

Inside Coal

17 January 2020

Prices hold firm despite activity easing for Lunar New Year

The IHS Markit assessment for low-volatile coal (MCC1) was flat on the week, to \$153.30/t FOB, while CFR China (MCC4) was up \$2.95/t on the week, to \$161.50/t CFR.

China

Chinese metallurgical coal prices held firm this week, but market activity eased as some buyers began their Lunar New Year holiday.

Caofeidian, a major coking coal port in Northern China, was said to have stopped allowing customs clearances for non-local authorities.

“The government is giving a strong signal that import restrictions will remain tight this year,” a trader source said.

“We are not sure if this news will be spread out across other ports, and more details are expected after Lunar New year,” a steel mill source said.

Three trades for seaborne premium hard coking coal were reported done on a CFR basis this week.

One premium mid-vol Goonyella/Peak Downs North cargo was done at \$157.00/t CFR for January loading, and one Glencore low vol (GLV) was done at \$157.00/t CFR as well for February loading. One premium low-vol Saraji/Peak Downs was done at 100%/101% against an index for February loading.

A 90,000 t cargo of 64 CSR material was also sold at \$140.80/t CFR for February loading.

Domestic coking coal prices were flat this week with Liulin hard coking coal at RMB1,440/t (\$211.76/t) ex-washery, roughly equivalent to Shanxi PLV at around \$182.85/t CFR (exclusive of 13% tax and port charges).

Coke with 12.5% ash on a Delivered Duty Paid (DDP) North China basis was at RMB2,000/t, (\$255.73/t exclusive of 13% tax and port charges), flat from last week, with most coke buyers resistant to the fourth

Market round-up

Asian metallurgical coal prices were flat on Friday. In China, a buyer's tender for a February loading Panamax of premium low-vol Saraji/Peak Downs concluded today at 100%/101% against an index. The FOB market was muted today with no firm bids or offers seen.

IHS Markit coking coal prices (\$/t)

Daily markers	Basis	17-Jan	Change
MCC1 Australian low-vol PHCC	FOB	153.30	0.00
MCC2 Australian mid-vol PHCC	FOB	149.25	0.00
MCC3 Australian second-tier HCC	FOB	129.30	0.00
MCC4 China low-vol PHCC	CFR	161.50	0.00
MCC5 China mid-vol PHCC	CFR	156.10	0.00
MCC6 China second-tier HCC	CFR	140.80	0.00
Weekly markers	Basis	17-Jan	Change
Australian low-vol PCI	FOB	86.50	0.00
Australian semi-soft coking coal	FOB	75.00	0.00
MCC7 US East Coast high-vol B	FOB	123.00	1.00
MCC8 US East Coast high-vol A	FOB	133.00	2.00
MCC9 US East Coast mid -vol	FOB	130.50	0.50
MCC10 US East Coast low-vol	FOB	129.50	0.50
Coke weekly			
Rizhao coke	FOB	277.00	2.00
ARA coke	CIF	215.00	6.00
Steam coal weekly			
NEX	FOB	69.46	2.65

Source: IHS Markit

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Weekly freight rates

Coking coal	China	ARA	Japan	Taiwan
Queensland C	9.85	13.30	9.80	--
Queensland P	10.20	16.35	--	--
US east coast C	27.35	12.00	--	--
US east coast P	30.65	9.40	--	--
Canada C	11.95	--	11.40	14.20
Canada P	12.55	16.60	--	--

Source: SSY, Clarksons

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round of price uptick of RMB50 (\$7.35/t).

IHS Markit coking coal spot trades 13-17 Jan

Brand	Price (US\$)	Size	Laycan	Trade flow
Peak Downs North/Goonyella	157 CFR	80,000t	Jan	Trader to End user
GLV	157 CFR	160,000t	Feb	Miner to End user
Lake Vermont	140.8 CFR	90,000t	Feb	Miner to End user
Peak Downs/Saraji	101%/100% Index	80,000t	Feb	Trader to End user

Source: IHS Markit

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United States

United States coking coal producers are taking a wait-and-see approach to the implications of the Phase One trade deal with China, announced Wednesday.

On paper, there are possibilities for US coal exports to increase to China but much has to be finalised before any deals are realised.

“It would be tough to say that there is anything sentiment-wise that is pushing prices up based upon the trade deal,” a producer source said. “At this stage, we just do not know enough about what the deal will look like for coal. Let’s hope it’s positive and the Chinese are open for business to the US soon.”

In the meantime, business remains slow.

“There’s not much demand yet,” the source said. “A couple of opportunities have materialised in Brazil, but that is about it.”

Add into the mix the slowness caused by the Lunar New Year and US pricing is basically rangebound, at about \$120-\$135/t, depending on coal quality.

Europe

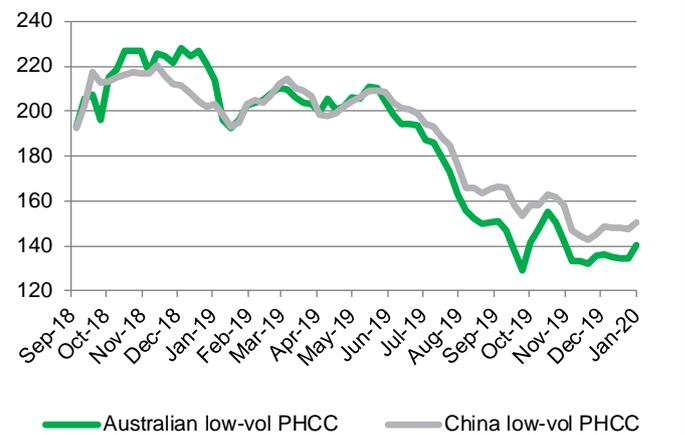
The met coke market has bottomed out and prices are expected to recover slowly.

The swollen inventory levels that were seen in the final quarter of 2019 have fallen and the need to offload material has eased for now. Met coke prices are increasing as a result, but it will be a fragile recovery.

There is more interest being reported for PCI in northwest Europe and US mid-vol coal in the Mediterranean.

(Kate Zhou, Mark Burgess and Darren Malone contributed to this story)

IHS Markit weekly coking coal prices (US\$/t)



Source: IHS Markit

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IHS Markit Coking Coal Relativities

Brand	Spread to MCC1	Spread to MCC4
	Low-vol FOB (US\$)	Low-vol CFR (US\$)
Saraji	0	0
Peak Downs	1	1
German Creek	-3	-3
Oaky North	-2	-2
	Spread to MCC2	Spread to MCC5
	Mid-vol FOB (US\$)	Mid-vol CFR (US\$)
Peak Downs North	0	0
Moranbah North	1.5	0.5
Riverside	-1	-0.5
GLV	-1	-1.5
Goonyella	1.5	1.5
Illawarra	2.5	0.5
Branded	1	
Unbranded	-1	
	Spread to MCC3	
	Second-tier FOB (US\$)	
Lake Vermont	0	
Carborough Downs	-1	
Middlemount	-9	
Daunia	-2	

Source: IHS Markit

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Briefs

Curragh mine restart imminent after fatal accident

Operations at Coronado Global Resources' Curragh mine in Queensland may gradually resume today (17 January), the miner said in a release.

Work at the metallurgical coal mine was suspended on 12 January following an accident when a Thiess employee was fatally injured during a tyre change at the mine's main workshop.

The Queensland Mine Inspectorate visited the mine and issued a directive that all tyre and wheel rim fitting activities be suspended until the Inspectorate is satisfied that these activities can be done safely.

"Coronado will not permit these activities on its site until both the company and the Inspectorate are satisfied with the safety of these activities," the company said.

"Coronado is conducting a full investigation to understand the causes of this incident and continues to support the third-party reviews underway."

The impact on coal market supply following the 5-6 day downtime is expected to be minimal, sources said.

Australian vessel queue dips sharply

The total number of coal vessels waiting at Australian ports dipped sharply to 45 as of 16 January, from 63 vessels a week ago.

While the number of vessels waiting to load at Dalrymple Bay Coal Terminal (DBCT) and Hay Point Coal Terminal (HPCT) fell by two and five vessels, respectively, and are now below normal operating conditions, the average waiting time has increased.

Some vessels at DBCT have a wait time of more than 40 days, believed to be due to ongoing coal availability issues from a large Bowen Basin miner.

The Abbot Point Coal Terminal will close Shiploader 1/Berth 1 for half a day on 24 and 27 January for maintenance.

Hay Point Coal Terminal (HPCT) has again delayed maintenance work and will now shut Berth 2 between 17-24 January.

At the Wiggins Island Export Coal Terminal (WICET) the loading stream will be closed for 12 hours for maintenance on 21 January.

Meanwhile at the Port of Brisbane there will be a shiploader outage between 3-7 February.

The next 72-hour closure of the Hunter Valley coal rail network in New South Wales will be from 11 to 14 February.

Australian vessel queues and delays

Port	Queue (16 January)	Queue (9 January)	Avg. delay (16 January)	Avg. delay (9 January)
Abbot Point	3	4	8	5
Dalrymple Bay	14	18	29	27
Hay Point	4	9	11	8
Gladstone	12	13	11	13
Wiggins Is	0	5	0	0
Brisbane	0	0	0	0
Port Kembla	0	0	0	0
Newcastle				
PWCS	3	7	1	7
NCIG	9	7	6	3

Source: IHS Markit vessel-tracking software

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15th Annual

Southern African Coal Conference

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<https://www.opisnet.com/ihsmarkit-southern-african-coal-conference>



Global Coal News & Analysis

McCloskey Coal Report:

Comprehensive news and analysis of the global coal markets covering coal prices, seaborne trade and discussing supply and demand issues with immediate and longer term implications.

Fax:

Weekly digest of global prices and news in bite-sized form. All your weekly pricing data and market moving information in one place.

Newswire:

Real-time breaking coal market news and pricing wherever you are, delivered 24 hours a day.

Chinese Coal Market News & Analysis

The service, which comprises analytical reports and daily intelligence updates, brings together IHS Markit's tradition of excellence in covering seaborne markets with Xinhua Infolink's knowledge and insight of the Chinese market. Recent coverage has been at the heart of the policy, regulation, implementation and effect of China's goal of reducing domestic production capacity.

This intelligence is augmented with data sets of key indicators.

APAC and African Coal Market News and Analysis

Australian Coal Report

In-depth weekly coverage of Australian coal markets focusing on market moving events. Infrastructure is a key focus and includes port performance, vessel queues and freight. Australian coal statistics and published monthly in Excel covering exports and other data.

Indian Coal Report

Monthly update on developments in the Indian coal, power and steel markets, including coal production and prices. Key shipping routes to India (Cape, Mini Cape, Supermax) are assessed and priced. Data includes monthly coal imports.

Coalfax

Weekly summary of events impacting international coal markets focusing on Australia and wider Asia. Includes prices, tenders, stocks, shipping and the NEX Index, a key indicator of the spot price of thermal coal ex-Newcastle.

South African Coal Report

The interplay between domestic power demand and exports is a focus. Covers corporate news and wider African coal markets and includes an infrastructure focus on Richards Bay coal terminal, loading rates, rail, capacity, vessel queues, and freight.

North American Coal Market News & Analysis

Coal & Energy Price Report

Coal & Energy Price Report is the go-to daily publication for industry professionals. It features Commentary by Jim Thompson, critical news and insight about the U.S. domestic markets, and analysis of the U.S.' participation in international markets. The publication is included in IHS Markit's Energy's North American Coal suite.

U.S. Coal Review

Published weekly, U.S. Coal Review is focused on the U.S. utility market but has complete coverage of current coal developments including comprehensive price coverage and production trends. The publication also features weekly analysis and insight from IHS Markit's experts. The publication is included in IHS Markit's Energy's North American Coal suite.



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Coal Price Data and Indexes

IHS Markit coal price markers form a key component of the API indices, which serve as the settlement price in 90% of the world's coal derivative contracts. With its legacy of playing a key role in developing steam coal indexation, McCloskey first published the NW European marker in 1991.

Available as an add on to our other products, the full set of steam, coking and petcoke prices – along with vital coal market data, news and analysis can be accessed through our online platform Connect™.

Global Steam Coal Service

The service is a one-stop shop for forward-looking analysis on the international steam coal market. At its core is a supply/demand and price forecast service. Outlooks are updated quarterly and backed up with in-depth commentary and a comprehensive data-base. The service also focuses on the inter-relationships between steam coal and other fuels, particularly natural gas as well as petcoke.

Metallurgical Coal Market Insight, News and Analysis

The Metallurgical Coal Quarterly

forecasts metallurgical coal fundamentals and price out ten years. It is the critical decision making tool for metallurgical coal market players, and those in its related commodities.

Inside Coal

Daily news and analysis of the biggest events in the international metallurgical coal market. Complete coverage of prices, deep insight from met coal specialists, and supply/demand analysis.

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