
Chinese miners meet 65pct of thermal coal sales quota

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Bloomberg reported that Chinese coal miners, led by China Shenhua Energy Co have sold more than half of a government quota for the fuel as of the end of May at higher prices after demand improved.

Ms Liu Caiying chairwoman of the China Coal Transportation and Distribution Association said mining companies agreed to supply more than 400 million tonnes to power plants this year, equivalent to 65% of a state-set quota based on transport capacity. She said Shenhua sold the fuel at CNY 540 per tonne. That's a 17% gain from last year.

Mr Xie Juchen a fuel purchasing director at China Electricity Council said power plants had earlier sought a price cut of as much as 10% as electricity demand had fallen because of the world recession, while miners wanted to charge 10% more compared with 2008.

Mr Shi Yan a power analyst at UOB-Kay Hian Ltd said "Based on our research, local producers charged utilities an average CNY 540 a tonne for the fuel under this year's term contracts, an estimated 10% increase from 2008."

The higher contract prices rose in line with the improving economy, as well as spot prices at China's Qinhuangdao port a benchmark in the world's biggest producer of the fuel.

The Chinese economy grew 7.9% in the second quarter as the government CNY 4 trillion stimulus spending boosted industrial output. Electricity production posted the first increase in four months in June.

Prices of coal for immediate delivery at Qinhuangdao gained 1% to CNY 570 a tonne by August 3rd from a week earlier. The fuel fell to this year's low of CNY 558 per tonne in March after reaching a record CNY 995 last July.

(Sourced from Bloomberg)

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