

Increase in Chinese Coal Imports

Data released last week showed that China imported 25.3 million tons of coal in April. This marks a month-on-month rise of 1.8 million tons (8%) and a year-on-year rise of 3 million tons (13%). Previously, imports contracted on a year-on-year basis for two consecutive months.

Going forward, the outlook for Chinese coal imports remains unclear as the government wishes to cap imports at 2018's total (280.8 million tons). China's coal imports through the first four months of this year have totaled 99.9 million tons, which marks year-on-year growth of 2.2 million tons (2%). If coal imports were to be capped this year, imports during the final eight months of this year would total only 180.9 million tons, which would mark a year-on-year decline of 2.2 million tons (-1%).

As we have discussed in the past, though, often China's government has desired caps which in the end never come to fruition. We are not at all convinced that coal imports will be capped this year. Remaining a bigger issue to us is natural gas consumption, and of note is China's natural gas imports have continued to surge. China's natural gas imports through the first four months of this year have totaled 31.9 million tons, which marks a year-on-year increase of 4.5 million tons (16%). Most recently in April they totaled 7.7 million tons, which marked month-on-month growth of 800,000 tons (12%) and year-on-year growth of 900,000 tons (13%).

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