

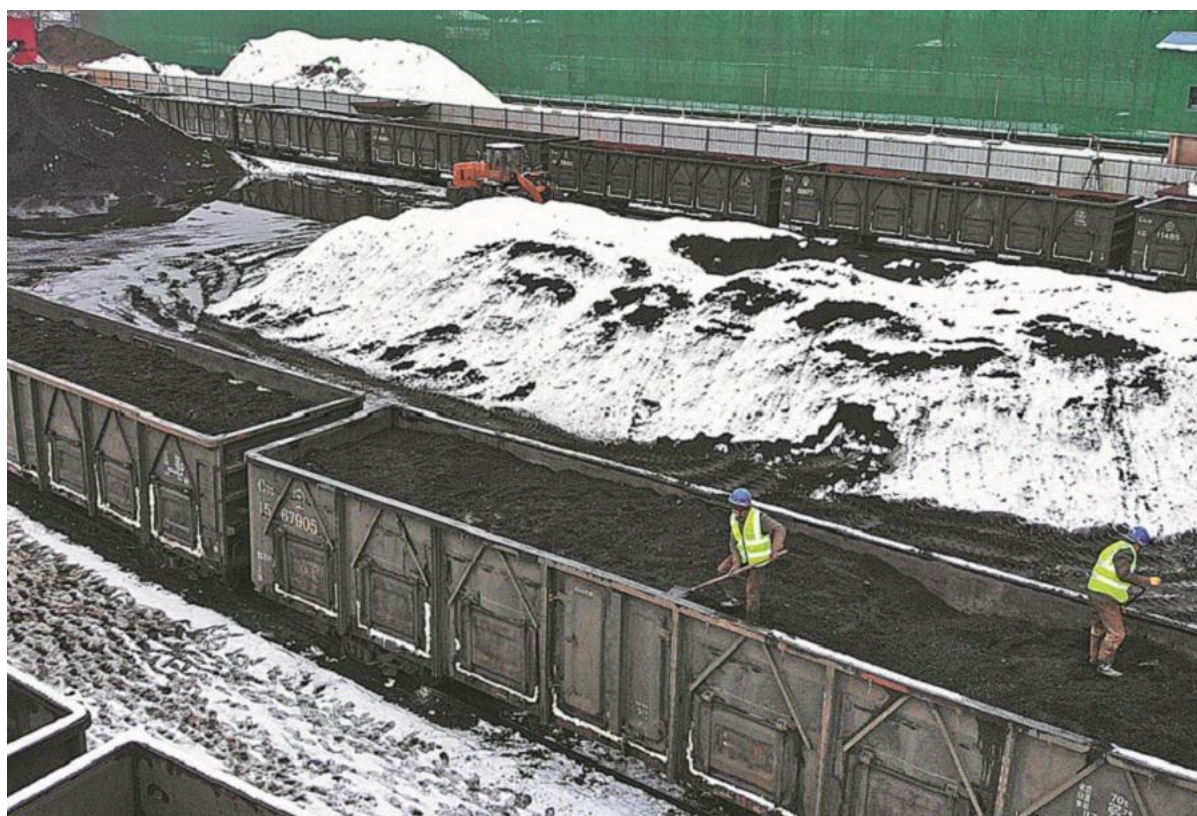


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## Coal price move underway

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Weibo



*Railway workers shovel coal in Jiujiang, Jiangxi province. (Photo by Hu Guolin/For China Daily)*

### Document sets a reasonable range to ensure steady supplies of energy

China's top economic regulator has released a new document to further improve the market-oriented coal price formation mechanism in its latest move to ensure steady prices.

Under the new document, the country will seek to guide coal prices to move within a reasonable range, the National Development and Reform Commission said in a statement on its official website.

Thermal coal, which is mainly used to generate power, saw futures prices drop on fears of government measures to cool the red-hot market. The most-traded thermal coal futures on the Zhengzhou Commodity Exchange for May delivery fell more than 2 percent to 811 yuan (\$128) per metric ton in Thursday trade.

According to the new document, China has set a reasonable price range of 570-770 yuan per ton for medium and long-term trading of benchmark 5,500 kilocalori Qinhuangdao Port.

Wan Jinsong, director of the NDRC's Department of Price, said at a news conference that improving the pricing mechanism will help stabilize market expectations, avoid wild coal price swings, ensure stable supplies and energy security, promote the coordinated development of both upstream and downstream industries, and reduce stable energy costs for downstream enterprises.

Peng Shaozong, the department's deputy director, said setting a reasonable coal price range will mesh well with the market-oriented pricing mechanism for coal-fired power. Stable coal prices can effectively impact electricity prices within a reasonable range.

Peng said China's coal production and supply are generally stable, with a daily output of more than 12 million tons, providing a solid foundation for stable coal prices.

Under the new document, the country will take steps to improve the coal and electricity price transmission mechanism and improve the price control mechanism for coal.

More efforts will also be made to ensure reasonable and sufficient coal supplies, improve the medium and long-term coal contract system, strengthen the management of coal markets, enhance regulation of the futures and spot markets, and crack down on market violations.

Yang Jinghao, chief economist at Concast Data Technology (Hangzhou) Co Ltd, said the new document is part of the government's ongoing efforts to ease rising commodity prices.

"With the NDRC's effective measures to ensure stable supplies and prices since Oct 19, 2021, China's thermal coal futures had once fallen from a record high of 1,980 yuan a ton last year. However, the most-traded thermal coal futures (on the Zhengzhou Commodity Exchange) rebounded to nearly 900 yuan a ton on Feb 9," Yang said.

Yang added that the government believes recent price spikes are mainly driven by market speculation, saying the new document looks to stabilize the market over the long term to guarantee energy security.

Dong Xiaoyu, a researcher at the policy research center of the China Energy Research Society, said the new move is in line with the Central Economic Work Conference in December, which requires stabilizing the overall economy.

Dong expects coal prices will gradually stabilize this year, and the new document will help prevent major market fluctuations and maintain economic stability.

Zhou Maohua, an analyst at China Everbright Bank, warned that rising energy prices will increase operational risks for some midstream and downstream enterprises, which is not conducive to the recovery of domestic demand.

Zhou attributed recent coal price spikes to factors including extreme cold weather overseas and geopolitical tensions, and improving the pricing mechanism will guide coal prices to return to a reasonable range, promote the coordinated development of coal and electricity and ensure energy security.

He added that the new document sends a clear signal to stabilize market expectations, which will help gradually stabilize coal prices.

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