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Lower Than Usual Rainfall in China

Rainfall was again lower than usual last week throughout much of southern and central China (where a large amount of China's hydropower is produced). China has long emerged from its annual dry season (when hydropower output is at its lowest in January and February) -- but according to China's National Bureau of Statistics, March experienced a year-on-year contraction in hydropower output. April is now at risk of seeing another year-on-year contraction. Looking forward, May could easily experience yet another year-on-year contraction as well. Over the next several weeks we will be continuing to monitor China's rainfall and hydropower production closely. Peak summer electricity demand season in China is fast approaching, and coal demand and coal imports are areas that benefit when Chinese rainfall and hydropower production are weaker than normal.

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