestic taxes

Note: CFR prices are exclusive of Chinese taxes

Source: IHS Markit, Xinhua Infoclink

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Other regional key FOB prices (\$/t)

	Apr-18	Mar-19	29-Mar	5-Apr
Steam coal				
Indonesian low rank (3,800kc NAR)*	41.23	38.43	36.51	37.26
Indonesian Sub-Bit (4,700kc NAR)*	61.90	56.18	54.06	53.73
Indonesian Bituminous (5,500kc NAR)	75.62	69.15	68.06	68.33
Australian High Ash (5,500kc NAR)	70.49	58.03	56.67	56.38
Coking coal				
Premium Australian	188.90	206.71	203.21	199.42

*IHS McCloskey Indonesian Sub-Bituminous FOB marker

Note: The Indonesian Sub-Bituminous FOB marker and corresponding South China CFR marker changed to a 4,700 kc NAR basis as of 6 May 2016.

Source: IHS Markit

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Domestic coke (\$/t)

	Year ago	Month ago	Week ago	9-Apr
Hebei Steel (CIF)	354.38	332.17	310.87	305.32

Note: Coke with 12% ash

Source: IHS Markit/Xinhua Infoclink

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with capacity over 1.2 mt/y and open pit mines above 4 mt/y, while banning any development of mines below 0.3 mt/y, and mines below 0.9 mt/y but with high gas content.

However, new mines in Shanxi, Inner Mongolia and Shaanxi should be above 1.2 mt/y, while in Ningxia, they should top 0.6 mt/y, the NDRC added.

Shanxi, Inner Mongolia, Shaanxi and Ningxia will be asked to phase out mines below 0.3 mt/y. The regions of Hebei, Liaoning, Jilin, Heilongjiang, Jiangsu, Anhui, Shandong, Henan, Gansu, Qinghai and Xinjiang will remove mines below 0.15 mt/y, while in other regions, the minimum mine capacity will be 0.09 mt/y.

It's understood that previous closures of old capacity had reduced the total number of coal mines in China to 5,800 by the end of last year, from roughly 7,000 in 2015. Mines above 1.2 mt/y accounted for 1,200 or 17%, up from 14% in 2017, and mines below 0.3 mt/y were roughly 2,300 or 40% of the total, down from 46% in 2017.

China has issued construction approvals to at least 22 mines totaling 110.7 mt/y so far this year, all of which are above 1.2 mt/y.

Daqin March railings increase 10%

The Daqin rail line, which connects Datong in Shanxi and Qinhuangdao port, delivered 38.85 mt of coal in March, at a daily average rate of 1.25 mt/d, growing 10% from February, when railings declined to 1.14 mt/d, from 1.26 mt/d in January due to holidays, the Daqin Railway Co said.

Compared with a year earlier, the tonnage was down 1%, putting railings in the first quarter at 109.71 mt, a fall of 4% year on year.

Daqin railings are set to ease in April as a result of its routine maintenance between 6-30 April. The line aims to transport 455 mt this year, increasing 4 mt or 1% from 451 mt handled last year, which itself expanded 5% from 2017.

SouthGobi's 2018 sales plunge 40% on year

Hong Kong-listed Mongolian miner SouthGobi Resources sold 2.80 mt of coal last year, which dropped 40% from 4.70 mt in 2017, the company said.

Output shrank to 4.34 mt last year from 6.48 mt in 2017, which had jumped from 3.38 mt in 2016 and 1.95 mt in 2015.

The company cited customs delays at the Chinese border crossing of Ceke as a reason for the decline in sales.

Coking coal sales were 1.85 mt, accounting for 66% of the company's total sales, and steam coal sales were 0.78 mt or 28% of the total. However, profits jumped to \$24m from \$15.1m the previous year, due to higher prices in China. Mine prices averaged \$37.1/t in 2018, compared with \$28.3/t in 2017, according to the company.

Zhejiang Q1 power demand climbs 6%

Zhejiang, the third largest power consuming province in China, used 103.1 TWh of electricity in the first quarter of this year, which was up 6% from the same period last year, the local grid operator said.

Power consumption in March alone was 39.3 TWh, expanding 13% on the year.

Coal stocks at ports (mt)

	Last Year ave	Last Month	Previous day	9-Apr
QHD	6.14	5.95	6.42	6.47
Guangzhou	2.32	2.26	2.41	2.42
				5-Apr
Fangcheng	3.84	4.39	5.00	4.90

Source: IHS Markit

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Freight (\$/t)

	Year ago	Month ago	Week ago	9-Apr
Domestic				
QHD to Guangzhou	6.74	4.27	4.32	4.89
QHD to Shanghai	5.40	3.72	3.72	4.48
Freights into China				
Indonesia	6.58	5.56	5.61	5.42
Russia	9.00	9.00	9.00	9.00
Australia	11.05	7.51	7.65	7.31

Note: QHD to Shanghai 40-50kt, QHD to GZ 60-70kt

Source: IHS Markit

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Mine-mouth coal stocks (mt)

	Last Year	Last Month	Week ago	8-Apr
Major mines	14.90	14.02	13.99	13.87

Note: Major Chinese mines, with production sharing around 33% of China's total

Source: China National Coal Association

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Nationwide major power plants (mt)

	Last Year	Last Month	24-Mar-19
Major power plants	70.96	67.45	68.73
Daily coal consumption	3.76	4.03	3.82
Days of burn	19	17	18

Note: Key power plants refer to those monitored by the State Grid

Source: IHS Markit/Xinhua Infolink

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Six major coastal power groups (mt)

	Last Year	Last Month	Last week	9-Apr	daily change
Inventory	14.16	16.19	15.58	15.43	(0.09)
Daily coal consumption	0.67	0.67	0.66	0.66	0.05
Days of burn	21	24	24	23	(2)

Note: Six coastal power groups include Zhejiang Electric Power, Yudean, Shanghai Electric Power, Huaneng, Guodian and Datang Source: IHS Markit/Xinhua Infolink

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North China ports (mt and number of vessels)

9-Apr	QHD	Huanghua	Caofeidian	Tangshan	Tot. N.China	Daily ports Change
Stocks	6.47	2.14	3.95	1.99	14.55	0.14
Inbound	0.56	0.62	0.15	0.16	1.49	0.05
Outbound	0.51	0.61	0.14	0.12	1.37	(0.17)
Vessel Queue	44	32	5	6	87	6
Vessels Planned*	13	-	8	1	22	4

*Planned refers to vessels expected over the next 5 days

Source: Chinese port groups

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However, the year on year growth in the first quarter slowed from an 8% rise in 2018, when power demand reached 453.28 TWh.

Local power generation was 83.6 TWh in the first quarter, up 3% year on year.

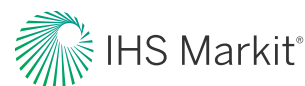
Shaanxi-Hubei UHV power line approved

The ± 800 kV ultra high-voltage (UHV) power line between Yulin in north Shaanxi and Wuhan in Hubei has been approved by the National Development and Reform Commission (NDRC), the Hubei grid operators said.

With an installed capacity of 8 GW, the 1,135 km line will transmit coal-fired power from Shaanxi, to meet Hubei's expected supply gap of 10 GW by 2020, when demand is expected to total 45 GW.

Separately, the 1,000 kV Beijing West-Shijiazhuang UHV line is expected to be finished by the end of this month. The project marks the establishment of the North China UHV loop line network, which also consists the Xilingol-Shandong and West Inner Mongolia-Tianjin UHV lines.

China presently operates 21 UHV power lines, with total capacity exceeding 140 GW.



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<https://www.opisnet.com/ihsmarkit-european-coal-outlook>



Daily domestic price estimates

		Last Year	Last Month	Last week	9-Apr	Daily Change
Mine-mouth prices RMB/t						
	NAR					
Shanxi Datong	5,500Kcal/30Vda/15Ad/1.0St	484	465	465	465	0
Inner Mongolia Dongsheng	5,200Kcal/35Vda/20Ad/0.6St	365	396	376	376	0
Inner Mongolia Ordos	4,500Kcal/29Vda/15Ad/1.2St	225	232	226	226	0
Shaanxi Shenmu	6,000Kcal/30Vda/15Ad/1.0St	432	470	451	450	(1)
Prices at ports (RMB/t)						
	NAR					
QHD (FOB)	5,500Kcal/25Vda/20Ad/1.0St	649	625	618	624	3
QHD (FOB)	5,000Kcal/25Vda/20Ad/1.0St	572	537	516	525	3
QHD (FOB)	4,500Kcal/25Vda/24Ad/0.8St	507	477	454	462	3
Huanghua (FOB)	5,500Kcal/25Vda/16Ad/0.5St	659	635	628	634	3
Huanghua (FOB)	5,000Kcal/25Vda/17Ad/0.5St	584	549	528	537	3
Huanghua (FOB)	4,500Kcal/25Vda/18Ad/0.6St	513	483	460	468	3
Caofeidian	5,500Kcal/25Vda/22Ad/0.8St	653	630	623	629	3
Caofeidian	5,000Kcal/25Vda/24Ad/0.8St	578	543	522	531	3
Caofeidian	4,500Kcal/25Vda/24Ad/0.8St	508	477	454	462	3
Guangzhou	5,500Kcal/28Vda/14Ad/0.6St	750	705	710	710	0
Guangzhou	5,000Kcal/27Vda/21Ad/0.8St	674	622	611	600	0

Note: Inclusive of domestic taxes

Vda = Volatile matter

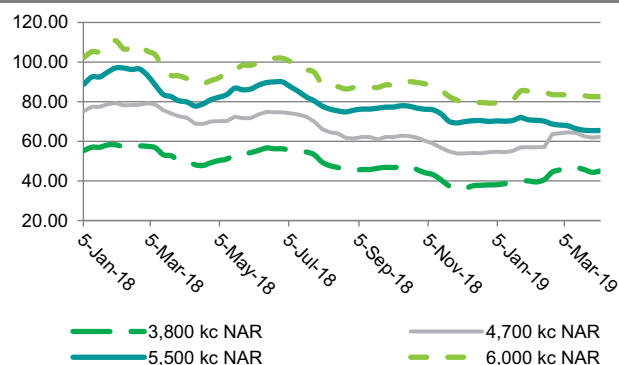
Ad = ash

St = sulphur

Source: IHS Markit/Xinhua Infoclink

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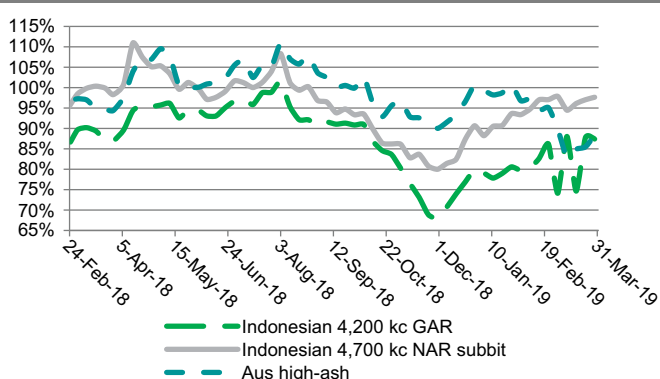
Import prices into South China (\$/t)



Source: IHS Markit, Xinhua Infoclink

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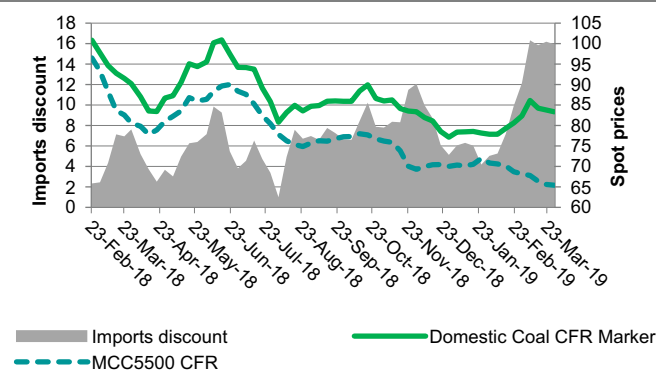
Relative strength of indices vs domestic (CV adjusted)



Source: IHS Markit, Xinhua Infoclink

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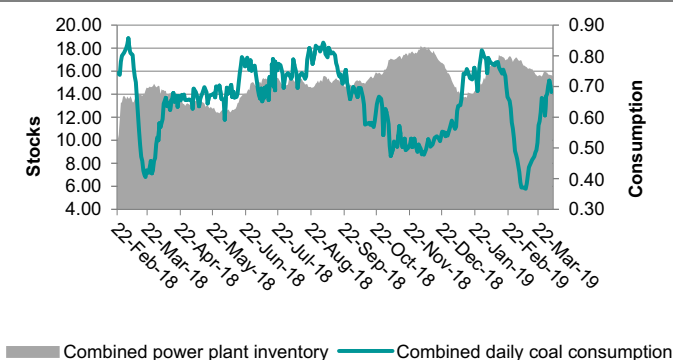
Imports discount to domestic coal (\$/t)



Source: IHS Markit, Xinhua Infoclink

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Power station coal stocks vs consumption (mt)



Source: IHS Markit, Xinhua Infoclink

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Customer notice: Coking coal change announcement

With reference to the IHS Markit Consultation Notice published 22 February 2019, we will be making the proposed changes to our Coking Coal markers with implementation 1 April, 2019. Namely;

- Two new markers will be launched:
 - The MCC 1 which assesses the FOB price of top quality prime hard coking brands loaded into vessels at East Coast Australian ports.
 - The MCC 4 which assesses the price of top quality prime hard coking coal brands delivered into North China, basis Jingtang.
- The Australian Prime Hard Coking Coal (PHCC) FOB marker will be renamed MCC 2 (FOB) and will continue to reflect the price reached for a mid-rank type coal in this group.
- Australian Hard Coking Coal FOB (second tier) marker will be renamed MCC 3 (FOB) and will continue to reflect the FOB price reached for a mid-rank type Australian coal in this group.
- North China Prime Hard Coking Coal CFR marker will be renamed MCC 5 (CFR) and will continue to reflect the CFR price reached for a mid-rank type coal in this group delivered into China.
- North China Hard Coking Coal CFR (marker will be renamed MCC 6 (CFR) and will continue to reflect the CFR price reached for a mid-rank type coal in this group delivered into China.

IHS Markit has developed a model to evaluate realised price differentials between different known brands of hard coking coal based on a series of typical material qualities identified as key value drivers. IHS Markit will use this in-house mathematical model to normalize market data inputs to the specifications shown below. The price differential evaluations will be updated and published in Inside Coal quarterly.

Name	Contract	CSR	Max fluidity (ddpm)	Volatile matter (ad)	Ash (ad)	Sulphur (ad)	Total moisture (ar)	Phosphorous (ad)	Vitrinite	loading/delivery
Prime Hard Coking Coal										
MCC 1	FOB	72	400	20%	11%	0.60%	10%	0.04%	68%	East Coast Australia
MCC 2	FOB	69	900	21%	8%	0.50%	10%	0.05%	65%	East Coast Australia
MCC 4	CFR	72	400	20%	11%	0.60%	10%	0.04%	68%	China, basis Jingtang
MCC 5	CFR	69	900	21%	8%	0.50%	10%	0.05%	65%	China, basis Jingtang
Hard Coking Coal										
MCC 3	FOB	62	120	21.50%	8%	0.40%	11%	0.07%	50%	East Coast Australia
MCC 6	CFR	62	120	21.50%	8%	0.40%	11%	0.07%	50%	China, basis Jingtang

Source: IHS Markit

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To consider a coking coal as a prime hard coking coal or a hard coking coal for use in index setting it will typically need to meet the following quality specifications below:

	CSR	Max fluidity (ddpm)	Volatile matter (ad)	Ash	Total moisture
Prime Hard Coking Coal	67 min	100 min	26% max	10.5% max	10% max
Hard Coking Coal	55-66		20-28%	7-10.5%	

Source: IHS Markit

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The minimum cargo size in marker assessments is 50,000 t, though smaller parcels of a minimum 25,000 t for CFR deal and 12,500t for FOB deal may be considered, if there is a lack of evidential transactional deals.

IHS Markit will emphasize transactional data in the formulation of the markers by giving verified and validated trades and certain prescribed bid/offer information precedence.

This transactional data will normally account for 100% of the index compilation data. When available, evidential bids/offers will account for 25% of the transactional data with volume-weighted trades 75%. When no trade data is available, but evidential bid/offer information is available, the evidential bid/offer will be weighted 100%.

Evidential bids/offers are those when a defined bid/offer midpoint are within 3% of each other. The Consultation Report suggested 2%, but due to industry feedback this has been increased.

In addition, if there is no 'evidential' trades or bid/offer data, but there are offers at lower values to the previous day's assessed marker, or bids at higher values to the previous day's assessed marker, these will be used as evidential transactional information and used to compile the markers.

In the absence of either trades or bids and offers that conform to the above standards, IHS Markit will roll over the previous day's marker value.

However, in circumstances when feedback is provided from the market that prices being discussed informally in bilateral negotiations have shifted away from the previous day's marker value, indicative bids and offers will be collected from an equal pooling of verified end users, traders and producers in relation to a specific cargo or quality level and used to inform the index. The decision to use these inputs will be contingent on an overall coalescence of values by market participants.

Full details available at: <http://coal.opisnet.com/ihs-markit-coking-coal-methodology-consult>

Global Coal News & Analysis

McCloskey Coal Report:

Comprehensive news and analysis of the global coal markets covering coal prices, seaborne trade and discussing supply and demand issues with immediate and longer term implications.

Fax:

Weekly digest of global prices and news in bite-sized form. All your weekly pricing data and market moving information in one place.

Newswire:

Real-time breaking coal market news and pricing wherever you are, delivered 24 hours a day.

Chinese Coal Market News & Analysis

The service, which comprises analytical reports and daily intelligence updates, brings together IHS Markit's tradition of excellence in covering seaborne markets with Xinhua Infoclink's knowledge and insight of the Chinese market. Recent coverage has been at the heart of the policy, regulation, implementation and effect of China's goal of reducing domestic production capacity.

This intelligence is augmented with data sets of key indicators.

APAC and African Coal Market News and Analysis

Australian Coal Report

In-depth weekly coverage of Australian coal markets focusing on market moving events. Infrastructure is a key focus and includes port performance, vessel queues and freight. Australian coal statistics and published monthly in Excel covering exports and other data.

Indian Coal Report

Monthly update on developments in the Indian coal, power and steel markets, including coal production and prices. Key shipping routes to India (Cape, Mini Cape, Supermax) are assessed and priced. Data includes monthly coal imports.

Coalfax

Weekly summary of events impacting international coal markets focusing on Australia and wider Asia. Includes prices, tenders, stocks, shipping and the NEX Index, a key indicator of the spot price of thermal coal ex-Newcastle.

South African Coal Report

The interplay between domestic power demand and exports is a focus. Covers corporate news and wider African coal markets and includes an infrastructure focus on Richards Bay coal terminal, loading rates, rail, capacity, vessel queues, and freight.



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North American Coal Market News & Analysis

Coal & Energy Price Report

Coal & Energy Price Report is the go-to daily publication for industry professionals. It features Commentary by Jim Thompson, critical news and insight about the U.S. domestic markets, and analysis of the U.S.' participation in international markets. The publication is included in IHS Markit's Energy's North American Coal suite.

U.S. Coal Review

Published weekly, U.S. Coal Review is focused on the U.S. utility market but has complete coverage of current coal developments including comprehensive price coverage and production trends. The publication also features weekly analysis and insight from IHS Markit's experts. The publication is included in IHS Markit's Energy's North American Coal suite.

Coal Price Data and Indexes

IHS Markit coal price markers form a key component of the API indices, which serve as the settlement price in 90% of the world's coal derivative contracts. With its legacy of playing a key role in developing steam coal indexation, McCloskey first published the NW European marker in 1991.

Available as an add on to our other products, the full set of steam, coking and petcoke prices – along with vital coal market data, news and analysis can be accessed through our online platform Connect™.

Global Steam Coal Service

The service is a one-stop shop for forward-looking analysis on the international steam coal market. At its core is a supply/demand and price forecast service. Outlooks are updated quarterly and backed up with in-depth commentary and a comprehensive data-base. The service also focuses on the inter-relationships between steam coal and other fuels, particularly natural gas as well as petcoke.

Metallurgical Coal Market Insight, News and Analysis

The Metallurgical Coal Quarterly

forecasts metallurgical coal fundamentals and price out ten years. It is the critical decision making tool for metallurgical coal market players, and those in its related commodities.

Inside Coal

Daily news and analysis of the biggest events in the international metallurgical coal market. Complete coverage of prices, deep insight from met coal specialists, and supply/demand analysis.

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