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I . Supply-side Monitoring

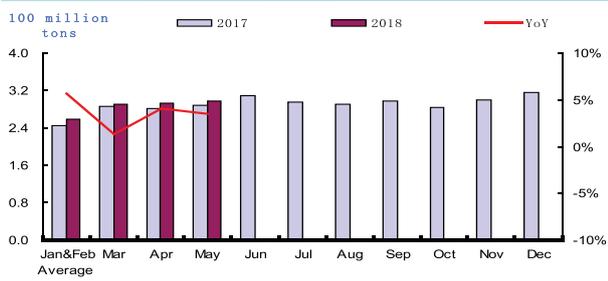
1. National Coal Supply Monitoring

Coal output of Shanxi, Shaanxi and Inner Mongolia is still affected by the ongoing safety inspections and environmental checks, but the output increases slightly compared with last week, and coal prices continue to rise. By the end of July 2, daily average sales of local coal road at all banners of Erdos rise again to 1120 thousand tons, increasing by 8.7% compared with last week. Because of the increasing railway capacity to ports, coal stocks of centralized coal transportation stations and pithead continue to decrease. Coal stocks of 4 major centralized coal transportation stations have decreased to 764 thousand tons, decreasing by 16.3% compared with last week.

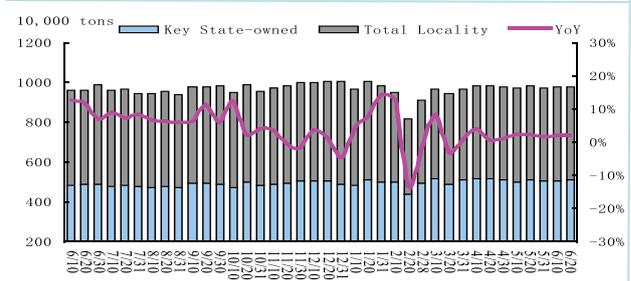
Table 1.1 National and Key State-owned Coal Output-Sales-Stocks Monitoring (10,000 tons/%)				
Type	Type	Mid-June	YoY	MoM
Output	National	9750	1.9	-0.7
	Key State-owned	5114	4.5	-0.3
Sales	National	-	-	-
	Key State-owned	4553	4.6	5.4
Stocks	National	-	-	-
	Key State-owned	2506	-29.4	-2.2
Data Sources: CCTD		Notes: 10-day sales and stocks only refers to key state-owned		

Exhibit1.1 National Coal Output-Sales-Stocks Trend

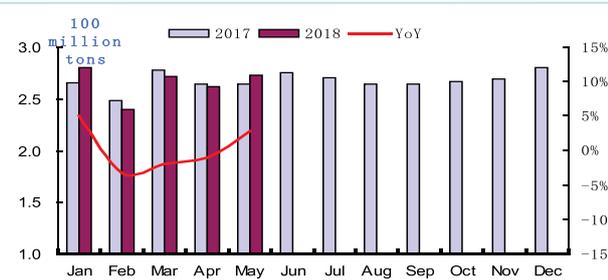
National Coal Output (NBS)



National Average Daily Coal Output (10-day Degree)



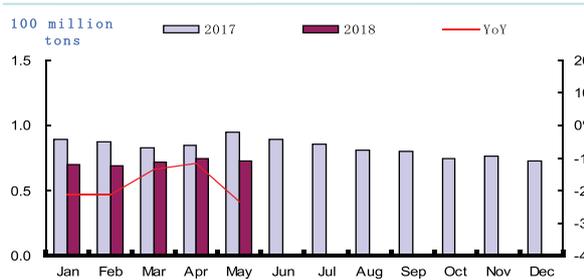
National Coal Sales



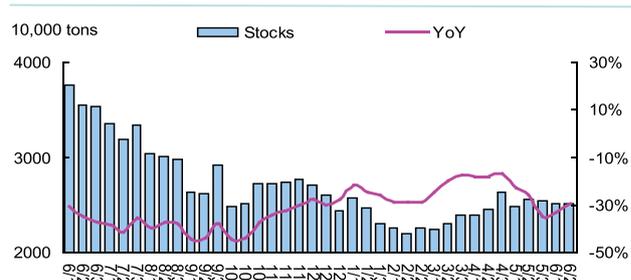
Key State-owned Average Daily Coal Sales(10-day Degree)



National Coal-producing Enterprises Stocks



Key State-owned Coal Stocks (10-day Degree)



Data Sources: CCTD (Notes: output-sales of the last 10 days of the month is output-sales of the month)

2. Coal Market Operation in Main Producing Areas

(1) Shanxi

By the end of July 2, Taiyuan Coal Transaction Price Composite Index (256 issue) is 141.69 points, decreasing by 0.26% compared with last issue. Thereinto: thermal coal index is 124.32 points, decreasing by 0.58% compared with last issue. Recently, the provincial thermal coal market shows divergent trends. On one side, most coal prices of launched coal market decrease. Major coal enterprises in Datong lower the coal price by 2-7 Yuan/ton, and some coal enterprises in Shuozhou lower the coal price by 10-20 Yuan/ton. On the other side, most coal prices of through coal market

increase slightly. Some local coal enterprises in Shuozhou and Changzhi raise the coal price by 10-20 Yuan/ton, and coal prices of other regions remain stable.

Recently, coal sales in North Shanxi do not perform well owing to slackening port demand. Coal stocks of platforms and some coal mines are plenty. Coal supply is affected by transportation remediation in Shuozhou, and coal usage in peak summer season elevates the demand expectation. Based on the above reasons, we consider that prices of coal in high quality in Shanxi will remain stable.

Table1.2 Key State-owned Coal Output-Sales-Stocks in Shanxi by 10-day Degree (10,000 tons/%)									
Type	Mid-June of 2018								
	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	1194	10.9	-3.1	646	4.5	1.7	600	-30.5	-4.0
Thereinto: Datong Coal Mine Group	380	41.8	-1.0	149	-29.0	-34.6	208	-33.2	-10.2
Yangquan Coal Group	141	-22.1	-26.3	137	28.7	10.9	78	-41.0	14.3
Lu'an Group	202	10.8	1.4	77	7.1	3.1	54	-46.3	-13.2
Shanxi Coal Group	203	15.2	4.5	96	14.2	40.4	192	33.0	2.4

(2) Inner Mongolia

Recently, environmental checks and rechecks still continue in Erdos, but the influence weakens. Coal sales rise again slightly, but only limited augmentation, and coal prices of coal-producing regions are in a steady rise. Thereinto, pulverized coal prices of Xinmiao Mine at Ejin Horo Banner, Nalintaohai Mine at Ejin Horo Banner, and Wulanmulun Mine at Ejin Horo Banner rise by 10-15 Yuan/ton, and lump coal prices of some mines rise by 20-30 Yuan/ton. Pulverized coal prices and lump coal prices of Huangtianmiantu Mine at Jungar Banner rise by 10-15 Yuan/ton. Coal market of other regions such as other parts of Xinmiao Mine, East Jungar Banner mines and mines in Dongsheng District stabilize, and coal prices remain stable.

After the most strict environmental checks since 2018 in Inner Mongolia, some mines whose procedures in compliance with the requirement will put back on production. The ongoing decreasing coal prices of port market restrict the coal-producing market. Therefore, we consider that pithead coal prices will go down owing to the augmentation of production.

Period	Total	Port Arrivals	Caofeidian	Jingtang	Donggang	Qinhuangdao	Northeast	Miaoliang
06/24	175.6	215.1	207.0	161.0	37.7	7.6	0.8	1.5
07/01	203.3	219.7↑	210.5↑	155.6↓	48.2↑	5.8↓	0.8→	1.9↑

Data Sources: Hohhot Railway Bureau

Banner&District		Quantity of Coal Mines	Quantity of Coal Mines in Production	Operation Rate	Increase	Remarks
Erdos	Ejin Horo Banner	70	50	71.0%	↓3%	
	Jungar Banner	135	80	59.0%	↓4%	
	Dalad Banner	27	20	77.0%		
	Dongsheng District	34	26	76.0%		
Wuhai	Local Enterprises	42	19	45.0%		
	Central Enterprises	9	6	67.0%		

Data Sources: CCTD

(3) Shaanxi

By the end of June 29, Shaanxi Coal Price Composite Index is 157.9 points, increasing by 0.4% compared with last issue, and increasing by 14.1% compared with last year. Shaanxi coal composite price is 413 Yuan/ton, increasing by 1 Yuan/ton compared with last issue, and increasing by 36 Yuan/ton compared with last year. By the end of June 28, the quantity of mines in Shaanxi is 456, and the quantity of mines in regular production is 246. This month, coal output in Shaanxi is 45.15 million tons, coal sales in Shaanxi are 44.06 million tons, and coal stocks in Shaanxi are 1.51 million tons.

Provincial thermal coal market operates steadily. Thereinto, pithead coal prices of North Shaanxi remain stable, coal prices of all mines of Shaanxi Coal and Chemical Industry Group remain stable, lump coal prices in Binchang rise by 5-10 Yuan/ton, coal prices of Xianyang rise by 5 Yuan/ton, and coal prices of other regions remain stable.

The production and sales of most coal mines in Yulin keep in balance. The quantities of trucks for coal transportation decrease at some mines, and stocks

accumulate accordingly. Therefore, we consider that pithead power coal prices will be in downward pressure with decreasing port prices.

Table1.5 Key State-owned Coal Output-Sales-Stocks in Shaanxi by 10-day Degree (10,000 tons/%)									
Type	Mid-June of 2018								
	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Shaanxi Coal and Chemical Industry Group	491	47.5	20.1	364	3.8	7.2	56	-37.1	-4.6

Data Sources: CCTD

Table1.6 Weekly Coal Output-Sales-Stocks of Main Monitoring Points in Shaanxi (10,000 tons)					
Coal Enterprises	Average Daily Output	Average Daily Sales	Stocks (Last Issue)	Stocks (This Issue)	Stocks Change
Shaanxi Coal Selling and Transportation Group—Yulin Branch	14.2	14.1	10.0	11.0	↑1.0
Qinmei Group	4.8	5.2	18.0 (3 platforms)	16.0 (3 platforms)	↓2.0
Yunshen Coal and Electricity	2.0	2.0	0.0	0.0	0.0
Shaanxi Coal Selling and Transportation Group—Huangling Branch	3.5	3.6	10.0	9.5	↓0.5
Shaanxi Coal Selling and Transportation Group—Hancheng Branch	0.9	0.7	5.0	6.5	↑1.5
Hanglaiwan Coal Mine	3.4	3.1	4.0	6.0	↑2.0
Jinjitan Coal Mine	4.0	3.8	8.0	9.0	↑1.0

Data Sources: CCTD

(4)Shandong

Table1.7 Key State-owned Coal Output-Sales-Stocks in Shandong by 10-day Degree (10,000 tons/%)									
Type	Mid-June of 2018								
	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	280	14.7	-1.0	290	16.9	-0.1	104	-52.1	-4.1
Thereinto: Zaozhuang Mining	44	52.9	-2.0	46	18.4	-0.4	17	-32.3	-2.3
Yanzhou Mining	103	3.0	-1.6	99	-10.8	-3.0	46	-66.5	-16.6

Data Sources: CCTD

Coal prices in Shandong remain stable. The output of provincial major mines augment, and coal stocks continue to maintain in a low level. Coal prices of major mines in Southwest Shandong level off compared with last week. The daily coal consumption of power plants with grid dispatching in Shandong stays at a high level because of high temperatures, which push market coal prices to remain stable.

(5)Henan

Table 1.8 Key State-owned Coal Output-Sales-Stocks in Henan by 10-day Degree (10,000 tons/%)									
Mid-June of 2018									
Type	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	278	-2.3	3.0	256	-7.9	-7.0	115	-69.7	-13.4
Henan Energy and Chemical Industry Group	104	13.4	15.4	103	19.8	-0.8	12	-12.9	8.0
Pingmei Shenma Group	97	-0.8	4.4	84	-20.1	4.4	5	-78.3	30.0
Zhengzhou Mining	38	9.7	8.8	42	36.8	16.3	19	-74.2	-4.0
Yima Mining	39	-35.4	-25.0	27	-52.3	-51.3	79	-70.6	-19.7

Data Sources: CCTD

Market prices in Henan in Early July rise by 0.004 Yuan/calorie compared with that in the end of June, and prices of some coal categories rise by 0.008 Yuan/calorie. The production and sales of 3 Major coal enterprises in Henan operate regularly, and coal stocks are in a low level. We consider that market prices will be in a steady rise.

(6)Anhui

Table1.9 Key State-owned Coal Output-Sales-Stocks in Anhui by 10-day Degree (10,000 tons/%)									
Mid-June of 2018									
Type	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	305	-8.8	-3.0	251	1.4	7.3	108	-54.1	-8.7
Huainan Mining	142	-17.9	0.2	123	-10.2	8.6	39	-74.7	34.6
Huaibei Mining	79	-7.3	-9.4	43	-14.1	-7.5	15	-33.3	-18.5
Wanbei Coal and Electricity	39	-3.7	-3.5	38	17.0	8.6	26	11.2	-19.8
SDIC Xinji	46	24.9	-0.6	48	66.3	19.2	28	-20.7	-26.9

Data Sources: CCTD

The production of 4 major mines in Anhui operate regularly, and the main coal shipment is long-term coal shipment. Daily coal consumption of downstream power plants augment slowly. Considering that production capacity release fails to meet expectations, power coal supply in Anhui will tighten, and we consider that market coal prices will remain in a high level.

(7)Guizhou

Table 1.10 Key State-owned Coal Output-Sales-Stocks in Guizhou by 10-day Degree (10,000 tons/%)									
Mid-June of 2018									
Type	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	49	-5.6	-1.4	45	-13.5	50.0	32	-20.7	-7.0
Liuzhigongkuang	1	-15.4	-8.3	1	-35.3	-8.3	1	-63.6	0.0
Panjiang Group	28	-8.3	-1.8	30	-10.4	109.0	2	-70.4	-52.9
Shuicheng Mining	20	-0.5	0.0	13	-18.4	-5.0	28	-1.4	1.4

Data Sources: CCTD

Thermal coal prices in Guizhou remain stable. Recently, in the second quarter's energy and safety production analysis conference hosted by energy and safety production committee in Liupanshui, the principals stressed that there will be ongoing energy safety production supervisions and the supervisions will intensify. As a result, coal production will be affected. We consider that provincial coal market will operate steadily.

(8)Northeast

Table 1.11 Key State-owned Coal Mines in Inner Mongolia East (Supply to Northeast) Output-Sales-Stocks (10,000 tons/%)									
Mid-June of 2018									
Type	Output			Sales			Stocks		
	Output	YoY	MoM	Sales	YoY	MoM	Stocks	YoY	MoM
Key State-owned	446	-3.3	-19.0	444	-1.3	-16.0	128	-33.3	-15.7
Pingzhuang Coal Group	46	-61.4	-69.8	45	-60.8	-68.8	74	2.4	-21.5
Huaneng Group-- Hulun Buir Branch	100	70.2	11.7	103	74.4	26.1	15	-78.8	-46.9
Dayan Coal	22	-22.5	2.3	22	68.4	0.4	0	-	-

Group									
Huomei Group	184	1.8	-3.7	179	-5.4	-4.3	34	-20.4	39.5
Shenhua Group—Baorixil e Mining	93	27.5	-1.7	94	29.1	1.0	5	-2.0	4.3

Data Sources: CCTD

Lignite-producing market in East Inner Mongolia is in a steady rise. On one hand, the coal production of coal enterprises in coal-producing regions is restricted, and the tight supply of lignite in lignite-producing regions continues. On the other hand, as coal usage in peak summer season starts, the load of power grid in Northeast China increases. Daily coal consumption of power plants continue to augment, and the purchase demand of lignite increases, supporting the raising lignite prices in lignite-producing regions.

(9)Hunan

Thermal coal market in Hunan is in a steady rise. Thereinto, anthracite prices in Chenzhou rise by 15 Yuan/ton, and bituminous coal prices in Xiangtan rise by 20 Yuan/ton. July 3, in the first joint conference of provincial coal mines safety supervisions, the principals stressed that there will be more strict supervisions of closing process of coal mines. As a result, coal capacity in Hunan will be restricted, and power plants will purchase more coal from other provinces, thus supporting market prices.

3. Coal Price of Main Producing Areas

The coal market of main producing areas shocks, and pithead coal prices are mixed.

District		Coal Quality Index	Price Type	Price (This Issue)	Compared with Last Issue	
Shanxi	Through Coal	Yangquan	Q5500,S≤1.5	Bargaining Price on Vehicles (VAT Included)	488	0
		Jincheng	Q5500,S≤1.0	Bargaining Price on Vehicles (VAT Included)	535	0

		Changzhi	Q5700, S<0.8	Barganing Price on Vehicles (VAT Included)	563	0
		Jinzhong	Q6000, S≤2.3	Barganing Price on Vehicles (VAT Included)	460	0
		Changzhi	Q5000, S1	Barganing Price on Vehicles (VAT Included)	510	20
		Xinzhou	Q5000 S1.5	Barganing Price on Vehicles (VAT Included)	465	0
Shanxi	Launched Coal	Datong	Q5000, S≤0.5	CIF	515	-4
		Xinzhou	Q5300, S≤1.2	CIF	490-500	-5
		Shuozhou	Q5500, S≤0.8	CIF	355-365	0
Inner Mongolia	Inner Mongolia West	Erdos (Price Index)	Q4800	Barganing Price on Vehicles (VAT Included)	321-327	4
			Q5000	Barganing Price on Vehicles (VAT Included)	351-357	3
			Q5500	Barganing Price on Vehicles (VAT Included)	422-428	5
	Inner Mongolia East (Supply to Northeast)	Baiyinhua	Q3500 S0.6	Barganing Price on Vehicles (VAT Included)	225	5
			Q3100 S0.6	Barganing Price on Vehicles (VAT Included)	216	0
			Q3250 S1.0	Barganing Price on Vehicles (VAT Included)	230	15
			Q3200 S<0.6	Barganing Price on Vehicles (VAT Included)	210	25
		Chifeng	Q3700 S0.5 (Pingzhuang Mining)	Barganing Price on Vehicles (VAT Included)	470	20
		Tongliao	Q3300 S0.5 (Holingol)	Barganing Price on Vehicles (VAT Included)	255	30

				Included)		
		Hulun Buir	Q3550-Q3850 S<0.5 (Baorixile)	Barganing Price on Vehicles (VAT Included)	190	0
Shaanxi	Yulin	Q5590 (Hongliulin Raw Coal)	Mine-mouth Price (VAT Included)	365	0	
		Q5838 (Zhangjiamao Raw Coal)	Mine-mouth Price (VAT Included)	425	0	
	Yanan	Q5000	Mine-mouth Price (VAT Included)	432	0	
	Xianyang	Q5500	Mine-mouth Price (VAT Included)	502	5	
	Guanzhong	Q5000	Mine-mouth Price (VAT Included)	413	0	
	Binchang	Q5500 (Dafosi Mixed Coal)	Mine-mouth Price (VAT Included)	470	0	
		Q5500 (Hujiahe Mixed Coal)	Mine-mouth Price (VAT Included)	510	0	
		Q5700 (Xiaozhuang Mixed Coal)	Mine-mouth Price (VAT Included)	510	0	
Anhui	Huaibei	Q5000, S0.8, V25	Barganing Price on Vehicles (VAT Included)	620-630	0	
	Huainan	Q5000, S0.6, V25	Barganing Price on Vehicles (VAT Included)	615-625	0	
Data Sources: CCTD、Transaction Centers of the above Areas						

Continued Table1.11 Thermal Coal Price of Main Producing Areas (Yuan/ton)					
District		Coal Quality Index	Price Type	Price (This Issue)	Compared with Last Issue
Henan	Pingdingshan	Q4500, S1.0, V20	Barganing Price on Vehicles (VAT Included)	515-525	0
	Yima	Q5000, S1.5, V20-25	Barganing Price on Vehicles (VAT Included)	495-505	0
Shandong	Yanzhou	Q5000, S0.8, V25	Barganing Price on Vehicles (VAT Included)	570-580	-10
	Zibo	Q5000, S1.0, V32	Barganing Price on Vehicles (VAT Included)	600-610	-10
Guizhou	Panxian	Q5000, S3.0	Mine-mouth Price	530	0

			(VAT Included)		
	Shuicheng	Q5000, S<3.0	Factory Price	605-615	0
	Anshun	Q5000, S0.4	Mine-mouth Price (VAT Included)	450-460	0
Hunan	Chenzhou	Q5500, S1.10-1.20	Factory Gate Price	750-760	15
	Xiangtan	Q5500, S1.0	Bargaining Price on Vehicles (VAT Included)	700-710	20
Data Sources: CCTD					

II. Demand-side Monitoring

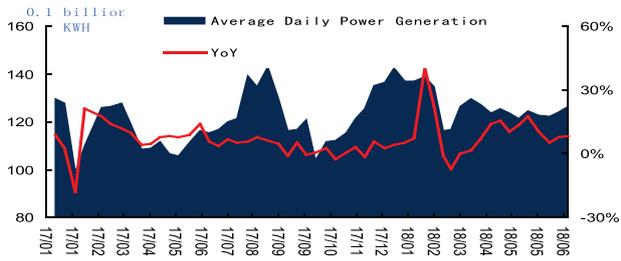
With increasing temperatures, civil electricity need also increases. Daily coal consumption continuously goes up. Power output of hydropower station also rises. By the end of July 4, daily coal consumption of major power plants are 3590 thousand tons, increasing by 11.3% compared with last year. Coal stocks of major power plants are 74.68 million tons, increasing by 12.4% compared with last year. Downstream users' purchasing intension weakens owing to high coal prices. Coal stocks begin to rise, and coal traders maintain their offers in a high level, about 670-680 Yuan/ton.

1. Power Generation and Operation Monitoring

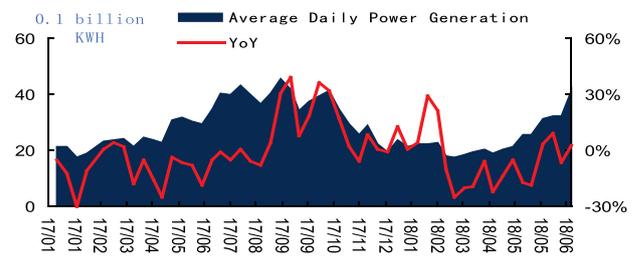
Table2.1 National Power Generation Monitoring (0.1 billion KWH/%)							
Date	Type	Value in Full Coverage		Thermal Power		Hydropower	
		Power Generation	YoY	Power Generation	YoY	Power Generation	YoY
01/201805/2018(Accumulated Value)	Nationwide	26361	8.5	19914	8.1	3553	2.7
	East China	5648	6.9	4770	7.5	167	22.4
	North China	6838	5.7	6145	4.2	38	1.1
	Central China	4524	8.3	2641	10.7	1756	3.5
	Northeast China	1529	9.8	1230	7.8	31	30.9
	South China	4302	12.5	2468	17.9	1197	2.8
Data Sources: NBS							

Exhibit8.2 Thermal Power and Hydropower Generation Trend by 10-day Degree (0.1 billion KWH)

Thermal Power



Hydropower

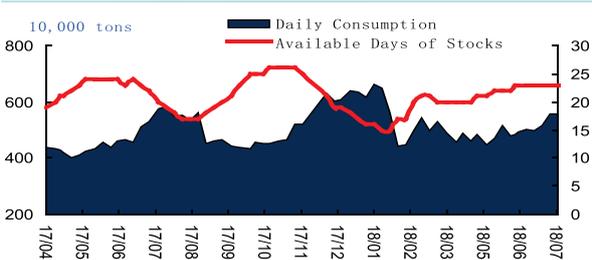


Data Sources: CCTD、NBS

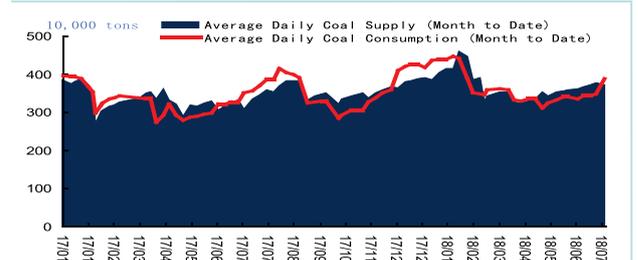
2. Coal Supply-Consumption-Stocks of Power Enterprises

Exhibit2.2 Weekly Coal Supply-Consumption-Stocks of Power Enterprises

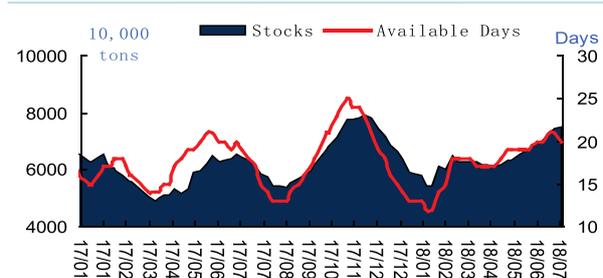
Power Plants with Grid Dispatching



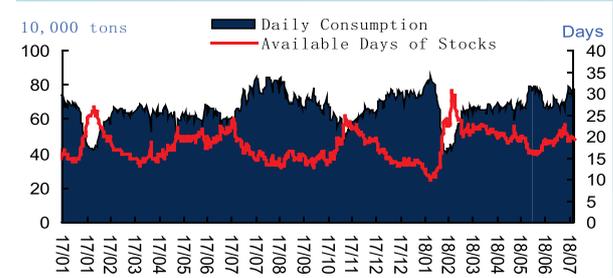
Major Power Plants



Major Power Plants



6 Coastal Power Plants



Data Sources: CCTD

Table2.2 Coal Supply-Consumption-Stocks of Power Plants (million KW /10,000 tons)

Date	Statistical Caliber	Installed Capacity	Average Daily Coal Supply		Average Daily Coal Consumption		Ending Stocks			
			QTY	WoW	QTY	WoW	QTY	WoW	Available Days	WoW
07/05	Power Plants with Grid	83998	585	↓49	558	↓1	11575	↑48	23	→

	Dispatching									
06/26-07/04	Major Power Plants	53152.2	372	↓23	387	↑26	7486	↑15	20	↓1
06/30-07/06	6 Coastal Power Plants	8842	/	/	77	↑7	1490	↓10	19	→

Data Sources: CCTD

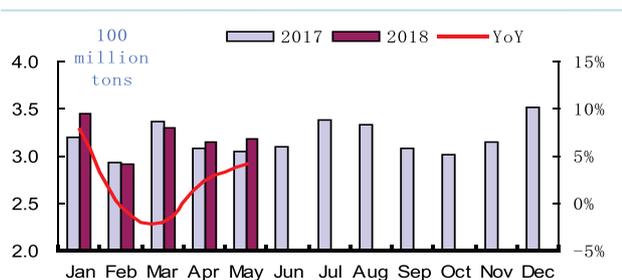
3. Coal Consumption of 4 Major Industries

Table2.3 National Commercial Coal Consumption (100 million tons)					
Type	May			01/2018-05/2018(Accumulated Value)	
	Consumption	YoY	MoM	Consumption	YoY
Total	3.18	4.1%	1.0%	16.00	2.4%
Thereinto: Power Industry	1.62	9.2%	1.5%	8.74	8.1%
Steel Industry	0.56	4.0%	4.1%	2.61	-0.9%
Building Materials Industry	0.49	1.0%	3.1%	1.91	-0.5%
Chemical Industry	0.25	4.2%	-2.4%	1.19	1.8%

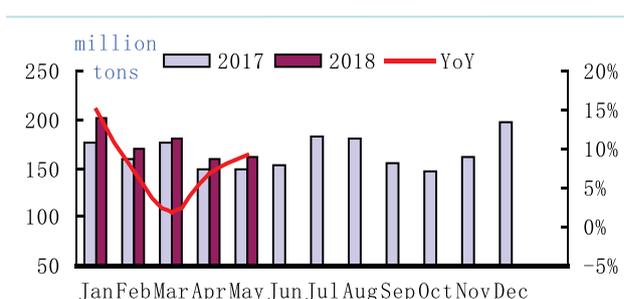
Data Sources: CCTD

Exhibit2.3 National Commercial Coal Consumption Trend

National Commercial Coal Consumption



Commercial Coal Consumption of Power Industry



Data Sources: CCTD

III. Transportation Market

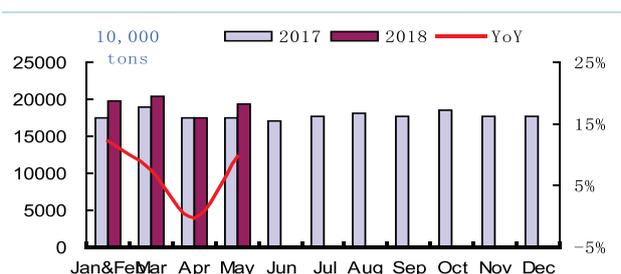
Coal railway shipments keep elevating. Environmental checks do not influence the railway transportation. Daily shipments of Zhangjiakou-Tangshan are 23-25 trains. By the week of July 2, coal shipments to other provinces by Hohhot Railway Administration are 2197 thousand tons, increasing by 2% compared with last week, of which to ports are 2105 thousand tons, increasing by 1% compared with last week. For truck transportation, as for decreasing output of coal mines and much quantities

of trucks than coal, trucks fee of Baofulu-Caofeidian and Baofulu-Jingtang Port decrease to 0.25-0.27 Yuan/km.

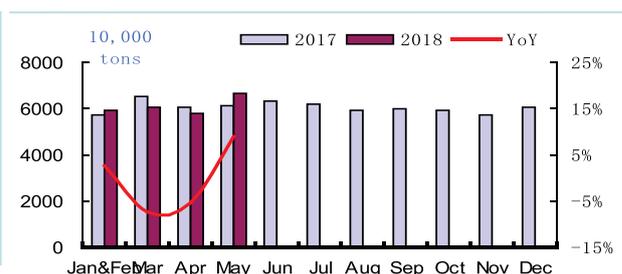
1. Coal Transportation

Exhibit3.1 Monthly Coal Transportation

National Coal Shipments by Railway



Coal Shipments of Major Ports



Data Sources: CCTD

Table3.1 Monthly Coal Transportation (10,000 tons)

Mode of Transport	May			01/2018-05/2018(Accumulated Value)	
	Volume	YoY	MoM	Volume	YoY
Coal Transportation by Railway	19300	9.6%	10.3%	97800	9.5%
Daqin Railway	4033	7.1%	25.2%	18649	7.0%
Coal Shipments of Port	6691	8.9%	15.8%	30577	1.0%

Data Sources: CCTD

Table3.2 Weekly Coal Shipments of Northern Ports (10,000 tons)

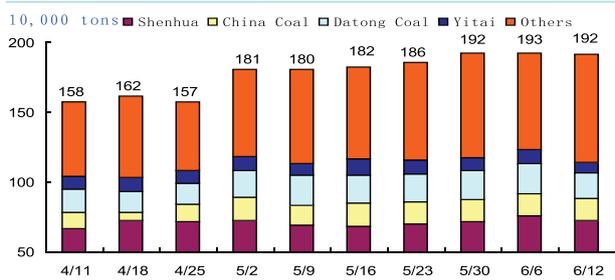
Port	Daily Average Inbound Coal			Daily Average Outbound Coal		
	This Issue	WoW	YoY	This Issue	WoW	YoY
5 Ports in North China	162	↓8	↑16	157	↓2	↑8
Qinhuangdao Port	59	↓6	↓1	60	↑5	↑3
Caofeidian Port	22	↓1	↑9	22	↑5	↑5
Huanghua Port	58	0	↑4	52	↓11	↓4

Data Sources: CCTD

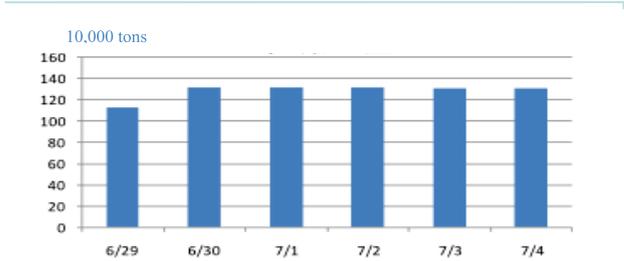
Inbound coal to northern ports decreases owing to facilities maintenance in Qinhuangdao Port. Coal stocks of downstream power plants are relatively abundant, and they prefer to purchase long-term coal other than market coal in this case. Therefore, outbound coal from northern ports declines slightly.

Exhibit3.2 Weekly Coal Transportation

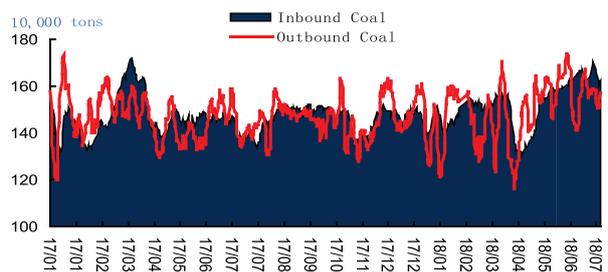
Average Daily Coal by Railway at Northern Ports (Enterprises)



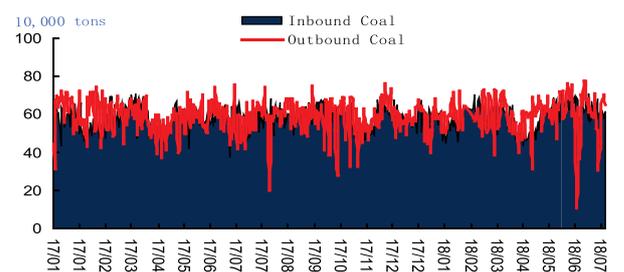
Coal Shipments of Daqin Railway



Inbound and Outbound Coal of 5 Northern Ports



Inbound and Outbound Coal of Qinhuangdao Port



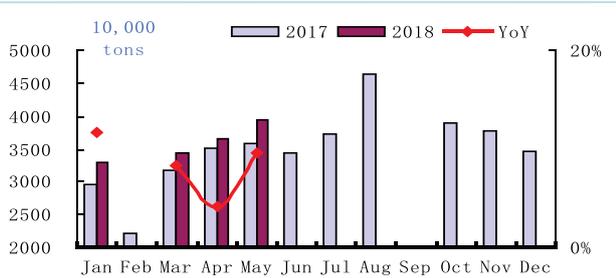
Data Sources: CCTD

2. Coal Stocks at Ports

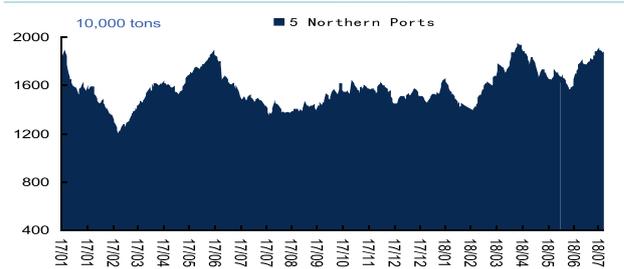
Coal stocks of major ports are mixed. Thereinto, coal stocks of northern ports decline slightly, coal stocks of Zhanjiang Port and Gaolan Port in Guangzhou raises rapidly because of arrived imported coal, and coal stocks of southern discharging ports are in an ongoing rise. Recently, port working performance declines owing to strict environmental checks. As for daily coal consumption of downstream users raising, their purchasing positivity increases, and coal stocks of ports along river in east China decline slightly.

Exhibit3.3 Monthly Coal Stocks at Ports

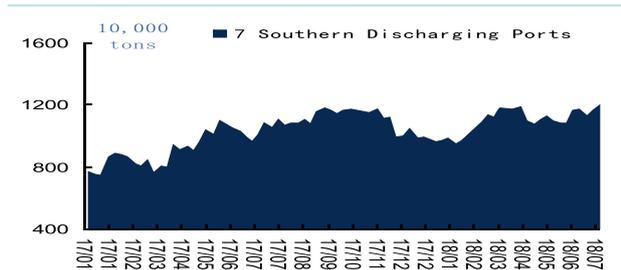
Coal Stocks at Major Ports in China



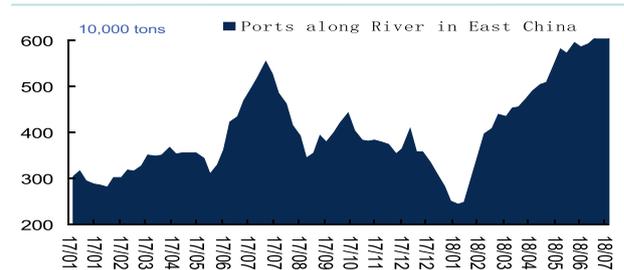
Coal Stocks at 5 Northern Ports



Coal Stocks at 7 Ports



Coal Stocks at Ports along River



Data Sources: Ministry of Transport, CCTD Notes: 5 Northern Ports refer to Qinhuangdao, Huanghua, Caofeidian, Jingtang, Tianjin; 7 Southern Discharging Ports refer to Zhoushan, Beilun, Xiamen, Zhuhai, Guangzhou, Zhanjiang, Fangcheng; Ports along River in East China refer to Taicang Port of Huaneng Group, Zhangjiagang, #2Changhong, #5Jiangyin, Yangzijiang, Taihe, Rugao.

Table3.3 Coal Stocks at Ports (10,000 tons)

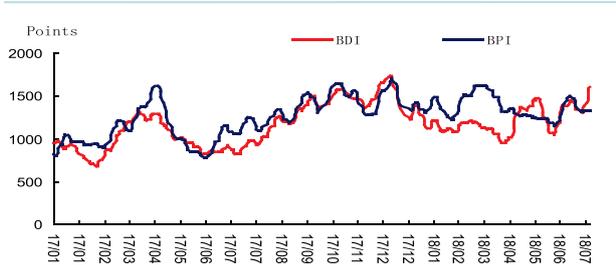
Type	07/05			
	Stocks	WoW	MoM	YoY
5 Northern Ports	1868	↓12	↑277	↑374
Qinhuangdao Port	671	↓9	↑118	↑99
Huanghua Port	148	↓6	↑27	↑22
Southern Discharging Ports	1193	↑29	↑30	↑184
Zhoushan Port	201	↓1	↓19	↑71
Xiamen Port	66	↑2	→	↓33
Guangzhou Port	216	↓4	↓12	↑47
Ports along River in East China	611	↓9	↑26	↑114
Rugao Port	135	↑5	→	↑9
Taihe Port	140	↓5	→	↑51
Taicang Port of Huaneng Group	85	↓3	↑14	↑13

Data Sources: CCTD

3. Coal Freight Price

Exhibit3.4 International Coal Freight

International Ocean Freight Price Index



Imported Coal Freight to China



Data Sources: CCTD、Shanghai Shipping Exchange

International coal freight rates go up. By the end of July 5, BDI is 1612 points, rising by 283 points compared with last week. Newcastle-Zhoushan (13DWT) is 12.5 USD/ton, rising by 2.1 USD/ton compared with last week.

Exhibit3.5 Coastal Coal Freight

Coastal Coal Freight



Coastal Coal Freight (Ocean to River)



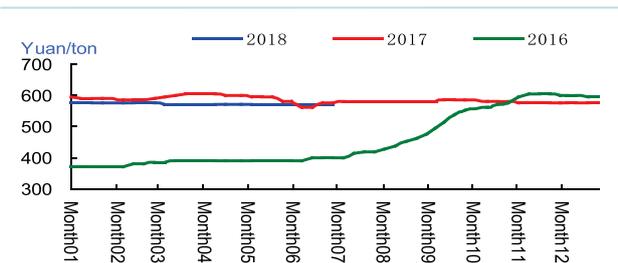
Data Sources: CCTD、Shanghai Shipping Exchange

Domestic costal coal freight rates are mixed. By the end of July 5, Qinhuangdao-Guangzhou (50,000-60,000 DWT) is 42.5 Yuan/ton, decreasing by 1.3 Yuan/ton. Tianjin-Zhenjiang (20,000-30,000 DWT) is 42.1 Yuan/ton, rising by 0.2 Yuan/ton.

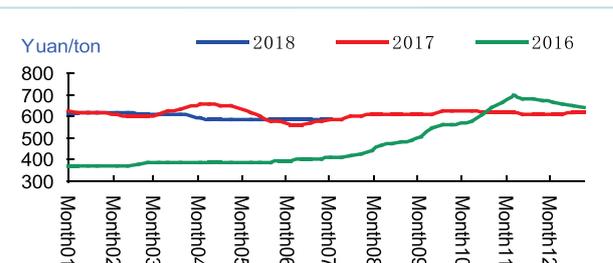
4.Coal Price of Ports

Exhibit3.6 Market Trends of Launched Thermal Coal (5500Kcal) at Ports

Bohai-Rim Steam-Coal Price Index



CCTD Qinhuangdao Thermal Coal Price



Data Sources: CCTD

The mainstream transaction price of thermal coal (5500Kcal) in northern ports is 680 Yuan/ton, 123 Yuan/ton more than annual long-term coal price of Shenhua Group.

Table3.4 Thermal Coal Price at Northern Ports (Yuan/ton/Kcal)

Index Name	Price Type	Calorific Value	This Issue	Compared with Last Issue
CCTD Qinhuangdao Thermal Coal Price	Spot Price	5500	587	-1
BSPI	Exit Price	5500	570	0
CECI Coastal Index	Composite Price	5500	594	-9
	Transaction Price	5500	688	4
Sales Price of Shenhua Launched Coal (June)	Annual Long-term Price	5500	557	0
	Monthly Long-term Price	5500	625	31

Data Sources: CCTD

Table3.5 International Thermal Coal FOB/CIF Price (USD/ton Yuan/ton)

Ports	Price Type	Calorific Value (Kcal)	This Issue	WoW	To Guangzhou Port			
					Ship Type	Freight	CIF (Duty&VAT Included)	WoW
Newcastle	FOB	5500	78.50	-3.50	Panamax	10.8	692	-17
Kalimantan	FOB	4500	65.11	-0.48	Supramax	8.1	571	7
Richards Bay	FOB	5500	90.10	3.00	—	—	—	—
ARA	CIF	6000	100.75	3.95	—	—	—	—

Data Sources: CCTD

International thermal coal prices are mixed. Imported coal transaction is not active owing to RMB devaluation, resulting in the decreasing prices.

IV. Policies

1. China Railway set to raise coal rail transport to nearly 3 Bt by 2020. China is on track to raise coal rail transport to 2.81 billion tonnes by 2020, 650 million tonnes more than the annual delivery in 2017, accounting for 75% of national coal output, and will increase 15 percentage points compared with 2017, said the country's railway runner China Railway Corp recently.

The company will add 10,000-tonne heavy-hauled trains on Tanghu (Tangshan-Hohhot) and Wari (Lvliang-Rizhao) lines. The two lines' annual transport capacity will reach to 150 million and 100 million tonnes in 2020. When the Inner Mongolia-Jiangxi railway, a coal-dedicated rail line through Inner Mongolia, Shaanxi, Shanxi, Henan, Hubei, Hunan and Jiangxi provinces, is commissioned in 2020, there will be four coal rail lines in China with 10,000-tonne trains.

The company also planned to raise annual transport capacity by 20 million tonnes for Lanyu (Lanzhou-Chongqing) and Xicheng (Xi'an-Chendu) railways; and enhance delivery capacity by another 12 million tonnes for Ningxi (Nanjing-Xi'an) and Houyue (Houma-Rizhao) railways.

2. Hebei to further slash capacity in next 3 yrs. Hebei province is to continue huge capacity cuts in the next three years, according to a government plan announced on July 4. The province will slash capacity of steel and iron, coal, concrete, and coke by 40 million, 30 million, 5 million and 10 million tonnes respectively in the next three years, according to the plan. Since 2013, Hebei shifted its energy and industry structures from coal and steel to emerging, high-end industries. From 2013 to 2017, the province cut capacity of steel, iron and concrete by 70 million, 64 million and 71 million tonnes respectively.

3. Hubei to cease approval for coal mine prospecting right and new mines. Hubei province in central China will stop approving coal mine prospecting right and give no nod to new coal mines, the latest step to push forward with the overall elimination of coal mines, the provincial government said in a statement. In this year, coal mines with annual capacity lower than 90,000 tonnes per annum, "zombie" mines, and those failing to meet governmental standard towards safety, technology among others will be forced to shut down. Besides, Hubei provincial government would also encourage the overall closure of mines at some producing areas meeting

some requirements. In carrying out such arrangement, the province will work to formulate comprehensive program of work, to help resettle laid-off workers, resolve enterprises' debts and speed up the construction of alternative energies .Besides, Hubei will also work to ensure subsidy funds in place in time.

V . Market Forecast

From the aspect of coal-producing regions: Since environmental checks and rechecks come to an end, coal output of coal-producing areas will increase. However , some ports begin to clear stacking and restrict the quantity of inbound coal owing to ongoing increasing port stocks, which will weaken the launched coal need and bring pressure to coal prices of coal-producing areas. From the aspect of through coal market, coal purchasing need will increase because of rising daily coal consumption of power plants, but coal stocks of power plants are generally in a high level. Pithead coal prices right now are higher than that of last year. We consider that pithead coal prices will be in downward pressure latterly.

From the aspect of ports: South China areas have already come into the rain season, and the power output of hydropower stations will increase continuously, which will take up a little portion of thermal power. Besides , coal stocks of power plants are in a high level because of previous replenishment , and under the circumstance of abundant long-term coal supply and easing policies of imported coal , their purchasing positivity to spot coal is relatively sluggish. We consider that port supply and demand will be easing latterly, besides, coal prices will be in downward pressure.