
Chinese coke prices likely to surge due to supply shortfalls

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Interfax China reported that tight supplies and transportation bottlenecks in China have driven domestic coke prices to a high of CNY 2,000 per tonne and analysts predict that the coke shortage will not ease until early March.

According to statistics released by the Shanxi Coking Industry Association the ex works price of grade one metallurgical coke soared to nearly CNY 2,000 per tonne while grade two metallurgical coke reached CNY 1,700 per tonne this week in Shanxi Province, the largest coke producing province in China.

Mr Wang Ling Beijing Umetal analyst said that "Tight transportation, caused by recent severe snowfalls, as well as decreased coke production in Shanxi is responsible for the increased coke prices. Moreover, I don't think the tight coke supply will ease up until early March."

He said that "Lots of migrant laborers working in coalmines have returned to their hometowns for Chinese New Year, and coal is given transportation priority to regions with power shortages. The combination of these two factors has increased coal supply problems and driven up coke prices."

China has experienced tight coal supply since the fourth quarter of last year, due to the central government shutting down many small scale substandard coalmines in Shanxi. This has forced local coke producers to cut production resulting in the current shortfall in coke supply in the domestic market.

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