

## **Decrease in Chinese Power Plant Stockpiles**

The latest data as of August 23rd shows that coal stockpiles at major power plants have fallen to 80.2 million tons. This marks the lowest amount seen since June and is down by 9.3 million tons (-10%) from this year's 89.5 million ton peak seen in late July. On a year-on-year basis, power plant stockpiles are down by 3.3 million tons (-4%). They are enough to meet only 18 days of demand, which marks a low not seen since January.

It has remained helpful for the coal import market that China's coal-derived electricity generation growth in recent months has continued to exceed domestic coal production growth. This has contributed to the destock in power plant coal stockpiles. Also of note is that heavy rainfall and flooding in recent weeks has also continued to hold back more robust growth in hydropower output. As we have been highlighting in our work, hydropower stations have been forced to prioritize flood prevention over hydropower output. Hydropower output is still growing in China, but not by as much as it would be if flood prevention was not an issue. Of note is that precipitation recently reached 498.5mm in the middle and lower reaches of the Yangtze River which marks a level not seen 1961. Growth in hydropower output remains disproportionate to this year's rainfall, and coal stockpiles are managing to decline even as rainfall has surged.

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