



WEEKLY PRICE UPDATE

10-Dec-2022

IENERGY NATURAL RESOURCES LIMITED

210, Royal Square, Near Shilp Tower, Tagore Road, Rajkot – 360002, India

care@inrl.in +91 281 2465640 +91 93282 24488



INTERNATIONAL FUTURE COAL PRICE

API2: PRICE CORRECTION WITH SUFFICIENT NATURAL GAS SUPPLY IN THE EU

The week started for the API2 Dec future contact with the positive note of prices touch to \$ 256 on Thursday due to the ample supply of natural gas in last 30 days, however since EU's future outlook of gas supply is still exposed to uncertainty coal prices closed at bit higher note of \$ 260, an \$ 11 week-on-week (WoW) correction for the week. The API contract of Dec was closed at \$ 270.65 last week. The December 2022 contract has been down to 31% compared to its calendar year high of \$ 379 on 22nd Aug 2022 and by a threefold high from calendar year low of \$ 91 on 3rd Jan 2022.

European liquefied natural gas imports hit a new high for the year in November month. The LNG imports in the EU totalled 11.4 million tons, the data stated by Rystad Energy. The high prices in Nov attract LNG supplies into the EU. The stable and sufficient supply of gas prevents the risk of dwindling gas storage since the demand is already starts picking. The natural gas saw low price this week. The increased supply and low price of natural gas have also reduced the pressure on coal prices.

The pressure on price does have reduced, however, future prospect is still in dark. China has announced this week that they will now focus more on strengthening their economy after the removal of covid restrictions. If the Chinese economy takes pace EU in the next year needs to compete with China and other Asian countries for the supply of natural gas. The high competition might require to pay premiums. Thus, the supply issues and high commodity prices both are still in the EU's future basket.



The API2 January contract gets relief with an \$ 18 decline on last week's price. The contract closed at \$ 254.65 from \$ 272.90 last week. The January 2023 contract has been down to 31% compared to its calendar year high of \$ 370 on 22nd Aug 2022 and by a threefold high from the calendar year low of \$ 89 on 3rd Jan 2022.



API4: PRICES DIP WITH MODEST DEMAND

The API4 future contract which is a benchmark price of coal exported from Richards bay declined with reduced demand from the EU market. The contract closed at \$ 238.5, with a \$ 21 reduction from last week. Last week's contract was high at \$ 259. Natural gas prices in the EU reducing as the supply of LNG is sufficient with record imports in November month. The coal prices also decline with overall stable demand for SA coal.

The December 2022 contract has been down to 32% compared to its calendar year high of \$ 349 on 6th Sep 2022 and by a threefold high from the calendar year low of \$ 89 on 3rd Jan 2022.



The API4 future contract of January month takes a U-turn to the south with a \$ 22 WoW reduction in the contract price. The API4 January contract closed at \$ 241 for the week ending on Friday from \$ 262.60 last week. The January 2023 contract has been down to 29% compared to its calendar year high of \$ 341 on 6th Sep 2022 and a twofold high from the calendar year low of \$ 89 on 3rd Jan 2022.





INTERNATIONAL COAL PRICE

THERMAL COAL

During the week, thermal coal prices take distinct routes for different exporters. Prices in South Africa are falling due to a lack of demand, whilst prices in Australia and Indonesia are rising.

The decrease in EU demand for coal has lowered SA coal prices this week. The low and mid CV grades have been unaffected; however, the high CV coal (6000 NAR) has witnessed a \$ 10 WoW drop since the grade is in high demand from the EU. For the week, the FOB RBCT 6000 NAR averaged \$ 225.

Demand from China has increasing modestly, due to the start of winter stocking. The Lunar New Year preparation is likely to increase coal procurement from the Chinese market. The demand is largely for Indonesian coal. The different grade prices have seen a bit rise due to that. Indonesian coal prices increase to an average of \$ 3-6 WoW. During the week, Indian demand for Indo coal was moderate. The Indian market continues to rely on domestic supply and stock & sale.

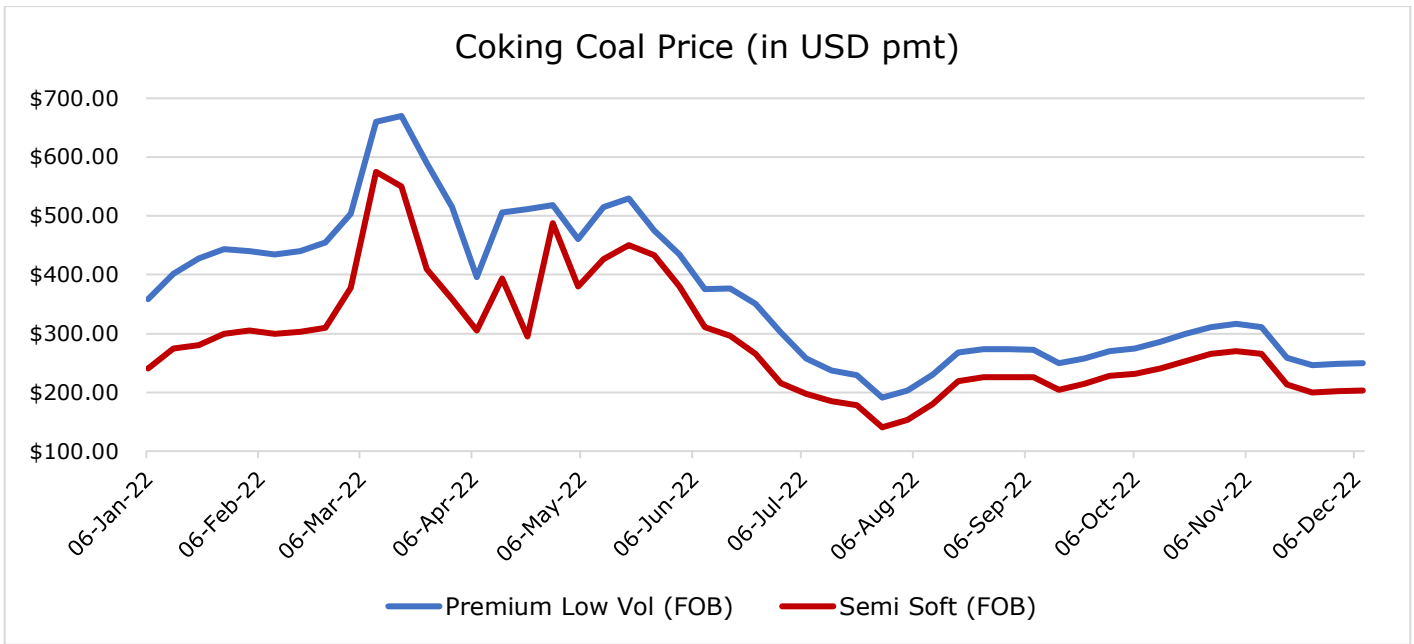
AUS 6000 NAR CFR India however saw a huge surge in its prices with a nine-weeks high price of \$ 424. Russian coal prices are reduced to a six-week low at \$ 185 for RUS 6000 NAR CFR India.

COKING COAL

Coking coal prices have remained relatively constant this week. For the week, Australian PLV FOB finished at \$ 249.5, a \$ 1 increase. Semi-soft is also up to \$ 203 this week. The third round of price increase of metcoke in China was accepted by several steel mills due to the poor margins of coke manufacturers. CFR India metcoke prices for CSR 62 increased this week to \$ 410.

Demand from the Indian steel industry remains strong in the market for coking coal, particularly for Australian coking coal. The FTA deal between India and Australia is expected to offer Australian coking coal a competitive edge.

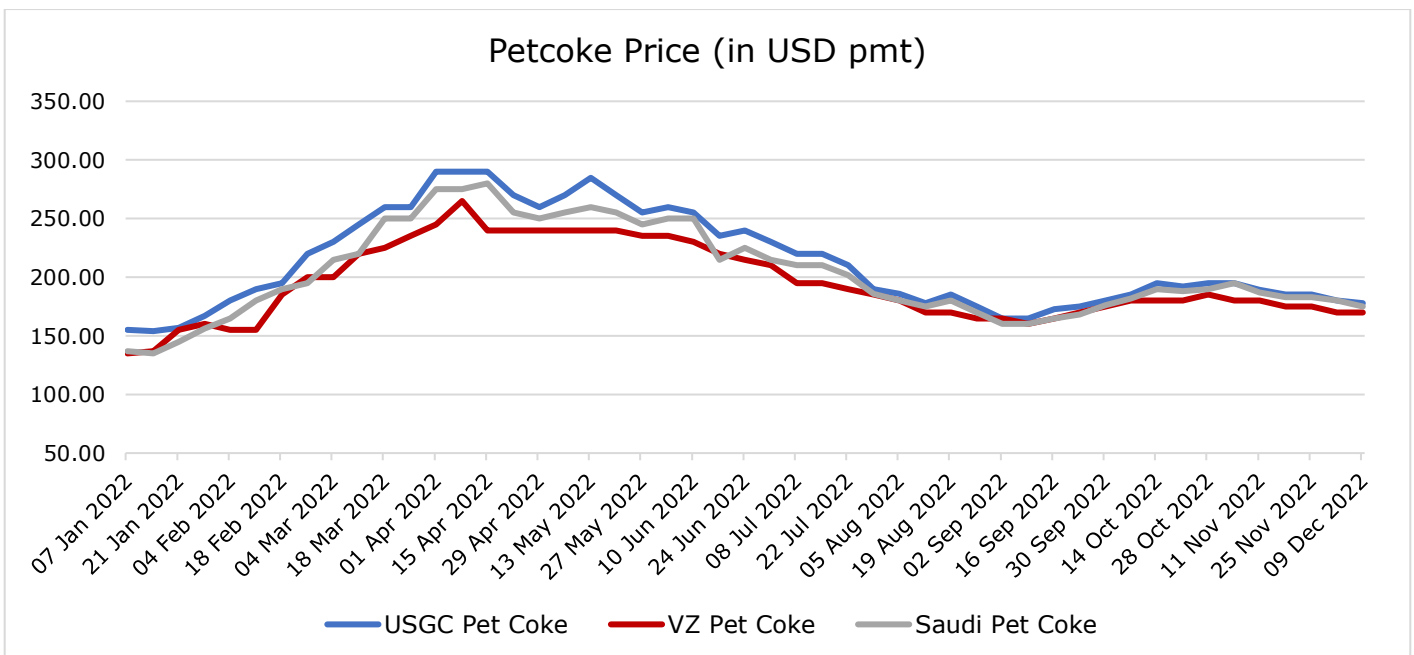
The price of US coking coal is rising due to increased demand from the Chinese market. Low Vol HCC closed at \$ 255, with a \$ 3 upward revision and High Vol A and B see a \$ 5-7 increase WoW.



PETCOKE

Petcoke prices continue to fall as a result of the relatively low demand for fuel-grade petcoke from cement makers. However, costs are still not falling at a rapid pace due to the lower discount offered from its equivalent thermal coal. The USGC petcoke declined by \$ 2 WoW and averaged \$ 178. The price of Venezuelan-origin petcoke has remained constant at \$ 170. Saudi petcoke averaged \$ 175 for the week, with the biggest drop of \$ 5.

Prices are falling mostly owing to a drop in demand from the cement sector. Because end-user demand for cement is not yet obvious, the cement sector is experiencing output declines.



WEEKLY AVG INTERNATIONAL PRICE

Grade	Price pmt								
	10-Dec-22	03-Dec-22	WoW Change	09-Nov-22	MoM Change	10-Dec-21	YoY Change	52 Week High	52 Week Low
FOB Richards Bay									
4800 NAR	\$ 140.00	\$ 145.00	(3.45)%	\$ 85.00	64.71 %	\$ 81.00	72.84 %	\$ 320.00	\$ 81.00
5500 NAR	\$ 175.00	\$ 179.00	(2.23)%	\$ 125.00	40.00 %	\$ 108.00	62.04 %	\$ 385.00	\$ 100.00
6000 NAR	\$ 225.00	\$ 235.00	(4.26)%	\$ 175.00	28.57 %	\$ 135.00	66.67 %	\$ 420.00	\$ 124.00
FOB Newcastle									
5500 NAR	\$ 135.00	\$ 132.00	2.27 %	\$ 135.00	0.00 %	\$ 93.00	45.16 %	\$ 280.00	\$ 93.00
6000 NAR	\$ 410.00	\$ 385.00	6.49 %	\$ 310.00	32.26 %	\$ 160.00	156.25 %	\$ 440.00	\$ 160.00
FOB Indonesia									
6500 GAR	\$ 240.00	\$ 235.00	2.13 %	\$ 235.00	2.13 %	\$ 148.00	62.16 %	\$ 308.00	\$ 148.00
5800 GAR	\$ 160.00	\$ 158.00	1.27 %	\$ 160.00	0.00 %	\$ 130.00	23.08 %	\$ 220.00	\$ 120.00
5000 GAR	\$ 120.00	\$ 120.00	0.00 %	\$ 126.00	(4.76)%	\$ 101.00	18.81 %	\$ 170.00	\$ 93.00
4200 GAR	\$ 91.00	\$ 88.00	3.41 %	\$ 87.00	4.60 %	\$ 66.00	37.88 %	\$ 120.00	\$ 58.00
CFR (SA Coal)									
4800 NAR	\$ 155.00	\$ 160.00	(3.13)%	\$ 101.00	53.47 %	\$ 105.00	47.62 %	\$ 343.00	\$ 101.00
5500 NAR	\$ 190.00	\$ 194.00	(2.06)%	\$ 141.00	34.75 %	\$ 132.00	43.94 %	\$ 408.00	\$ 122.00
6000 NAR	\$ 240.00	\$ 250.00	(4.00)%	\$ 191.00	25.65 %	\$ 159.00	50.94 %	\$ 443.00	\$ 146.00
CFR (Aus Coal)									
5500 NAR	\$ 149.50	\$ 147.00	1.70 %	\$ 152.00	(1.64)%	\$ 116.00	28.88 %	\$ 302.50	\$ 116.00
6000 NAR	\$ 424.50	\$ 400.00	6.13 %	\$ 327.00	29.82 %	\$ 183.00	131.97 %	\$ 460.00	\$ 183.00
CFR (Indonesia Coal)									
6500 GAR	\$ 253.00	\$ 247.50	2.22 %	\$ 249.50	1.40 %	\$ 169.00	49.70 %	\$ 333.00	\$ 169.00
5800 GAR	\$ 173.00	\$ 170.50	1.47 %	\$ 174.50	(0.86)%	\$ 151.00	14.57 %	\$ 245.00	\$ 138.00
5000 GAR	\$ 133.00	\$ 132.50	0.38 %	\$ 140.50	(5.34)%	\$ 122.00	9.02 %	\$ 195.00	\$ 111.00
4200 GAR	\$ 104.00	\$ 100.50	3.48 %	\$ 101.50	2.46 %	\$ 87.00	19.54 %	\$ 145.00	\$ 75.00
CFR (Rus Coal)									
5500 NAR	\$ 155.00	\$ 160.00	(3.13)%	\$ 155.00	0.00 %			\$ 250.00	\$ 155.00
6000 NAR	\$ 185.00	\$ 190.00	(2.63)%	\$ 190.00	(2.63)%			\$ 300.00	\$ 175.00
CFR (USA Coal)									
6900 NAR	\$ 220.00	\$ 225.00	(2.22)%	\$ 201.00	9.45 %	\$ 210.00	4.76 %	\$ 310.00	\$ 170.00
Petcoke (CFR - India)									
US Origin (6.5% TS)	\$ 178.00	\$ 180.00	(1.11)%	\$ 189.00	(5.82)%	\$ 177.00	0.56 %	\$ 290.00	\$ 154.00
VZ Origin (5.0% TS)	\$ 170.00	\$ 170.00	0.00 %	\$ 160.00	6.25 %			\$ 265.00	\$ 135.00
Saudi Origin (8.5% TS)	\$ 175.00	\$ 180.00	(2.78)%	\$ 187.00	(6.42)%	\$ 150.00	16.67 %	\$ 280.00	\$ 135.00

HBA

HBA (Harga Batubara Acuan) continued the downward trend with a 7-months low price level for December 2022 at USD 281.48. Indonesia's Ministry of Energy and Mineral Resources has set the reference coal prices in Dec with a 19% month-on-month (MoM) reduction and a 56% year-on-year (YoY) increment. The index has been settled at \$ 281.48 for Dec 22, against \$ 159.79 in Dec 2021 and \$ 308.20 in Nov 2022. The year ended with the \$ 276.58 average price, up from the \$ 121.47 average price of last year. The average prices have been increased by twofold YoY.

China's covid restriction policy and weaker power demand contributed to the price decline. The increased output in India and fluctuating demand from the EU region have also impacted the prices to hit a seven-month low.

The HBA continued to weaken from Mar 20 to Sep 20. After falling at a historical low in Sep to \$49.42/MT, the HBA again strengthened. In the current year, it continuously increases and it touches a historical high in October 2022. As per data available with us, Sep 20 (\$49.42/mt) price is the lowest since Jan 09.

HBA is being set by Indonesia's Ministry of Energy and Mineral Resources as a reference price of thermal coal for Indonesian coal. The HBA is a monthly average price based on 25% each on Platts Kalimantan 5900 GAR assessments, Argus-ICI1 (6500 GAR), Newcastle Export Index (6322 GAR), and globalCoal Newcastle (6000 NAR). It is based on 6,322 GAR coal with 8% total moisture content, 15% ash as received and, 0.8% sulfur as received. HBA is also applicable for royalty payments on Coal to the Indonesian government.

Indonesian Coal Price Data (HBA)												
Month	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
January	112.40	109.29	87.55	81.90	63.84	53.20	86.23	95.54	92.41	65.93	75.84	158.50
February	127.05	111.58	88.35	80.44	62.92	50.92	83.32	100.69	91.80	66.89	87.79	188.38
March	122.43	112.87	90.09	77.01	67.76	51.62	81.90	101.86	90.57	67.08	84.49	203.69
April	122.02	105.61	88.56	74.81	64.48	52.32	82.51	94.75	88.85	65.77	86.68	288.40
May	117.09	102.12	85.33	73.60	61.08	51.20	83.81	89.53	81.86	61.11	89.75	275.64
June	119.03	96.65	84.87	73.64	59.59	51.87	75.46	96.91	81.48	52.98	100.33	323.91
July	118.24	87.56	81.69	72.45	59.16	53.00	78.95	104.65	71.92	52.20	115.35	319.00
August	117.21	84.65	76.70	70.29	59.14	58.37	83.97	107.83	72.67	50.34	130.99	321.59
September	116.26	86.21	76.89	69.69	58.21	63.93	92.03	104.81	65.79	49.42	150.03	319.22
October	119.24	86.04	76.61	67.26	57.39	69.07	93.99	100.89	64.80	51.00	161.63	330.97
November	116.65	81.44	78.13	65.70	54.43	84.89	94.84	97.90	66.27	55.71	215.01	308.20
December	112.67	81.75	80.31	69.23	53.51	101.69	94.04	92.51	66.30	59.65	159.79	281.48
Average	118.36	95.48	82.92	73.00	60.13	61.84	85.92	98.99	77.89	58.17	121.47	276.58



DOMESTIC COAL PRICE

DOMESTIC COAL PRICE (West Coast – India)



With India's domestic coal production reaching new highs, the power sector prefers low-cost domestic supply over imported coal. The domestic prices of imported coal for the reason stays stable for over a week.

Grade	Price pmt / 00-50 MM / Ex-Plot Port				
	10-Dec-22	03-Dec-22	Change	10-Nov-22	Change
US Origin Coal from Tuna / Kandla (WCI)					
NAPP	₹ 17,200.00	₹ 17,500.00	(1.71)%	₹ 19,000.00	(9.47)%
ILB	₹ 16,800.00	₹ 17,000.00	(1.18)%	₹ 18,000.00	(6.67)%
Indonesian Origin Coal from Tuna / Kandla (WCI)					
5000 GAR	₹ 10,300.00	₹ 10,200.00	0.98 %	₹ 10,600.00	(2.83)%
4200 GAR	₹ 8,400.00	₹ 8,300.00	1.20 %	₹ 8,600.00	(2.33)%
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 Navlakhi (WCI)					
5000 GAR	₹ 10,300.00	₹ 10,150.00	1.48 %	₹ 10,750.00	(4.19)%
4200 GAR	₹ 8,500.00	₹ 8,500.00	0.00 %	₹ 8,750.00	(2.86)%
3800 GAR	₹ 7,900.00	₹ 7,900.00	0.00 %	₹ 8,100.00	(2.47)%
3400 GAR	₹ 6,700.00	₹ 6,700.00	0.00 %	₹ 7,100.00	(5.63)%
South African coal from Kandla (WCI)					
5500 NAR	₹ 17,400.00	₹ 17,000.00	2.35 %	₹ 15,800.00	10.13 %
Russian coal from Kandla (WCI)					
6000 NAR	₹ 14,700.00	₹ 15,000.00	(2.00)%	₹ 15,600.00	(5.77)%
Price pmt / Screened Plant / Ex-Plot Screening Plant					
Grade / Sized	10-Dec-22	03-Dec-22	Change	10-Nov-22	Change
3400 GAR					
00 - 06 MM	₹ 6,200.00	₹ 6,500.00	(4.62)%	₹ 7,000.00	(11.43)%
06 - 20 MM	₹ 8,000.00	₹ 8,000.00	0.00 %	₹ 8,300.00	(3.61)%
20 - 50 MM	₹ 8,200.00	₹ 8,200.00	0.00 %	₹ 8,600.00	(4.65)%
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 %	₹ 10,000.00	(1.00)%
20 - 50 MM	₹ 10,000.00	₹ 10,100.00	(0.99)%	₹ 10,100.00	(0.99)%
5000 GAR					
00 - 06 MM	₹ 8,200.00	₹ 8,200.00	0.00 %	₹ 9,100.00	(9.89)%
06 - 20 MM	₹ 13,200.00	₹ 13,200.00	0.00 %	₹ 14,200.00	(7.04)%
20 - 50 MM	₹ 13,300.00	₹ 13,300.00	0.00 %	₹ 14,400.00	(7.64)%



ECONOMIC UPDATE

COAL PRODUCTION

India's domestic coal production totalled seven month high at 75.87 million metric tons (MMT) in the months of November 2022. The total production has shown 12% year-on-year (YoY) and 15% month-on-month (MoM) growth. The total coal production is historically high for the Nov month.

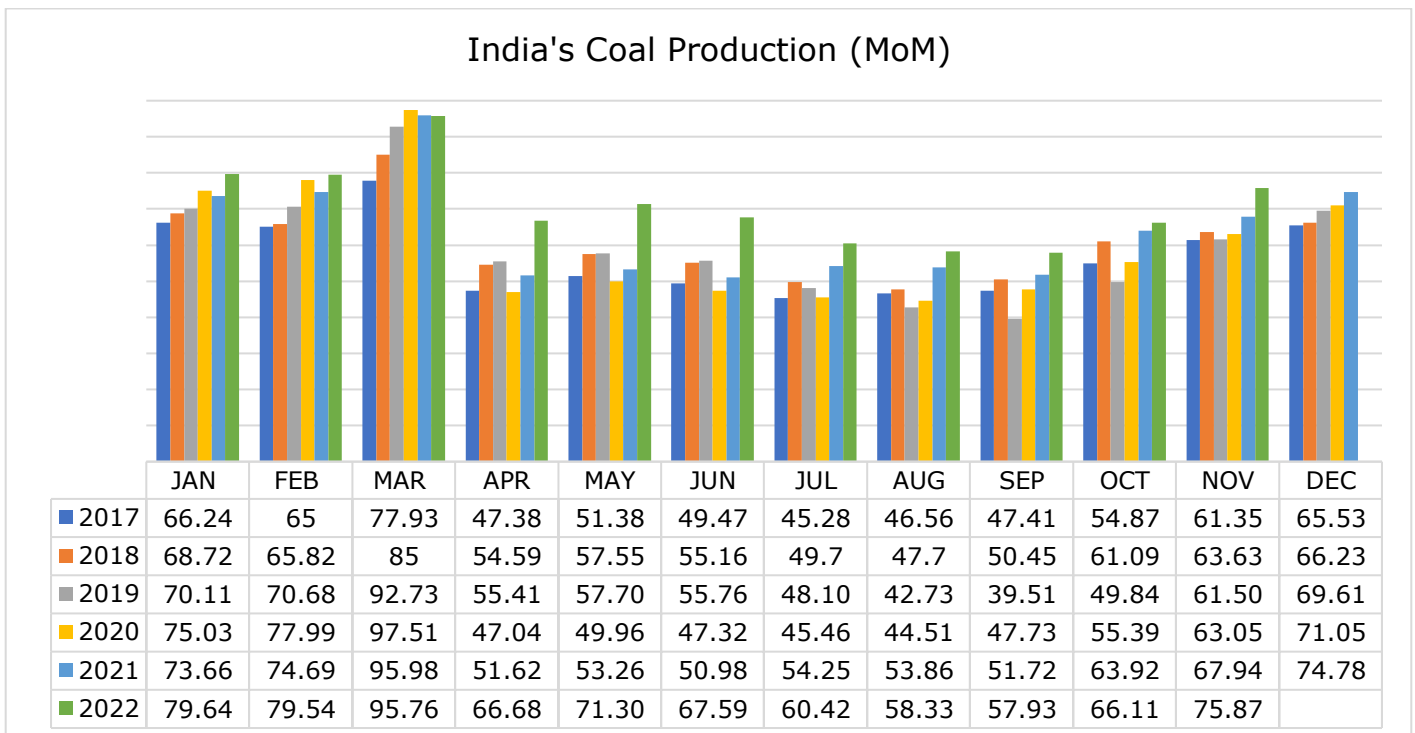
India's total production from Jan-Nov 2022 reaches 779.17 MMT, an increase of 13% compared to the corresponding period of last year.

Coal India Limited (CIL) has achieved 13% growth in production and 5% in offtake YoY. CIL produced 60.70 MMT and dispatched 59.38 MMT in Nov 2022.

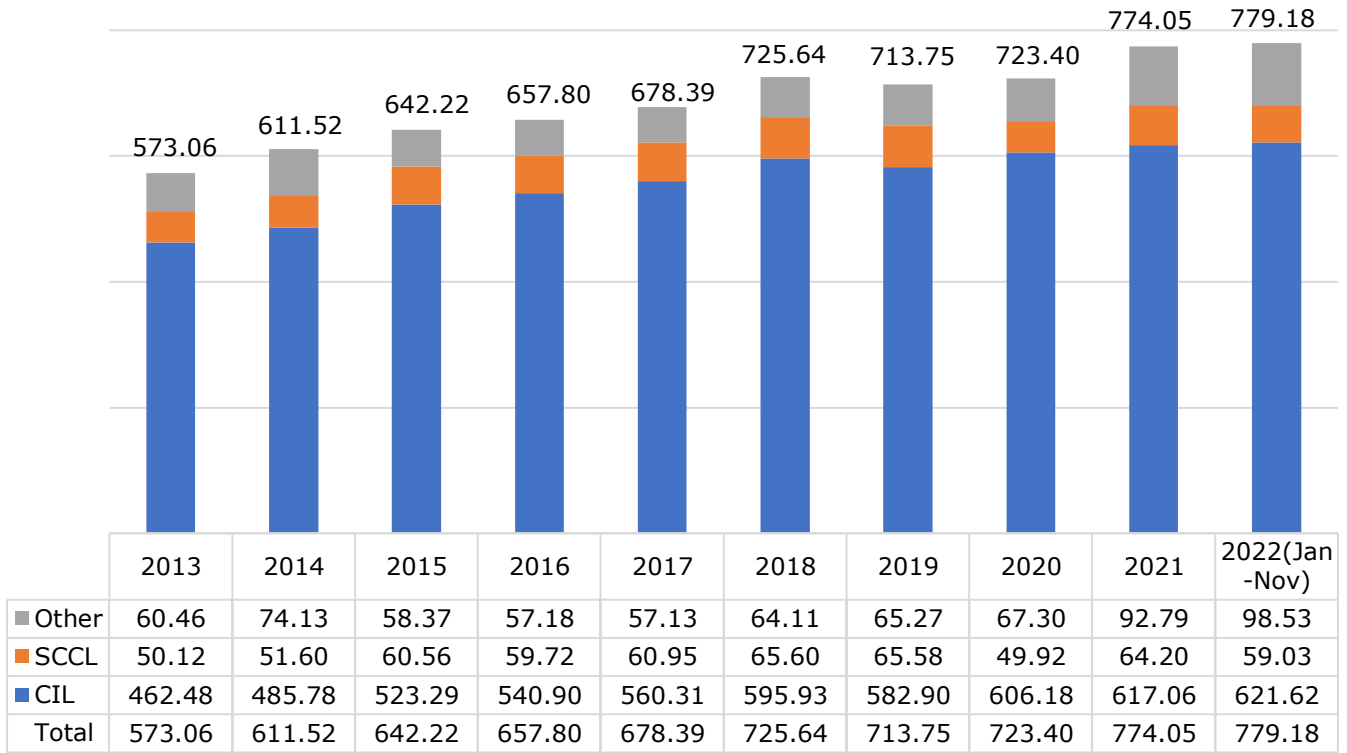
The Singareni Collieries Company Limited (SCCL) grew by 8% in coal production and 3% in coal dispatch. SCCL produced 6.05 MMT and dispatched 5.94 MMT in Nov month.

Other's (Private & Captive Miners) coal production stands at 9.12 MMT in Nov, a 7% year-on-year rise in production and 3% in offtake.

As per our estimation, the total coal production for CY 2022 is expected to touch around 860 MMT with 13% YoY growth.



India's Coal Production (YoY)



Source: Ministry of Coal



COAL IMPORTS UPDATE

INDIAN COAL IMPORTS IN NOVEMBER TO EIGHT MONTHS LOW

India's coal imports in November month hit a eight-month low with the decline in all types of coal on a month-on-month (MoM) basis. The total imports of coal & coke in November month of the current year 2022 totalled 17.89 million metric tons (MMT) with a 12% MoM drop and a 10% year-on-year (YoY) increase. The total coal & coke imports for the current year 2022 stand at 226.40 MMT with a 13% increase from the corresponding period of last year, however a 4% low from the pre-covid period.

The drop is largely attributed to the decline in thermal coal imports since thermal coal accounted for almost 60% of India's total coal imports. Thermal coal imports stood at 10.79 MMT in November 2022 from 9.30 MMT in November 2021 and 12.27 MMT in October 2022. The imports surge by 16% YoY and are down to 12% MoM. India hit new highs in domestic coal production in November month with around 76 MMT of output. With the stable supply from the domestic market and the overall low demand for electricity due to the start of the winter season in India, the total thermal coal imports saw a drop in Nov month.

Coking coal imports also fall to 4.48 MMT on Nov 22 from 5 MMT imports in both last year and last month. Imports have been dropping by 12% YoY and MoM. The decline is mainly because of the overall low sentiment of the steel industry. Prices of coking coal were also too high for half of the Nov month.

The other types of coal and their imports stood at, Anthracite imports at 0.09 MMT (38% YoY decline, 8% MoM decline), PCI coal at 1.81 MMT (9% YoY increase, 10% MoM decline), Metcoke at 0.38 MMT (twofold YoY increase, 15% MoM decline) and Petcoke at 0.96 MMT (65% YoY increase, 7% MoM decline).

India's Coal & Coke Import (Million Metric Tons)										
	Nov-22	YoY		MoM		YTD (Jan - Nov)				
		Nov-21	% Change	Oct-22	% Change	CY 2022	CY 2021	% Change	CY 2019 (Pre-Covid Level)	% Change
COKING COAL	4.477	5.066	(11.64)%	5.064	(11.59)%	49.879	50.371	(0.98)%	43.947	13.50 %
THERMAL COAL	10.789	9.300	16.01 %	12.270	(12.07)%	149.179	128.336	16.24 %	165.631	(9.93)%
ANTHRACITE	0.095	0.152	(37.93)%	0.102	(7.61)%	2.100	2.073	1.29 %	1.856	13.14 %
PCI COAL	1.181	1.086	8.73 %	1.317	(10.29)%	13.433	13.126	2.34 %	11.714	14.68 %
MET COKE	0.389	0.137	182.73 %	0.457	(14.93)%	2.917	2.013	44.90 %	3.073	(5.09)%
PET COKE	0.957	0.580	64.92 %	1.024	(6.54)%	8.888	3.884	128.82 %	10.662	(16.64)%
TOTAL	17.89	16.32	9.58 %	20.23	(11.60)%	226.40	199.80	13.31 %	236.884	(4.43)%

The data mention in the article is provisional. The final detailed report on India's coal imports and exports will be shared on 20th Dec, 2022.



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