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Market round-up

ASIA – Prices were mixed in thermal markets, although activity was down due to the holidays. Indonesian low-rank softened, trading at around \$33.25-33.50/t FOB, basis 3,800 kc NAR, for January geared vessels, down from \$33.85-34.00/t FOB the previous week. Sub-bituminous, however, held steady, with a deal reported at \$49.50/t FOB, basis 4,700 kc NAR, for a February Panamax, in line with last week's levels. The Newcastle 6,000kc NAR market was quiet, with no trades reported. Meanwhile, Australian high-ash traded at \$53.00/t FOB, basis 5,500 kc, for a February Cape.

EUROPE – Atlantic thermal markets fell week-on-week in holiday-thinned fixed-price business. In Northwest Europe, spot demand has struggled over the Christmas period due to mild temperatures, historically high coal stocks and ample gas supplies. Russian coal continues to be well offered, especially into Moroccan tenders. In the Richards Bay market, pressure on the front month has eased with the departure of January from the index-setting window this week. Pakistan demand has slowed as one of the main importing terminals is expected to close for maintenance this month.

Key IHS Markit weekly markers (\$/t)

Steam coal		3-Jan	Wk chg
High CV - basis 6,000 kc NAR			
Northwest Europe	CIF	52.08	-1.04
NW Europe (5,700 kc NAR min)	CIF	50.00	-2.00
Richards Bay	FOB	77.53	-9.94
Richards Bay (5,700 kc NAR min)	FOB	71.46	-0.98
Newcastle	FOB	64.00	0.00
Mid CV - basis 5,500 kc NAR			
Australian	FOB	52.45	1.04
India east coast	CFR	73.38	1.31
South African	FOB	58.90	-0.17
South China*	CFR	64.23	0.38
Low CV			
IND sub-bit (4,700 kc NAR)†	FOB	49.45	0.13
Indonesian (4,200 kc GAR)	FOB	33.75	-0.09
Coking coal			
Australian prime hard	FOB	131.96	-2.76

* IHS McCloskey/Xinhua Infolink South China CFR markers

† IHS McCloskey Indonesian sub-bituminous FOB marker

For more markers please see page 2

Source: IHS Markit

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Markets: Steam coal

China

Buying interest from China was seen with power plants bringing new tenders to the market. Two Panamaxes of sub-bituminous were bought at \$55.60/t CFR and \$56.00/t CFR, basis 4,700 kc NAR, both for January arrival to a South China port. Two shipments of low rank Indonesian material were understood to have been purchased at \$40.30/t CFR and \$40.50/t CFR, basis 3,800 kc NAR, for January arrival Panamaxes, also to South China. Consumption at major coastal power groups stood at 0.70 mt/d, down from 0.77 mt/d

reported last week. Total inventory at the same group of power plants stood at 15.27 mt, from 16.06 mt last week and enough for 22 days of consumption.

India

Fresh import interest from Indian buyers emerged but was restricted by the holidays and compounded by slightly better availability of domestic supplies. A deal for United States NAPP coal concluded at \$85-86/t CFR, basis 6,900 kc NAR, for loading between 1-10 January. Multiple deals for second half of January-loading Indonesian 4,200 kc GAR and 6,000 kc GAR material were

concluded, but price details were not confirmed. The stock and sale price of US coal was stable at around INR7,300/t (\$101.73/t), loaded on trucks, for coal with c.v. of 6,800-6,900 kc NAR and INR7,400/t (\$103.13/t) for above 6,900 kc NAR.

Markets: Metallurgical coal

Australia

Asian metallurgical coal prices rose amid strong interest from FOB buyers. The IHS Markit assessment for prime hard low-vol coal (MCC1) increased \$5.20/t on the week, to \$142.25/t FOB, while CFR China for the same quality

(MCC4) was relatively flat on the week, at \$150.55/t CFR. Two prime hard coking coal FOB trades were reported for February loading cargoes. A seller's tender was awarded Friday at \$138.22/t FOB Australia for premium mid-vol Goonyella loading between 15-24 February, up from a \$131/t FOB Australia trade last Friday for the same brand. A Panamax of premium low-vol Saraji was done at \$141.01/t FOB Australia on Tuesday, up from a \$137.50/t FOB Australia trade last Friday for the same brand.

Mining

Colombia

Sintracarbón, Cerrejón's largest union, filed formal notice for pay and working conditions to the company on 30 December ahead of the start of negotiations between 2 and 16 January. The negotiations will last 20 days, and if no agreement is reached, an extension by mutual agreement can be sought for an additional 20 days. If there is no agreement during the second 20-day period, the workers have 10 days to vote to strike or seek arbitration. Cerrejón's previous wage talks in February 2018 resulted in a two-year labour contract valid until 31 December 2019.

Colombia

Metallurgical coal production is expected to fall by almost 50% in 2019 to 2 mt from 3.85 mt in 2018, according to preliminary estimates by officials from the country's Mining and Energy Planning Unit (UPME). According to the latest data from the National Mining Agency (ANM), combined output

IHS Markit weekly markers

	Inco term	Basis	3-Jan	Wk chg
Australia \$/t				
Newcastle	FOB	6,000 kc NAR	64.00	0.00
Newcastle (5,700)	FOB	6,000 kc NAR	60.00	0.83
Australian high-ash	FOB	5,500 kc NAR	52.45	1.04
China \$/t				
Qinhuangdao (export)	FOB	5,800 kc NAR	88.38	0.77
Qinhuangdao (5,800)	FOB	6,000 kc NAR	85.81	0.75
Qinhuangdao (5,500)	FOB	5,500 kc NAR	79.25	0.74
Qinhuangdao (5,000)	FOB	5,000 kc NAR	70.58	0.69
South China (6,000)	CFR	6,000 kc NAR	78.10	0.20
South China (5,500)	CFR	5,500 kc NAR	64.23	0.38
South China (4,700)	CFR	4,700 kc NAR	55.90	-0.20
South China (3,800)	CFR	3,800 kc NAR	40.55	-0.51
Colombia \$/t				
Colombian	FOB	6,000 kc NAR	46.50	-1.00
Europe \$/t				
Northwest Europe	CIF	6,000 kc NAR	52.08	-1.04
NW Europe (5,700kc NAR min)	CIF	6,000 kc NAR	50.00	-2.00
ARA barge	FOB	6,000 kc NAR	54.35	-1.00
India \$/t				
India east coast (5,500)	CFR	5,500 kc NAR	73.38	1.31
India east coast (5,000)	CFR	5,000 kc GAR	57.65	0.21
India east coast (4,200)	CFR	4,200 kc GAR	42.54	-0.50
India west coast (5,500)	CFR	5,500 kc NAR	72.58	1.31
India west coast (5,000)	CFR	5,000 kc GAR	58.40	0.21
India west coast (4,200)	CFR	4,200 kc GAR	43.39	-0.50
Indonesia \$/t				
Indonesian (6,000)	FOB	6,000 kc NAR	68.84	0.26
Indonesian (5,500)	FOB	5,500 kc NAR	59.02	0.02
Indonesian sub bituminous	FOB	4,700 kc NAR	49.45	0.13
Indonesian (4,200)	FOB	4,200 kc GAR	33.75	-0.09
Indonesian (3,800)	FOB	3,800 kc GAR	27.22	-0.10
Indonesian (3,400)	FOB	3,400 kc GAR	21.19	0.08
Russia \$/t				
Russia west (Baltic)	FOB	6,000 kc NAR	46.00	-1.65
Russia east (Vostochny)	FOB	6,000 kc NAR	66.75	0.75
Russia east (5,500)	FOB	5,500 kc NAR	57.85	0.05
Russia east (4,700)	FOB	4,700 kc NAR	44.55	0.80
South Africa \$/t				
Richards Bay	FOB	6,000 kc NAR	77.53	-9.94
Richards Bay (5,700kc NAR min)	FOB	6,000 kc NAR	71.46	-0.98
South African (5,500)	FOB	5,500 kc NAR	58.90	-0.17
South African (4,800)	FOB	4,800 kc NAR	46.96	0.11
US - export \$/t				
US east coast	FOB	6,000 kc NAR	42.75	0.00
US Gulf high-sulphur	FOB	6,000 kc NAR	40.74	0.00
US - internal \$/st				
NAPP Rail	FOB	12,900 Btu/lb GAR	39.97	0.00
NAPP Barge	FOB	12,500 Btu/lb GAR	38.59	0.00
ILB Rail	FOB	11,500 Btu/lb GAR	33.05	0.00
ILB Barge	FOB	11,500 Btu/lb GAR	34.18	0.00
Metallurgical coal \$/t				
Australia Mid-vol PHCC (MCC 2)	FOB		131.96	-2.76
US high-vol B	FOB		119.50	0.00
US low-vol	FOB		127.00	0.00
USGVC Petcoke \$/t				
Mid-sulphur	FOB	7,500 kc NAR	34.50	0.00
High-sulphur	FOB	7,500 kc NAR	30.00	0.00

GAR = Gross as received, NAR = Net as received, t = tonne, st = short ton, NW = North West
Source: IHS Markit

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DES Amsterdam-Rotterdam-Antwerp (\$/t)**Traded values**

Date	Price	Delivery date	Origin ¹	Port ²	Tonnage	Broker	EFP ³	Index setting
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No trades.

Best bid/offer values for months without trades

Date	Bid	Offer	Delivery date	Origin ¹	Port ²	Tonnage
30-Dec	51.25	53.25	Feb-20	ACPRSU	AR	50,000
31-Dec	50.00	53.00	Feb-20	ACPRSU	AR	50,000
3-Jan	51.50	53.00	Feb-20	ACPRSU	AR	50,000
3-Jan	53.00	54.00	Mar-20	ACPRSU	AR	50,000

¹ACPRSU – Australia, Colombia, Poland, Russia, South Africa, United States²AR – Amsterdam/Rotterdam; Amst – Amsterdam; Rott – Rotterdam³EFP – Exchange of Futures for Physical

Source: Brokers and market participants, collated by IHS Markit

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Richards Bay FOB (\$/t)**Traded values**

Date	Price	Loading date	Tonnage	Broker	EFP ¹	Index setting
2-Jan	73.60	Mar-20	50,000	globalCOAL	N	Y

Best bid/offer values for months without trades

Date	Bid	Offer	Loading date	Tonnage
30-Dec	78.00	-	Feb-20	50,000
30-Dec	72.00	-	Mar-20	50,000
31-Dec	79.25	-	Feb-20	50,000
31-Dec	74.00	-	Mar-20	50,000
2-Jan	79.75	-	Feb-20	50,000
3-Jan	80.00	-	Feb-20	50,000
3-Jan	75.00	-	Mar-20	50,000

¹EFP – Exchange of Futures for Physical

Source: Brokers and market participants, collated by IHS Markit

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Newcastle FOB fixed-price deals (\$/t)

Date	Price	Delivery	Tonnage	Broker	EFP ¹	Index setting
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No trades.

¹EFP – Exchange of Futures for Physical

Source: Brokers and market participants, collated by IHS Markit

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Spot markets

EUROPE – The Northwest European market was quiet this week. For February, the best bid was at \$51.50/t DES AR for 50,000 t of multi-origin including US on 3 January. The best February offer was \$53.00/t DES AR for 50,000 t of multi origin including US on 31 December and 3 February. March had a best bid at 53.00/t DES AR for 50,000 t of multi-origin including US on 3 January and best offer at \$54.00/t DES AR for the same tonnage and origin options on the same day.

SOUTH AFRICA – In the Richards Bay market, the first March-loading cargo traded at \$73.60/t FOB for 50,000 t on 2 January. The highest bid for February was at \$80.00/t FOB on 3 January. There were no offers on the contract during the week.

AUSTRALIA – No Newcastle deals were reported this week, as the market slowed down for the New Year holiday. This is consistent with last week, which also saw no deals, and was impacted by the Christmas Holiday. A Panamax loading in February was heard bid at \$64.60/t FOB, basis 6,000 kc NAR, with offers said to be \$65.25-66.25/t FOB. A bid for a March loading Panamax was also reported at \$63.00/t FOB, basis 6,000 kc NAR. Total fixed price tonnage for the week was again zero, the same level as last week.

of mainly metallurgical coal at the interior departments of Boyacá, Cundinamarca, Santander and Norte de Santander during the first three quarters of 2019 was 2.14 mt in 2019, compared with 4.38 mt during the same period of 2018.

India

Coal India achieved its highest monthly production of the current Indian financial year (April

2019-March 2020) in December. In the process, it also recorded the first year on year increase in monthly output since May. The state-owned miner produced 58.02 mt or 1.87 mt/d in December, which was up 16% on the month from 50.02 mt (1.67 mt/d) and up 7% on the year, from 54.14 mt (1.75 mt/d).

IHS Markit coking coal prices

Coking Coal Daily	30-Dec	31-Dec	1-Jan	2-Jan	3-Jan
MCC 1 (Australian FOB low-vol PHCC)	137.50	141.00	Holiday	141.00	142.25
MCC 2 (Australian FOB mid-vol PHCC)	130.15	131.00	Holiday	131.00	135.70
MCC 3 (Australian FOB second-tier HCC)	122.00	122.00	Holiday	122.00	122.00
MCC 4 (China CFR low-vol PHCC)	150.15	150.15	Holiday	150.15	150.55
MCC 5 (China CFR mid-vol PHCC)	143.40	143.40	Holiday	143.40	145.00
MCC 6 (China CFR second-tier HCC)	135.00	135.00	Holiday	135.00	135.00

Source: IHS Markit

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IHS McCloskey daily markers w/e 3 January 2020 (\$/t)

	Northwest Europe	Richards Bay
Monday		52.25
Tuesday		51.50
Wednesday	Holiday	Holiday
Thursday		51.50
Friday		53.07
Average		52.08

Source: IHS Markit

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Freight rates - weekly averages (\$/t)

Route	Tonnage	20-Dec	3-Jan
European destinations			
Richards Bay/Spanish Mediterranean*	70,000	n/a	n/a
Richards Bay/Rotterdam*	150,000	8.80	8.55
Hampton Roads/Rotterdam*	125,000	12.08	12.61
Puerto Bolivar/Rotterdam*	150,000	10.00	7.95
Murmansk/Rotterdam*	65,000	8.30	11.39
US Gulf/Amsterdam-Rotterdam-Antwerp*	65,000	17.49	16.80
Asian destinations			
Newcastle/Japan ^	150,000	10.04	9.83
Newcastle/Zhoushan^	150,000	10.62	10.39
Newcastle/Zhoushan^	70,000	13.90	13.43
Richards Bay/Fangcheng^	150,000	13.45	13.21
Richards Bay/Mundra^	150,000	11.22	11.00
Balikpapan/Guangzhou^	70,000	8.15	7.71
Puerto Bolivar/Qingdao^	150,000	22.00	25.00
Kalimantan/Krishnapatnam^	70,000	9.06	8.62
Chinese domestic destinations			
Qinhuangdao to Shanghai	20,000-30,000	5.17	3.74
Qinhuangdao to Guangzhou	40,000-50,000	6.68	4.95

Please note that from 6 January, we are changing the freight tables. The new tables will feature additional routes and will be based on IHS Markit assessments of rates.

Source: Clarksons*, SSYA, IHS Markit, Xinhua Infolink

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Trade

Colombia

Thermal coal exports fell 7% in January-November 2019 to 68.94 mt, from 74.0 mt during the same 2018 period. Shipments to Europe fell 15% to 33.98 mt in the 11-month period from 40.14 mt, while exports to the Americas remained almost flat at 26.99 mt, from 26.78 mt and exports to Asia rose 13% to 7.98 mt from 7.08 mt. The market share of thermal coal exports was 49% to Europe, 39% to the Americas and 12% to Asia. In the same period of 2018, 54% of total shipments went to Europe, 36% to the Americas and 10% to Asia.

Colombia

Drummond's January-November exports reached 28.69 mt, down 3% from 29.64 mt last year, while Cerrejon's shipments were 24.54 mt, compared with 28.43 mt in 2018. Glencore's exports totalled 11.83 mt, from 11.13 mt, followed by Murray Energy's CNR with 2.92 mt this year, from 3.08 mt last year. Assuming December's exports remained at average monthly levels, total Colombian exports for 2019 could reach 75.2 mt, down 6% from 80.0 mt in 2018.

India

Thermal coal imports rose 13% on the month and 10% on the year on higher intake from South Africa and Indonesia, the latest IHS Markit compilation of provisional data from ports, customs and shipping companies show. Imports rose for the second straight month as consuming sectors, including sponge iron makers, rushed to replenish post monsoon stocks.

Imports in November stood at 16.80 mt, up from a revised 14.93 mt in October and 13.08 mt in September and from 15.29 mt in November 2018.

Japan

Total coal imports declined sharply on the year in November, with both thermal and metallurgical tonnage sliding, the latest data from the Ministry of Economy, Trade and Industry show. Thermal coal imports dropped 10% on the year in November, falling 1.12 mt, as utilities scaled back purchasing amid forecasts of a mild winter, additional nuclear power generation and tepid electricity demand from the commercial and residential sectors. Thermal imports were 10.36 mt in the month, compared with 10.24 mt in October, and 11.48 mt in November 2018.

United States

Exporters moved a total 5.08 mt of coking coal and thermal coal off the US East Coast (USEC) and Gulf Coast (USGC) in November, up 4% month on month, but trailing November 2018 figures by 22%, data from shipping agent T. Parker Host shows. Slumping thermal coal exports continue to be the primary culprit behind year-on-year declines with the November figure coming in at 1.87 mt, down 15% from October's 2.20 mt and down 37% from 3.00 mt in November 2018. January-November 2019 USEC and USGC metallurgical (met) and thermal exports were 66.4 mt, down nearly 18% on year.

Venezuela

Thermal coal exports from Paso Diablo and Mina Norte mines reached 0.30 mt in 2019 from

International swaps

API2 paper for Q1 20 was flat at \$54.00, while Cal 20 declined by \$0.10 to end at \$57.10. API4 drifted lower. Q1 20 lost \$0.05 to finish at \$76.20 and Cal 20 ended at \$72.10, down by \$0.20. In Asia, M42 traded on SGX multiple times this week for January traded at \$34.00/t, up

from \$33.70/t a week back. Fair value for February also edged up to \$34.03/t, compared with transacted levels last week at \$33.95/t. API5 fair value for January and February was flat week on week at \$51.35/t and \$51.30/t respectively.

API2* (DES Amsterdam-Rotterdam-Antwerp 6,000 kc NAR) (\$/t)

Mid points	27-Dec	3-Jan	+/-
Q1 20	54.00	54.00	0.00
Q2 20	55.80	55.70	-0.10
Q3 20	58.20	58.10	-0.10
Q4 20	60.80	58.00	-2.80
Cal 20	57.20	57.10	-0.10
Cal 21	63.20	63.10	-0.10

*API – All Publications Index, 50:50 joint venture between IHS McCloskey and Argus Media

Source: IHS Markit

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API4* (Richards Bay FOB 6,000 kc NAR) (\$/t)

Mid points	27-Dec	3-Jan	+/-
Q1 20	76.25	76.20	-0.05
Q2 20	72.30	72.35	0.05
Q3 20	70.80	72.25	1.45
Q4 20	69.80	69.25	-0.55
Cal 20	72.30	72.10	-0.20
Cal 21	71.20	71.20	0.00

*API – All Publications Index, 50:50 joint venture between IHS McCloskey and Argus Media

Source: IHS Markit

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API5* (Newcastle FOB 5,500 kc NAR) (\$/t)

Mid points	27-Dec	3-Jan	+/-
Jan-20	51.35	51.35	0.00
Feb-20	51.30	51.30	0.00
Mar-20	NA	NA	
Q1 20	51.35	51.35	0.00
Q2 20	51.35	51.30	-0.05
Q3 20	51.30	51.25	-0.05
Q4 20	51.30	51.25	-0.05
Cal 2020	51.35	51.30	-0.05

*API – All Publications Index, 50:50 joint venture between IHS McCloskey and Argus Media

Source: IHS Markit

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M42 (Indonesian FOB 4,200 kc GAR) (\$/t)

Mid points	27-Dec	3-Jan	+/-
Dec-19	34.30	34.20	-0.10
Jan-20	34.10	33.70	-0.40
Feb-20	34.05	33.90	-0.15
Q1 20	34.15	33.95	-0.20
Q2 20	34.25	34.15	-0.10
Q3 20	34.25	34.25	0.00
Q4 20	34.30	34.25	-0.05
Cal 2020	34.25	34.15	-0.10

Source: IHS Markit

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globalCOAL swap Newcastle (\$/t)

Mid points	27-Dec	3-Jan	+/-
Jan-20	67.50	67.90	0.40
Feb-20	69.00	69.90	0.90
Q1 20	68.75	71.25	2.50
Q2 20	70.40	70.70	0.30
Q3 20	71.90	72.10	0.20
Q4 20	73.00	72.50	-0.50
Cal 2020	71.05	71.25	0.20
Jan-00	0.00	0.00	0.00

Source: globalCOAL

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API3 (Implied South African 5,500 kc NAR) (\$/t)

Mid points	27-Dec	3-Jan	+/-
Jan-20	60.80	63.00	2.20
Feb-20	57.45	59.55	2.10
Mar-20	NA	56.35	NA
Q1 20	57.05	59.60	2.55
Q2 20	56.45	57.05	0.60
Q3 20	55.45	56.65	1.20
Q4 20	54.90	55.45	0.55
Cal 2020	56.35	56.25	-0.10

Source: IHS Markit

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just 86,600 t in 2018. Output has increased thanks to investments from the main exporters and recipients of Venezuelan coal. The destination countries in 2019 were Spain with 0.12 mt, from none in 2018, Ireland with 0.12 mt in 2019 from just 44,300 t in 2018 and Italy with 66,000 t in 2019, from 42,300 t the previous year.

Transport and logistics

Asia

Freight rates slipped slightly in the past week, as dry bulk trading activity wound down in the end of year holiday lull. The rate for Capes on the Newcastle to South China route remained at \$11.50/t flat from last week. The Panamax rate for the Newcastle to South China route was assessed at \$12.50/t, declining from \$12.85/t last week. Panamax voyage charter rates from South Kalimantan to South China were \$6.15/t, dropping from \$6.35/t a week ago. Supramax rates on the same route were \$6.95/t, down from \$7.15/t last week.

Australia

The total number of vessels waiting at Australian ports fell to 53 as of 2 January, down 11 from a fortnight earlier, with no vessel data released last week due to the Christmas break. Logistics have been smooth and coal operations remain unaffected by the bushfire crisis, sources said. Dalrymple

Australian vessel queues and delays

Port	Queue (2 Jan)	Queue (26 Dec)	Avg. delay (2 Jan)	Avg. delay (26 Dec)
Abbot Point	5	NA	9	NA
Dalrymple Bay	21	NA	23	NA
Hay Point	5	NA	15	NA
Gladstone	16	NA	11	NA
Wiggins Is	4	NA	0	NA
Brisbane Port	1	NA	11	NA
Kembla	1	NA	1	NA
Newcastle				
PWCS	0	NA	0	NA
NCIG	0	NA	0	NA

Source: IHS Markit vessel tracking software © 2020 IHS Markit

Bay Coal Terminal (DBCT) had 21 vessels waiting, in line with its level for 'efficient operations'. The average waiting time at the terminal was 23 days.

China

Customs authorities and port operators have yet to clarify whether the 2019 import restrictions will be unwound with the start of a new year, industrial participants said. Controls were introduced with the aim of keeping 2019 volumes at no more than 281 mt, a target breached in November. Some expected restrictions would reset at the turn of the year, as was the case 12 months ago. However, it remains unclear as to when customs will be more relaxed with the clearance of imports next year,

according to sources at trading companies, utilities, steel mills and shipping brokers.

Power

India

Consistent improvements in domestic coal supplies lifted stocks at Indian power plants by 2% on the week. A slight increase in coal fired generation arising from an uptick in electricity demand from industrials did not affect the stock build-up as supplies were more than enough for the additional burn. Stocks at the 134 coal-fired plants (161.38 GW) monitored by the country's Central Electricity Authority (CEA) were 31.63 mt on 31 December, up from 30.92 mt on 24 December.

Indonesia

Authorities have decreed a one-year extension of the \$70.00/t FOB, basis 6,322 kc GAR, price cap for sales to domestic power providers. First introduced in March 2018, the regulation was a response to then rising international prices, with state-power provider, Perusahaan Listrik Negara (PLN), complaining that costs were becoming prohibitive. The cap was originally sanctioned to run through to the end of 2019 but will now run through 2020.

Customer notice: IHS Markit Benchmark Administration Limited (IMBA) completes first assurance review

IHS Markit is pleased to announce that IHS Markit Benchmark Administration Limited (IMBA) has completed its first assurance review in respect of commodity benchmarks administered in accordance with the European Union Benchmark Regulation (BMR). IMBA is authorised and regulated by the UK Financial Conduct Authority as a benchmark administrator.

In addition, IHS Markit's coal price reporting service completes its fifth annual assurance review. The assurance review was conducted by independent professional services firm PwC and examined the policies, processes and controls that the IHS Markit coal team uses to establish price benchmarks for thermal coal. These policies, processes and controls are designed to ensure compliance with the principles for price reporting agencies (PRAs) set out by the International Organization of Securities Commissions (IOSCO). A "reasonable assurance" review was carried out for those benchmarks already in-scope, as recommended by IOSCO.

To download the report visit our website: <https://www.ihs.com/products/coal-price-data-indexes.html>



15th Annual
Southern African
Coal Conference

29-31 January 2020

Cape Town, South Africa

Westin Cape Town



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

Customer notice: Coking coal change announcement

With reference to the IHS Markit Consultation Notice published 22 November 2019, the proposed changes to IHS Markit Coking Coal markers will be implemented on 30 December 2019.

The proposed changes will affect the:

- MCC1 Australian FOB low-vol PHCC
- MCC2 Australian FOB mid-vol PHCC
- MCC3 Australian FOB second-tier HCC
- MCC4 China CFR low-vol PHCC
- MCC5 China CFR mid-vol PHCC
- MCC6 China CFR second-tier HCC
- Australian semi-soft coking coal (FOB)
- Australian LV PCI (FOB)

Summary of the Changes

1. Coking coal spot markets have evolved to the point where coals designated prime low-volatile typically price differently to coals designated prime mid-volatile coal. While the designations do not fully reflect the complexities within value-in-use models, IHS Markit has adopted the prime low-volatile (PLV) and mid-volatile (PMV) terms based on market feedback. For inclusion in the IHS Markit price assessment, coking coals with volatile matter below 21.5% will be designated low-volatile, as long as they have a CSR of 70 and above. Coals with volatile matter above 21.5% will be designated mid-volatile.
2. The prime low-volatile (MCC1 Australian FOB low-vol PHCC and MCC4 China CFR low-vol PHCC) and prime mid-volatile (MCC2 Australian FOB mid-vol PHCC and MCC5 China CFR mid-vol PHCC) indexes will not be normalised against each other, except in circumstances where there is no transactional data for one of the qualities. In this case a 25% loading will be applied from the other index (formed from transactional data) in conjunction with 75% of the previous day's value, derived from that day's relativity.
3. For the daily markers IHS Markit will use an in-house mathematical model to evaluate realised price differentials between different known brands of hard coking coal within the separate categories of low-vol, mid-vol and second-tier, based on traded prices, market participants' assessments and firm bids and offers.
4. **MCC1 Australian FOB low-vol PHCC** will now reflect the following quality parameters

Max Fluidity (ddpm)	Volatile Matter (ad)	Ash (ad)	Sulphur (ad)	CSR	Total Moisture (ar)	Phosphorus (ad)	Vitrinite	CSN
180	20%	10%	0.55%	71	10%	0.05%	65%	9

Source: IHS Markit

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5. **MCC2 Australian FOB mid-vol PHCC** will now reflect the following quality parameters

Max Fluidity (ddpm)	Volatile Matter (ad)	Ash (ad)	Sulphur (ad)	CSR	Total Moisture (ar)	Phosphorus (ad)	Vitrinite	CSN
1000	22.5%	9.5%	0.50%	68	10%	0.04%	63%	8.5

Source: IHS Markit

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6. **MCC4 China CFR low-vol PHCC** will now reflect the following quality parameters

Max Fluidity (ddpm)	Volatile Matter (ad)	Ash (ad)	Sulphur (ad)	CSR	Total Moisture (ar)	Phosphorus (ad)	Vitrinite	CSN
180	20%	10%	0.55%	71	10%	0.05%	65%	9

Source: IHS Markit

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7. MCG5 China CFR mid-vol PHCC will now reflect the following quality parameters

Max Fluidity (ddpm)	Volatile Matter (ad)	Ash (ad)	Sulphur (ad)	CSR	Total Moisture (ar)	Phosphorus (ad)	Vitrinite	CSN
1000	22.5%	9.5%	0.50%	68	10%	0.04%	63%	8.5

Source: IHS Markit

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8. Australian LV PCI (FOB) will now reflect the following quality parameters

Energy	Volatile Matter (ad)	Ash (ad)	Sulphur (ad)	Total Moisture (ar)
>7,400 kc GAD	<18%	8-10%	<0.65%	<10%

Source: IHS Markit

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9. Active trade window and monthly rollover

The active window, for the above designated markers, will change from covering two months, starting one month ahead of the current month, rolling over after the close of business on the last working Friday of the month. The active window will change to loading within the next 10-60 days for FOB Australia trades and delivery in the next 14-74 days for CFR China trades. The active trade window and monthly rollover for the other metallurgical coal markers will remain unchanged.

Implementation

30 December, 2019

Previous Market Participant Consultation

There has been no previous formal consultation on the amendments.

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