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## Chinese power plants coal consumption reduced

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It is reported that coal consumption in China major power plants has fallen in July with regions other than the south all using less coal in the last two weeks.

Spot thermal coal prices in China have stagnated since early June as supply remains abundant and power plants hold sufficient coal stocks during the summer, traditionally marked with stringent power and coal supplies.

Traders and analysts said the market this summer had been calm and trade lacklustre as uncertainties over the economic growth in the second half weighed on sentiment.

Deutsche Bank analysts said “While we remain bullish on the thermal coal market in the longer term, over the next quarter we see demand conditions deteriorating sufficiently to threaten a modest correction in pricing.”

Calculations based on industry data showed that the daily average coal burned at China power plants stood at 3.39 million tonnes in the first week of July, but fell 8% to 3.14 million tonnes from July 8th to 20th. Daily coal consumption fell 10% in northern China, 12% in the central region and 16% in the northwest.

In June, China power consumption grew at its slowest pace in a non-holiday month since October 2009, partly because of a low base in June 2009. However, economists are watching China’s power closely for any sign of a wider industrial slowdown.

(Sourced from <http://www.lloydslistdcn.com.au>)

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