
Chinese buyers defer prompt coal shipments - Report

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Reuters reported that some Chinese buyers are seeking to defer the delivery of prompt thermal coal shipments by at least a month, citing high stockpiles at the country's ports.

As some requests to postpone shipments have come in very late, there have been a growing number of distressed South African and Colombian cargoes being offered in the market.

The sources said calls by some Chinese firms to postpone shipments have grown over the past two weeks a development that is set to hit feeble market sentiment and potentially push Asian prices lower.

A source at a European trading firm said "One of our customers told us that the loading ports are congested and they cannot take any more cargo, so they have asked to push back the delivery date by a month."

The trader said "But they told us too late, so we were forced to offer the cargo in the market and had to sell it at a discount to Richard's Bay index."

An Indonesian bituminous producer also said its buyer, a large Chinese trading firm, had asked to delay an August-delivery shipment. Still, these traders were quick to note that requests to postpone shipments were only from a handful of buyers and it did not appear that these buyers were looking to renege on contracts.

Ms Amrita Sen a coal analyst at Barclays Capital Research said "The August-September period has traditionally been the quietest period, so the market should start rebounding as soon as we come out of summer and the stockpile is drawn down."

She said "But domestic prices still need to go higher than international prices for the imports to start flowing in strongly."

A second trading source said "Some of them are wanting to push back the delivery dates but we are working within the framework of a contract. I don't believe we are going to see a trend of major defaulting of contracts. This clearly isn't a country-wide issue because some of our orders are still performing. China is a huge market and you are bound to have different qualities of counterparties out there."

An Australian producer said its Chinese customer is currently loading a thermal coal shipment that was agreed to in June at USD 97 a tonne free-on-board, while a senior executive from Indonesia's Bumi Resources said its Chinese buyers have insisted on sticking to the delivery schedules.

The source at Bumi said "We have been having production issues due to the heavy rains at Kalimantan, so we have asked some of these Chinese buyers if we can re schedule and delay their shipments. But none of them have agreed."

(Sourced from Reuters)

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