



WEEKLY PRICE UPDATE

03-Dec-2022

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INTERNATIONAL FUTURE COAL PRICE

API2: PRICES ON THE RISE

And with the energy crisis still hunting the EU, the cost of coal procurement rise by \$ 31 pmt in just a week's time. The API2 Dec contract which is the benchmark future price of coal delivered to the EU has been settled at \$ 270.65 this week from \$ 240 last week. The contract has been increased by more than \$ 50 in the span of two weeks. The December 2022 contract has been down to 29% compared to its all-time high of \$ 379 on 22nd Aug 2022 and by a threefold low from the all-time low of \$ 91 on 3rd Jan 2022.

The EU is coordinating Europe's energy response to Russia's invasion of Ukraine. The drive to wean EU member states off of Russian energy has led to high pricing and supply problems. Russian gas supplies, which are vital for heating, industrial operations, and power generation, have been curtailed by more than 80% this year. Since early 2021, wholesale energy and gas prices have multiplied, wreaking havoc on individuals and businesses.

Price and revenue limits and restrictions, demand management, gas storage requirements, and prospective market liquidity measures are all examples of EU political involvement. However, emergency initiatives such as gas price restrictions risk aggravating the situation, especially if implemented in a patchwork of uncoordinated regulations.

Europe did, however, start the winter season with bigger supply margins than had been anticipated. Record LNG arrivals, greater Norwegian pipeline flows, and reduced gas usage all contributed to the country's resilience in the aftermath of Russia's invasion of Ukraine and the ensuing energy crisis.

The likelihood that this resilience will last the rest of the winter season will be largely determined by weather conditions, the LNG supply that Europe will have to compete for with Asia, and countries' efforts to reduce their gas consumption in order to maintain stock levels until the start of the injection season in 2023.

Although warm weather conditions have so far relieved Europe's supply margins in October and early November, lower temperatures in the following months could swiftly jeopardise supply security, especially if Asian gas demand rises and pulls LNG away from the continent, as witnessed in January 2021.

The energy issue presents a massive challenge that no European country can face alone. All of these worries increased the risk, which led to an increase in future pricing.



The January contract of API2 matches the way at \$ 272.90 week closing from \$ 240.65 last week. The contract closed with a \$ 32 WoW upward revision. The January 2023 contract has been down to 26% compared to its all-time high of \$ 370 on 22nd Aug 2022 and by a threefold low from the all-time low of \$ 89 on 3rd Jan 2022.



API4: BACK ON TRACK WITH HIGH PRICES

API4 December future prices are again on the track to the north. The prices further gain \$ 29 in a week and closed at \$ 259 for the week ending on Friday. The API4 Dec contract last week closed at \$ 230. Improvements in demand especially from the EU region, which wanted to substitute Russian coal is making the SA coal prices walk towards north. Demand from India has also flourished for SA coal. The cement manufacturers from India are also interested in the high CV coal as the proxy of petcoke. The December 2022 contract has been down to 26% compared to its all-time high of \$ 349 on 6th Sep 2022 and by a threefold low from the all-time low of \$ 89 on 3rd Jan 2022.



The January contract of API4 with the same direction closed a bit higher than the Dec contract at \$ 262.50, with \$ 32 up from the last week. Last week's closing price of the contract was \$ 230.65. The January 2023 contract has been down to 23% compared to its all-time high of \$ 341 on 6th Sep 2022 and a twofold low from the all-time low of \$ 89 on 3rd Jan 2022.





INTERNATIONAL COAL PRICE



THERMAL COAL

Thermal coal prices have further increased with demand coming from the importers.

South Africa's Low CV coal 4800 NAR(CFR India) has touched thirteen weeks high at \$ 160 this week and high CV 6000 of five weeks high at \$ 250. Indian and European demand has risen with starting of winter. European demand has again spread with anticipation of cooler winter. The EU for the replacement of Russian coal is paying high premiums to SA coal, so an increase in the requirement of coal in the EU has a direct impact on SA prices.

AUS 6000 NAR after five weeks again touched the \$ 400 mark this week. Russian coal prices are also stable trading at \$ 190-195 for the whole month.

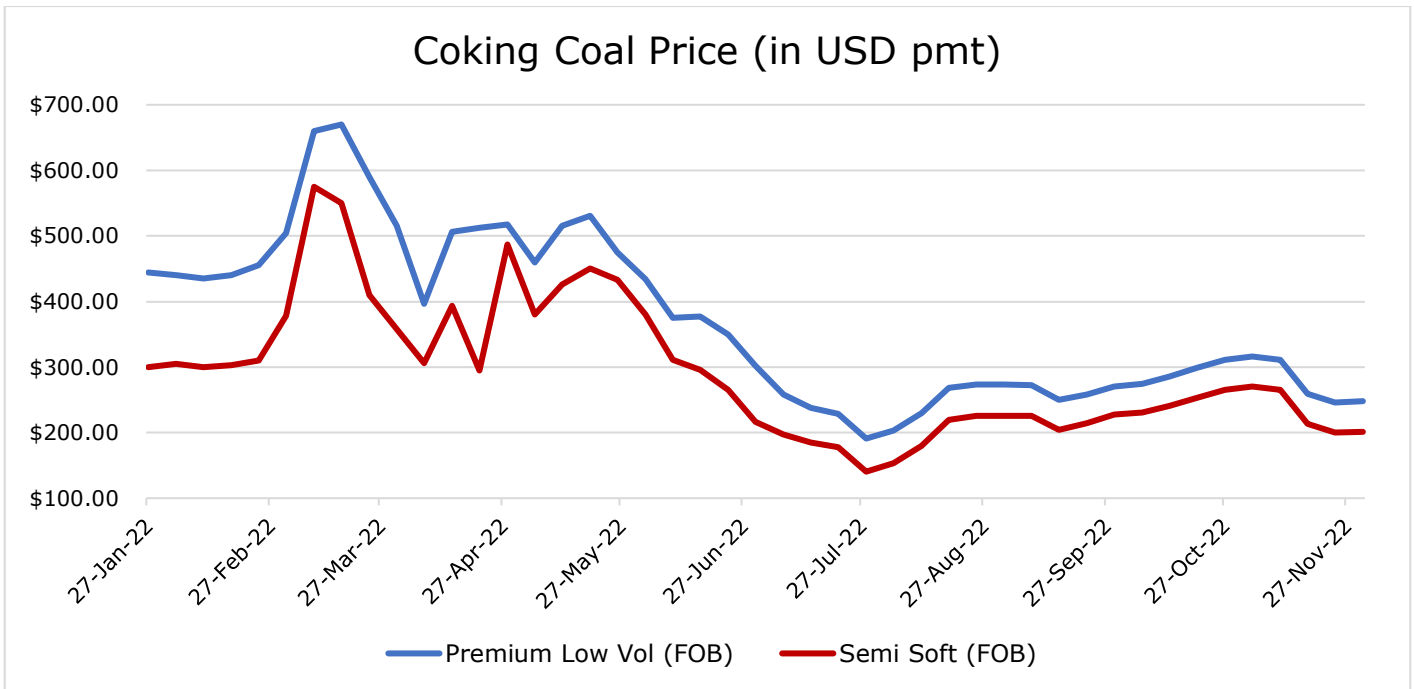
Indonesian coal prices are stable with a \$ 2-3 rise. Indonesian high CV is increasing with anticipation of demand from the EU. Low CV prices with mute demand are stable.

COKING COAL

Coking coal prices stabilized for the week with stable supply. Australian PLV FOB is priced at \$ 248, a \$ 2 WoW increase. Australian semi-soft coal price is also stable at \$ 202. In a month's span, coking coal prices have come down to \$ 65-70. Metcoke CFR India prices have also seen a downward path with a \$ 21 discount WoW, averaging \$ 406. The metcoke prices in China, however, increase.

Coking coal prices have been increased beyond limits with supply constraints even when demand was stable. But now it is adjusting to demand since supply issues have been solved. However, the demand is likely to increase from this movement, especially from India, since India exempted Australia from the import duty on coking coal. The Free Trade Agreement between the two countries will give a competitive advantage to Australia over its counterparts such as the USA and Russia. Indian coking coal imports averaged 4.5 to 5 million metric tons (MMT) in a month and it already touched 5MMT in October month. So further increase in imports is limited, but India can replace other origin's the coking coal procurement with Australian coal to get the cost-benefit. The FTA might increase Australian shipments to India.

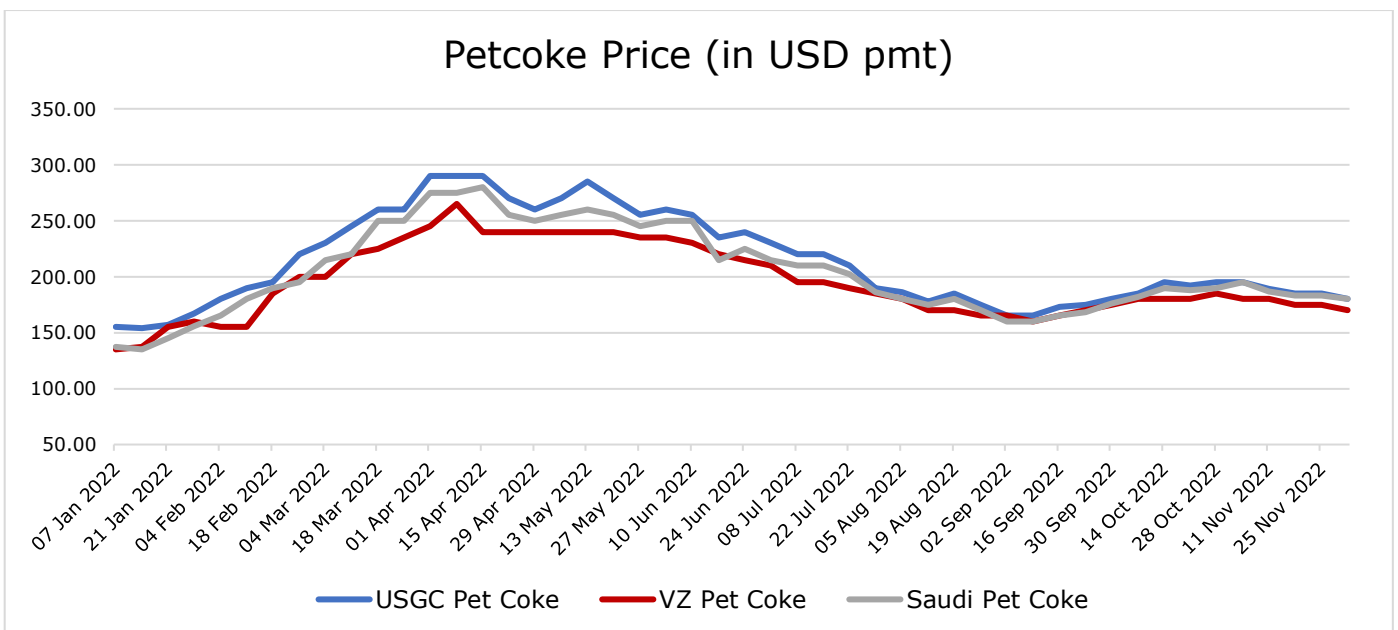
US coking coal prices on the other hand have increased. Low Vol HCC gained \$ 6 WoW and averaged \$ 252. High vol A and B surges by \$ 11-12 WoW.



PETCOKE

Petcoke prices cool off to some extent with the decline in domestic petcoke prices this week. The USGC and Venezuela-origin coal has been down to \$ 5 WoW, with USGC petcoke averaging \$ 180 and VZ petcoke averaging \$ 170 for the week. Saudi petcoke prices stand at \$ 180, declined by \$ 3 WoW.

All the big suppliers of petcoke in India have reduced the prices for the December loading. Cement production in the country has seen downward growth since Oct 2022. The inventory has also increased due to the low demand for cement from end users. Thus the petcoke prices have come down from overall demand reduction from cement manufacturers.



WEEKLY AVG INTERNATIONAL PRICE

Grade	Price pmt								
	03-Dec-22	26-Nov-22	WoW Change	02-Nov-22	MoM Change	03-Dec-21	YoY Change	52 Week High	52 Week Low
FOB Richards Bay									
4800 NAR	\$ 145.00	\$ 132.00	9.85 %	\$ 86.00	68.60 %	\$ 73.00	98.63 %	\$ 320.00	\$ 73.00
5500 NAR	\$ 179.00	\$ 162.00	10.49 %	\$ 138.00	29.71 %	\$ 100.00	79.00 %	\$ 385.00	\$ 100.00
6000 NAR	\$ 235.00	\$ 215.00	9.30 %	\$ 200.00	17.50 %	\$ 125.00	88.00 %	\$ 420.00	\$ 124.00
FOB Newcastle									
5500 NAR	\$ 132.00	\$ 135.00	(2.22)%	\$ 140.00	(5.71)%	\$ 97.00	36.08 %	\$ 280.00	\$ 93.00
6000 NAR	\$ 385.00	\$ 340.00	13.24 %	\$ 360.00	6.94 %	\$ 160.00	140.63 %	\$ 440.00	\$ 152.00
FOB Indonesia									
6500 GAR	\$ 235.00	\$ 230.00	2.17 %	\$ 240.00	(2.08)%	\$ 145.00	62.07 %	\$ 308.00	\$ 145.00
5800 GAR	\$ 158.00	\$ 155.00	1.94 %	\$ 168.00	(5.95)%	\$ 130.00	21.54 %	\$ 220.00	\$ 120.00
5000 GAR	\$ 120.00	\$ 121.00	(0.83)%	\$ 130.00	(7.69)%	\$ 105.00	14.29 %	\$ 170.00	\$ 93.00
4200 GAR	\$ 88.00	\$ 85.00	3.53 %	\$ 92.00	(4.35)%	\$ 71.00	23.94 %	\$ 120.00	\$ 58.00
CFR (SA Coal)									
4800 NAR	\$ 160.00	\$ 147.00	8.84 %	\$ 103.00	55.34 %	\$ 99.00	61.62 %	\$ 343.00	\$ 99.00
5500 NAR	\$ 194.00	\$ 177.00	9.60 %	\$ 155.00	25.16 %	\$ 126.00	53.97 %	\$ 408.00	\$ 122.00
6000 NAR	\$ 250.00	\$ 230.00	8.70 %	\$ 217.00	15.21 %	\$ 151.00	65.56 %	\$ 443.00	\$ 146.00
CFR (Aus Coal)									
5500 NAR	\$ 147.00	\$ 149.50	(1.67)%	\$ 158.00	(6.96)%	\$ 121.00	21.49 %	\$ 302.50	\$ 116.00
6000 NAR	\$ 400.00	\$ 354.50	12.83 %	\$ 378.00	5.82 %	\$ 184.00	117.39 %	\$ 460.00	\$ 183.00
CFR (Indonesia Coal)									
6500 GAR	\$ 247.50	\$ 242.00	2.27 %	\$ 257.00	(3.70)%	\$ 165.00	50.00 %	\$ 333.00	\$ 165.00
5800 GAR	\$ 170.50	\$ 167.00	2.10 %	\$ 185.00	(7.84)%	\$ 150.00	13.67 %	\$ 245.00	\$ 138.00
5000 GAR	\$ 132.50	\$ 133.00	(0.38)%	\$ 147.00	(9.86)%	\$ 125.00	6.00 %	\$ 195.00	\$ 111.00
4200 GAR	\$ 100.50	\$ 97.00	3.61 %	\$ 109.00	(7.80)%	\$ 91.00	10.44 %	\$ 145.00	\$ 75.00
CFR (Rus Coal)									
5500 NAR	\$ 160.00	\$ 165.00	(3.03)%	\$ 155.00	3.23 %			\$ 250.00	\$ 155.00
6000 NAR	\$ 190.00	\$ 195.00	(2.56)%	\$ 195.00	(2.56)%			\$ 300.00	\$ 175.00
CFR (USA Coal)									
6900 NAR	\$ 225.00	\$ 220.00	2.27 %	\$ 205.00	9.76 %	\$ 225.00	0.00 %	\$ 310.00	\$ 170.00
Petcoke (CFR - India)									
US Origin (6.5% TS)	\$ 180.00	\$ 185.00	(2.70)%	\$ 195.00	(7.69)%	\$ 177.00	1.69 %	\$ 290.00	\$ 154.00
VZ Origin (5.0% TS)	\$ 170.00	\$ 175.00	(2.86)%	\$ 160.00	6.25 %			\$ 265.00	\$ 135.00
Saudi Origin (8.5% TS)	\$ 180.00	\$ 183.00	(1.64)%	\$ 195.00	(7.69)%	\$ 170.00	5.88 %	\$ 280.00	\$ 135.00



DOMESTIC COAL PRICE

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(West Coast – India)



The Indonesian coal prices in India were more or less stable during the week, with low lifting from the power sector. With the start of the winter season, the power demand in India is somewhat stable and coal stock at power plants is also sufficient.

Grade	Price pmt / 00-50 MM / Ex-Plot Port				
	03-Dec-22	26-Nov-22	Change	03-Nov-22	Change
US Origin Coal from Tuna / Kandla (WCI)					
NAPP	₹ 17,500.00	₹ 18,000.00	(2.78)%	₹ 19,600.00	(10.71)%
ILB	₹ 17,000.00	₹ 17,400.00	(2.30)%	₹ 18,600.00	(8.60)%
Indonesian Origin Coal from Tuna / Kandla (WCI)					
5000 GAR	₹ 10,200.00	₹ 10,200.00	0.00 %	₹ 10,800.00	(5.56)%
4200 GAR	₹ 8,300.00	₹ 8,500.00	(2.35)%	₹ 8,700.00	(4.60)%
3800 GAR	₹ 7,800.00	₹ 7,800.00	0.00 %	₹ 8,000.00	(2.50)%
3400 GAR	₹ 6,600.00	₹ 6,600.00	0.00 %	₹ 7,000.00	(5.71)%
Indonesian Origin Coal from Navlakhhi (WCI)					
5000 GAR	₹ 10,150.00	₹ 10,150.00	0.00 %	₹ 10,900.00	(6.88)%
4200 GAR	₹ 8,500.00	₹ 8,500.00	0.00 %	₹ 9,000.00	(5.56)%
3800 GAR	₹ 7,900.00	₹ 7,900.00	0.00 %	₹ 8,200.00	(3.66)%
3400 GAR	₹ 6,700.00	₹ 6,900.00	(2.90)%	₹ 7,100.00	(5.63)%
South African coal from Kandla (WCI)					
5500 NAR	₹ 17,000.00	₹ 16,500.00	3.03 %	₹ 16,000.00	6.25 %
Russian coal from Kandla (WCI)					
6000 NAR	₹ 15,000.00	₹ 15,300.00	(1.96)%	₹ 15,600.00	(3.85)%
Price pmt / Screened Plant / Ex-Plot Screening Plant					
Grade / Sized	03-Dec-22	26-Nov-22	Change	03-Nov-22	Change
3400 GAR					
00 - 06 MM	₹ 6,500.00	₹ 6,600.00	(1.52)%	₹ 7,000.00	(7.14)%
06 - 20 MM	₹ 8,000.00	₹ 8,000.00	0.00 %	₹ 8,600.00	(6.98)%
20 - 50 MM	₹ 8,200.00	₹ 8,300.00	(1.20)%	₹ 8,700.00	(5.75)%
4200 GAR					
00 - 06 MM	₹ 8,500.00	₹ 8,500.00	0.00 %	₹ 8,600.00	(1.16)%
06 - 20 MM	₹ 9,900.00	₹ 9,900.00	0.00 %	₹ 10,100.00	(1.98)%
20 - 50 MM	₹ 10,100.00	₹ 10,100.00	0.00 %	₹ 10,300.00	(1.94)%
5000 GAR					
00 - 06 MM	₹ 8,200.00	₹ 8,600.00	(4.65)%	₹ 9,100.00	(9.89)%
06 - 20 MM	₹ 13,200.00	₹ 13,400.00	(1.49)%	₹ 14,200.00	(7.04)%
20 - 50 MM	₹ 13,300.00	₹ 13,600.00	(2.21)%	₹ 14,400.00	(7.64)%

PETCOKE PRICE UPDATE

Domestic petcoke prices of Reliance Industries Limited (RIL) have been revised to two month low at INR 17,811 with effect from 1st, December 2022. The prices declined by INR 1,138 month-on-month (MoM) and increased by INR 2131 year-on-year (YoY).

The Petcoke prices of the company have increased to 14% YoY and reduced by 6% MoM for material loading in Dec 2022, from INR 15,680 pmt in Dec 2021 and INR 18,949 pmt in Nov 2022.

IOCL was the one that started decreasing the prices of petcoke from 26th Nov 2022. IOCL has reduced prices by INR 1,000 from last month's prices.

CPCL has reduced its prices to INR 17,850 for the Dec 2022 loading from INR 18,860 in Nov 2022. The prices have declined by 1% YoY and 5% MoM. Nayara Energy has revised its price for the Dec loading at INR 17,681 with a 6% YoY increase and a 7% MoM decline.

The petcoke prices have been corrected with a decline in thermal coal prices internationally. The cement industry which is the largest user of fuel-grade petcoke is also expected to have better demand in the coming months.

Loading Period	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
RIL	20,781	15,680	13,984	14,522	17,980	21,816	22,257	22,473	20,144	18,716	15,699	18,112	18,949	17,811
Essar	20,790	16,640	13,975	14,520	18,000	21,820	22,262	22,500	20,150	18,725	15,725	18,125	18,990	17,681
CPCL	18,720	17,950	14,790	14,790	16,300	22,110	22,070	21,950	21,270	19,020	15,990	17,230	18,860	17,850
IOCL - Koyali (Rake)	20,450	17,730	13,785	14,322	17,780	21,616	22,260	22,150	22,150	18,750	15,720	17,930	18,550	17,550
IOCL - Paradip (Rake)	19,650	16,930	15,010	15,810	19,268	21,980	21,980	22,070	21,770	17,800	17,800	17,250	17,780	16,780
IOCL - Haldia (Rake)	19,820	17,100	15,480	16,280	19,738	22,450	22,450	22,540	22,540	17,910	17,910	17,360	17,950	16,950
MRPL (Rake)	15,610	14,980	13,910	13,630	13,130	16,200	20,340	19,440		16,810	15,010	16,560	17,650	
BPCL - Bina (Rake)	20,484	20,657	16,979	14,347	16,935	17,651	23,156	23,290	23,860	22,108	20,884	18,669	19,185	
BPCL - Kochi (Rake)	14,726	19,439	16,767	12,861	12,861	15,676	21,569	21,203	21,896	20,044	18,918	16,774	16,602	
HMEL							25,035	23,035				22650		



ECONOMIC UPDATE

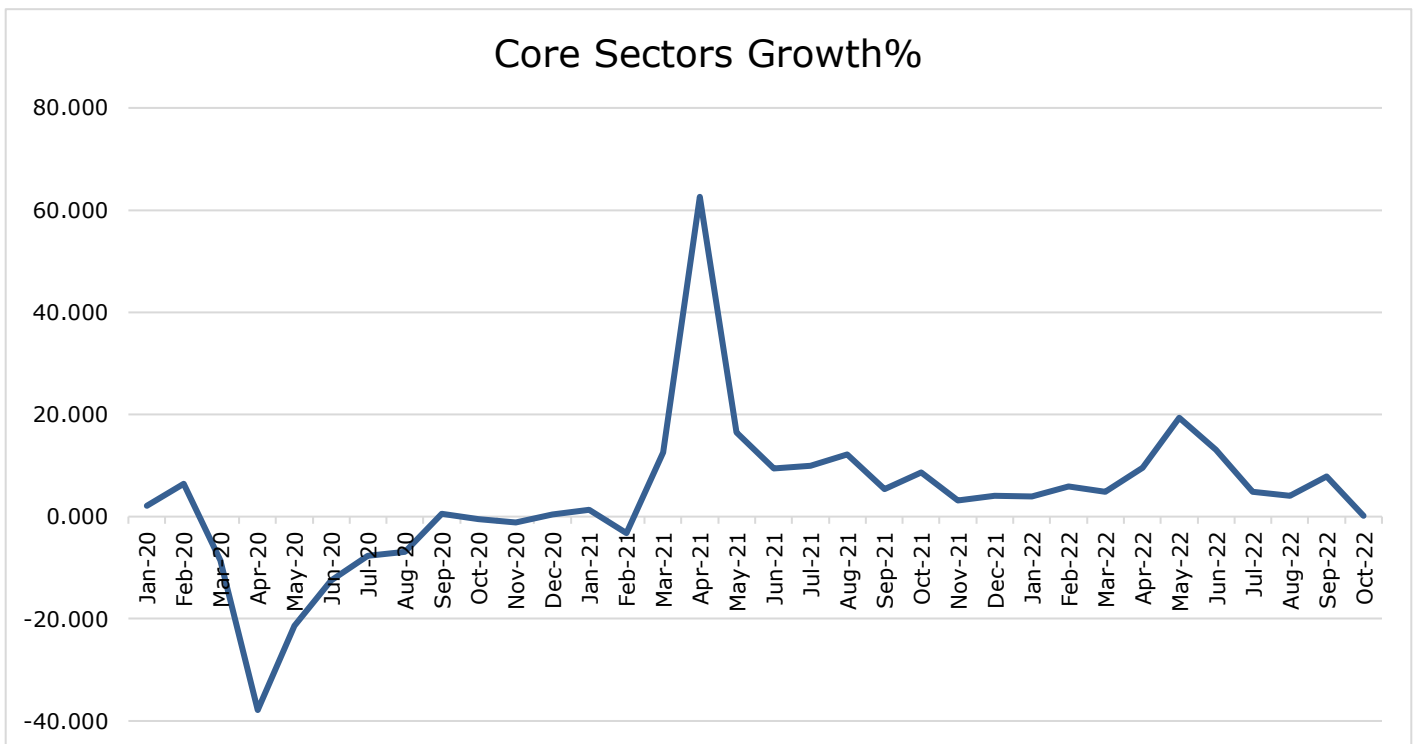
CORE SECTOR GROWTH

As per data released by the Office of Economic Adviser, the core sector edges down to a nineteen-month low at 0.1% growth year-on-year (YoY) in the month of October 2022. The eight infrastructure industries in the index are – coal, crude oil, natural gas, refinery products, fertilizer, steel, cement, and electricity.

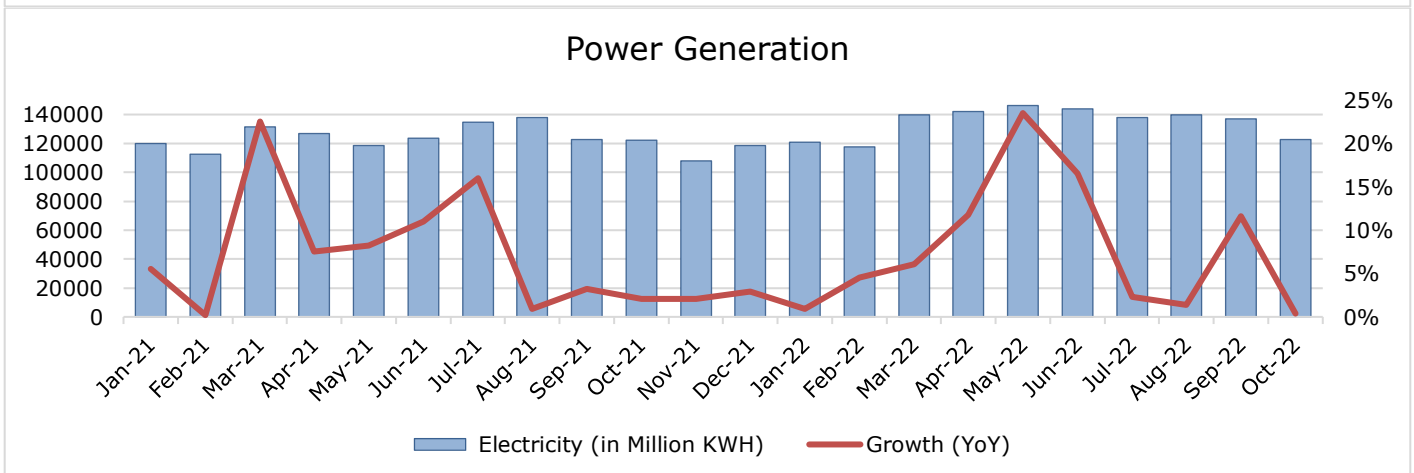
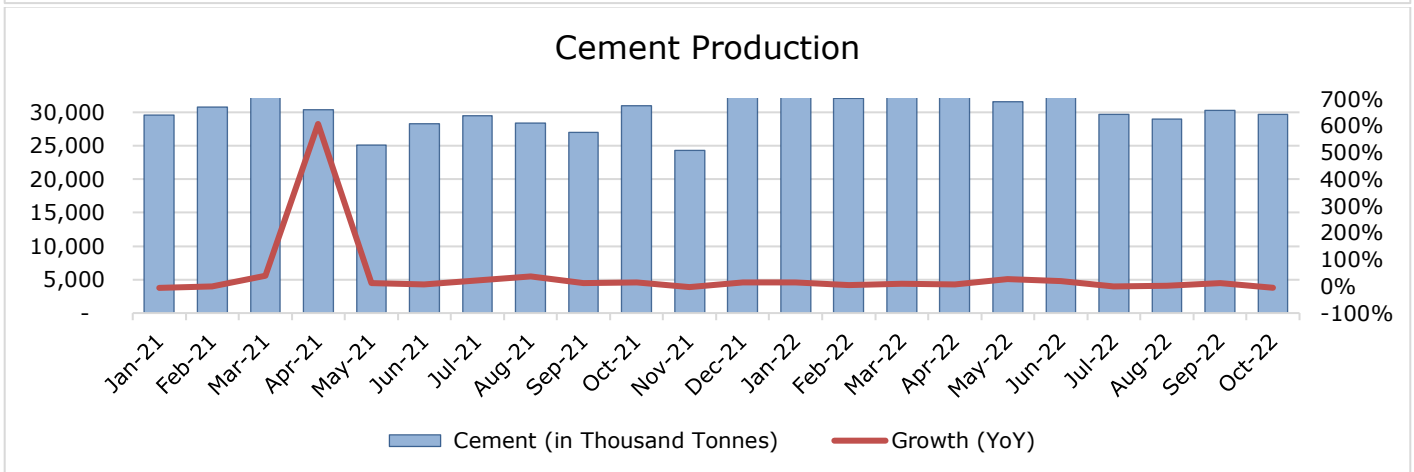
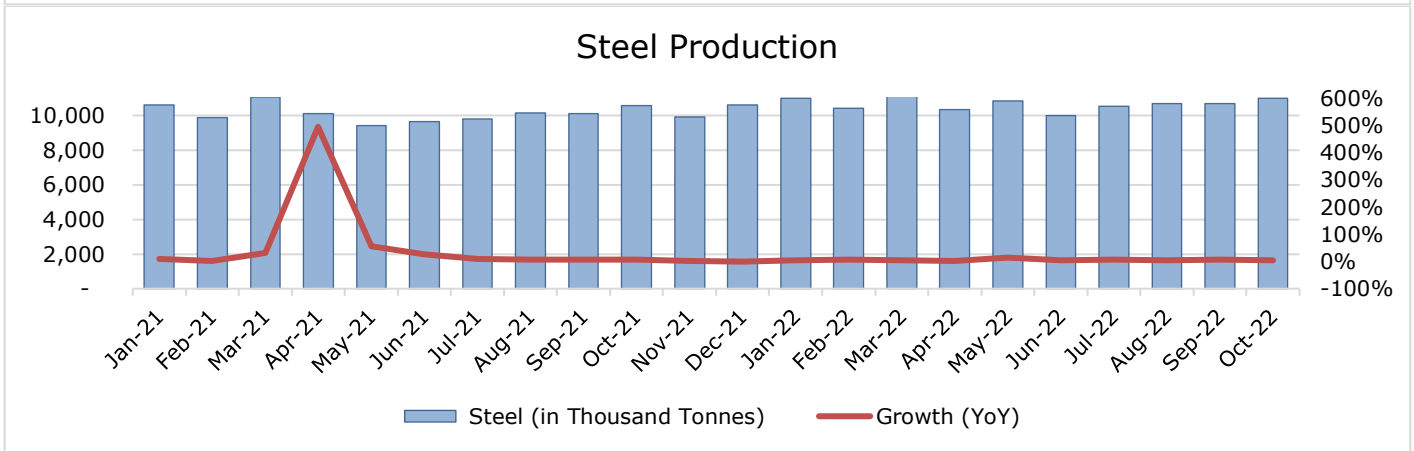
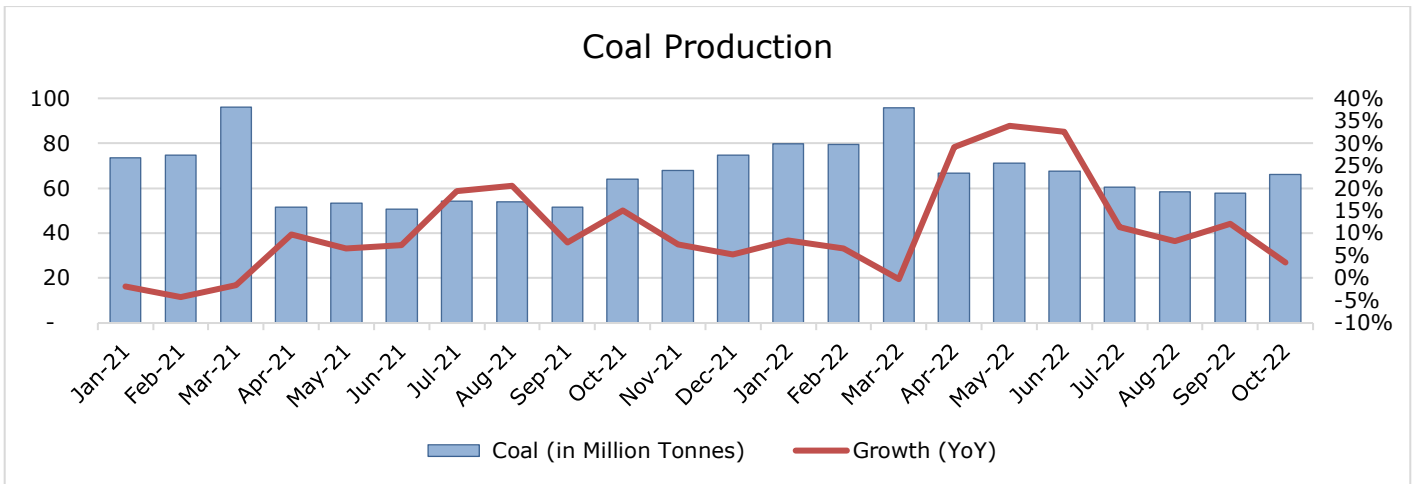
The decline in growth percentage is majorly due to India’s four sector that has registered a negative growth in their production, which are Petroleum, Cement, natural gas, and crude oil. The other four sectors did grow by positive numbers, but not at the expected rate.

The fertilizer industry marked the highest growth among the eight-core sector with 5.4% YoY growth. The steel industry with a 4% YoY increase stood second on the list. Indian coal production increased by 3.6% in the month of Oct. Electricity generation surged by 0.4% YoY.

The cement industry goes to the bottom with a 4.3% YoY decline in production. Natural gas on the same path reduces by 4.2% yearly. Petroleum refinery production registered a 3.1% decline YoY and Crude oil noted down growth of 2.2% in its production compared to last year.



Source: https://eaindustry.nic.in/eight_core_infra/eight_infra.pdf



PURCHASING MANAGER'S INDEX

Manufacturing PMI

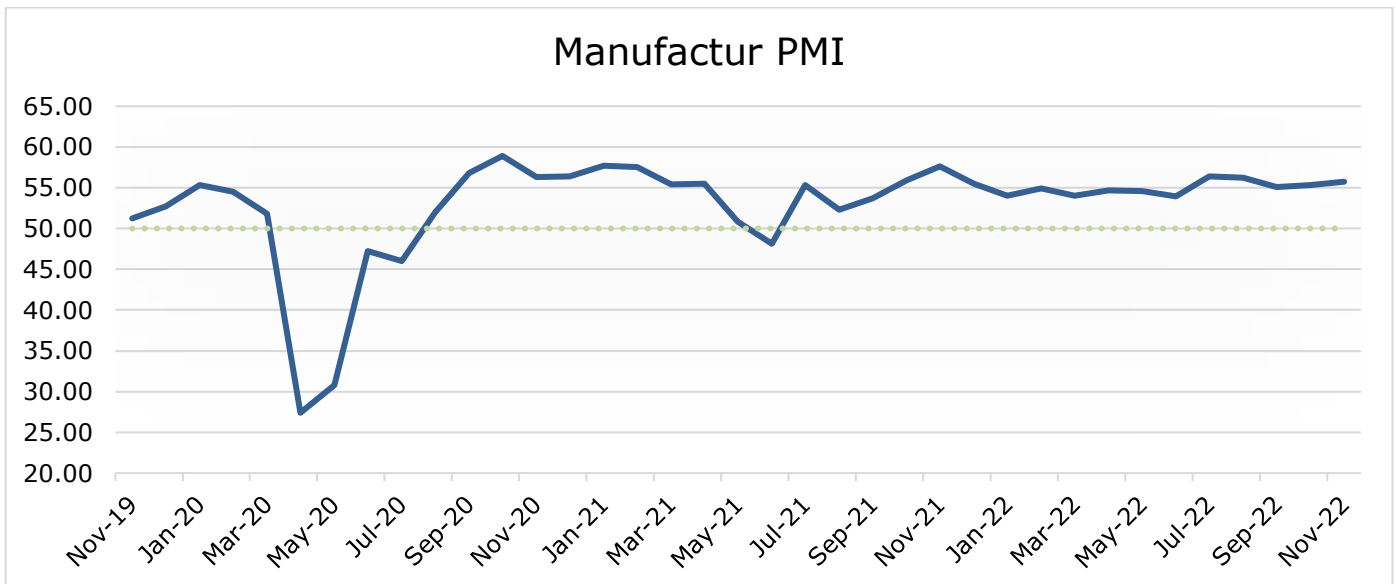
As new orders and exports increased significantly in the most recent month, manufacturing sector activity in India reached a 3-month high in November at 55.7 points. The index remained above the 50-point threshold that separates expansion from contraction for the 17th consecutive month.

In November, despite a notable reduction in cost pressures, business activity in India's manufacturing sector accelerated.

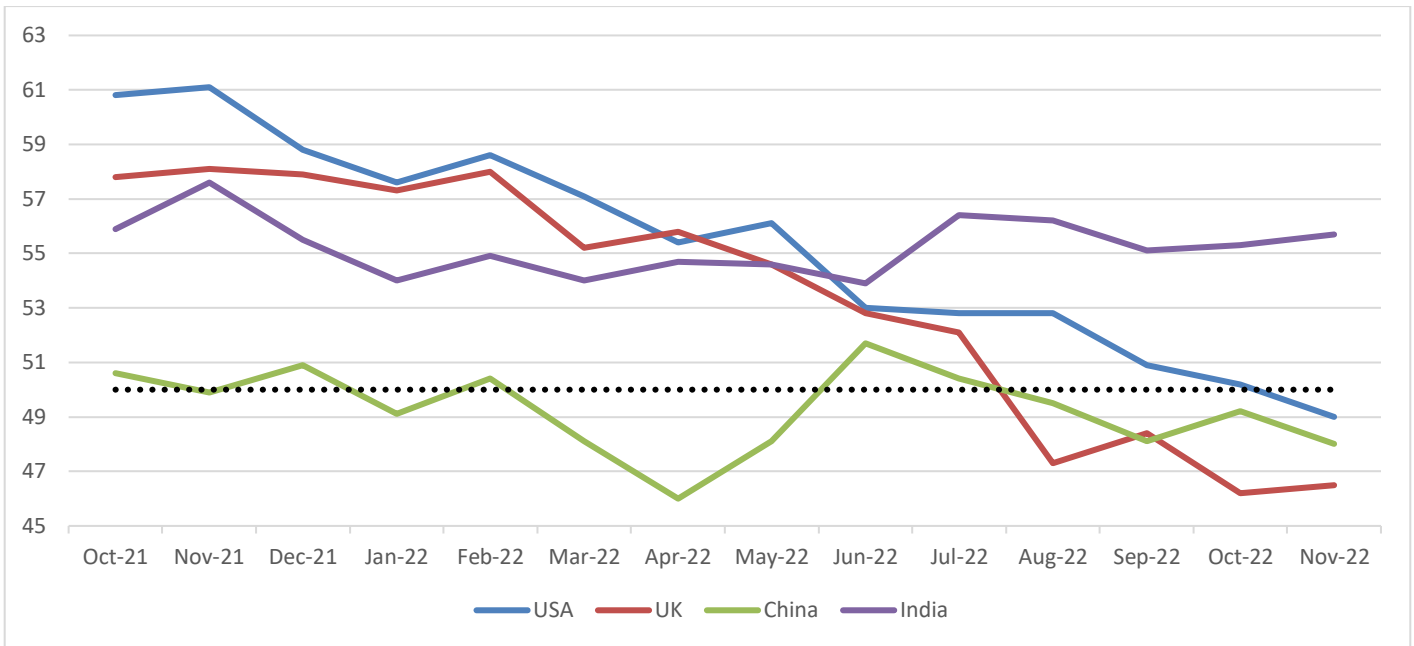
India's manufacturing sector continued to perform well in November, besides heightened recession fears elsewhere and a deteriorating outlook for the global economy," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

For the eighth consecutive month, global demand increased at a rate comparable to October's. Since selling prices have risen at the weakest rate since February, input costs have risen at the slowest rate in 26 months, providing some relief to manufacturers.

Companies increased their buying as they looked to take advantage of the comparatively low-price pressure. For the ninth consecutive month, employment increased; however, despite a slowing pace of accumulation, outstanding business increased further.



With just the Indian manufacturing PMI growing, India is still able to resist global headwinds when compared to the world's top economies. The Indian economy is showing signs of expansion, with the manufacturing PMI rising by more than 50 basis points in November. When compared to other major economies, such as the United States, the United Kingdom, and China, all saw their respective PMIs drop in November.



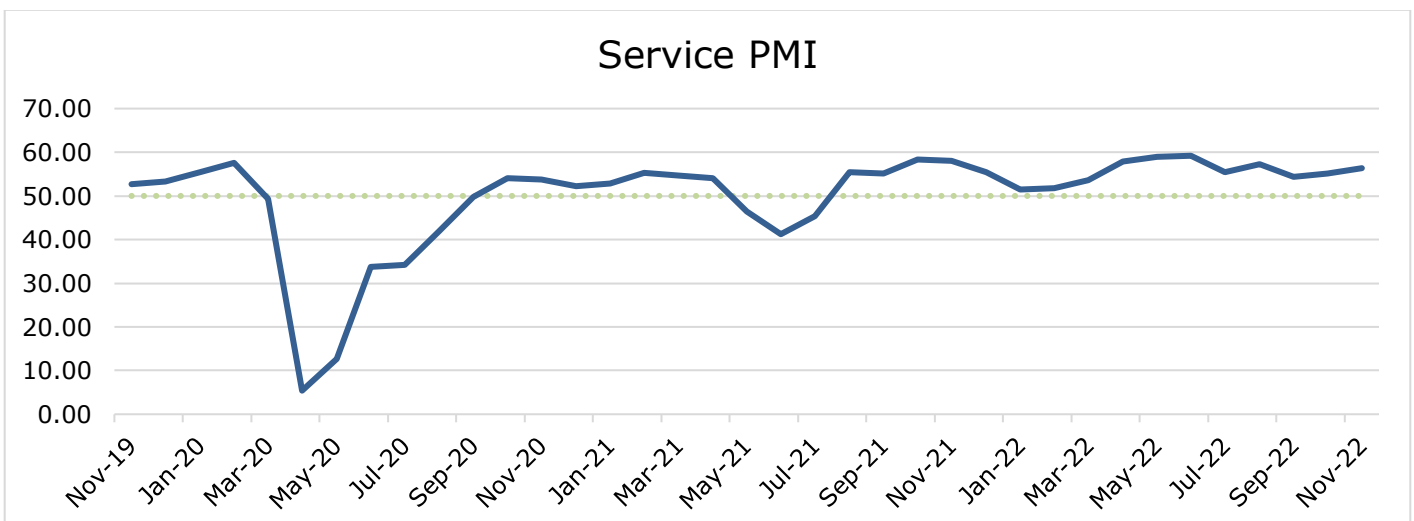
Inflation and recession risk still exist on a global scale. The economies are being severely impacted by rising market pricing for goods and services.

The manufacturing PMI of the major economies in November month stands as follows: the USA at 49 points (down from 50.2 in Oct 2022), the UK at 46.5 points (up from 46.2), and China at 48 points (down from 49.2).

Service PMI

The S&P Global's service PMI for the November month edged up to 56.4, exceeding market expectation of 55.4, quickest pace in three months.

"Indian service providers continued to reap the benefits of strong domestic demand, with PMI data for the penultimate month of 2022 showing faster increases in new business and output. Moreover, expectations of demand buoyancy in the medium-term promoted further job creation," said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence.





"Whilst on the whole the latest results are encouraging, the trend for inflation is somewhat concerning. Strong demand for services again boosted firms' pricing power, with more companies transferring cost increases to their customers," De Lima added.

Employment sees a huge surge fastest in over three years. Prices for the services increased as additional cost which are rising from inflation is still being transfer to consumer. After Covid, November 2022 has seen the positive increase in new businesses from abroad.



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