China Coal Markets in the Short Term

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Shanxi Sunlight Coking Group Co., Ltd
Company Profile

- One of the top 3 Chinese merchant coking groups
- Existing coke 5.0Mtpa + 4.0Mtpa under construction
- Coal tar 1.08Mtpa, carbon black 500Ktpa, carbon microspheres 40Ktpa
- Coal 6.0Mtpa of 2 JV mines, CHPP 6.0Mtpa
- Rail station of coal & coke loading/unloading 10Mtpa
- Power 2x2.5MW
Contents

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- Summary
China's economy continues recovering solidly

2020 GDP grew 2.3% and 2021 target is above 6%.

Source: NBS
Coal in energy consumption mix continues declining

### China energy consumption structure and targets

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2019</th>
<th>2020T</th>
<th>2030T</th>
<th>2050T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>69.0%</td>
<td>63.8%</td>
<td>57.7%</td>
<td>58.0%</td>
<td>46.0%</td>
<td>/</td>
</tr>
<tr>
<td>Oil</td>
<td>17.0%</td>
<td>18.4%</td>
<td>18.9%</td>
<td>17.0%</td>
<td>19.0%</td>
<td>/</td>
</tr>
<tr>
<td>NG</td>
<td>4.0%</td>
<td>5.8%</td>
<td>8.1%</td>
<td>10.0%</td>
<td>15.0%</td>
<td>/</td>
</tr>
<tr>
<td>Hydro, Nuclear, Wind and Solar</td>
<td>9.0%</td>
<td>12.0%</td>
<td>15.3%</td>
<td>15.0%</td>
<td>20.0%</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

### Coal proportion of energy consumption mix

![Coal proportion of energy consumption mix](chart.png)

Source: NBS
Coal output continues rising and concentrates to the west

Coal supply was limited affected by Covid-19 and continues growing post the pandemic, but remains constrained some extent.
Coal consumption continues rising slightly

Source: NBS, Sunlight

Coal downstream productions (Mt)

Coal consumption by industries (Mt)

2020 coal consumption structure
Coal stock continues falling

Source: SJcoal
China coal prices are strengthening

China thermal coal prices

| Source: Platts, SXcoal |

China coking coal prices

| Price Gap ex-Vat |
| Shanxi Prem HCC at Jingtang Port Net-VAT |
| Australia FOB Prem LV |
| China CFR Prem LV |
Coal import continues rising despite under policy restriction

China monthly coal imports

China total coal import & export

Source: GAC
Coal imports by origin

**Thermal coal imports by origin**

- Indonesia
- Australia
- Russia
- Philippines
- Mongolia
- Others

**Coking coal imports by origin**

- Australia
- Mongolia
- Russia
- Canada
- US
- Others

Source: GAC
Summary

- China economy continues recovering solidly, 2021 GDP growth targeting above 6%.
- Coal in energy consumption mix shows declining trend.
- Coal supply was limited affected by Covid-19 and is growing post the pandemic. While, coal output concentrates to the west and remains constrained.
- Coal demand was hit more but is recovering strongly post the pandemic.
- Coal prices are strengthening backed by growing demand, constrained supply, and low stock.
- China coal imports remain strong despite under restriction.
- Thermal coal imports from Indonesia and Russia fill the absence of Australian coal.
- Australian coking coal is difficult to be fully replaced by other origins from quantity and quality perspective.
Thank You!

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