



WEEKLY PRICE UPDATE

17-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: LOW DEMAND CONTINUES TO DRAG PRICES DOWN

The prices of European-delivered coal have been on the verge of decline starting from December month mainly due to the high imports of LNG in the last month and sufficient storage for now. The API2 Dec future price contract further falls to \$ 230.35 for the week ending on Friday from last week's closing of \$ 260. The prices have come down by \$ 30 compared to last week's closing. With \$ 230 this week, prices have come down to last month's level. The December 2022 contract has been down to 39% compared to its calendar year high of \$ 379 on 22nd Aug 2022 and by a twofold high from the calendar year low of \$ 91 on 3rd Jan 2022.

Since the conclusion of the winter's first cold spell, natural gas levels in Europe has fallen to their lowest level in a month. The colder weather lowered gas storage, but reserves remain higher than typical, ensuring supply security.

The EU has also moved the decision on natural gas price caps ahead, with the final meeting of the year scheduled on December 19th, 2022. The EU failed to reach a consensus on a price ceiling on Monday, with a few nations, including Austria, Germany, and the Netherlands, still rejecting the plan, claiming that a restriction would redirect supply to more competitive markets. However, nations including Belgium, Italy, and Poland remained supportive of the proposal.



The January contract of European delivered future coal price-API2 has seen the biggest drop this month with a \$ 50 WoW downward correction. The contract settled at \$ 204.35 for the week. Last week's closing of the contract was \$ 254.65. The January 2023 contract has been down to 45% compared to its calendar year high of \$ 370 on 22nd Aug 2022 and by a twofold high from the calendar year low of \$ 89 on 3rd Jan 2022.



API4: PRICES DOWN TO A MONTH LOW

The downward trend in prices continued for the third week of December with prices of the API4-SA future coal price index coming down to \$ 211.35 in the week. The prices have been reduced by \$ 27 compared to last week's closing price of \$ 238.5. The global coal market prices are correcting again in December month with global demand for coal moderating. The sufficient storage of natural gas in the EU reduces the demand for coal. South African coal, which is the EU's current preferred coal, is on a downward trend due to poor demand in the European area. Indian demand is also deafeningly low, with the power industry favouring more domestic coal.

The December 2022 contract has been down to 39% compared to its calendar year high of \$ 349 on 6th Sep 2022 and by a twofold high from the calendar year low of \$ 89 on 3rd Jan 2022.



The price trend is same in the January contract of API4 with prices of the contract decreasing to \$ 207.5 for the week from the last week's closing of \$ 241. The index prices are lower by \$ 34 WoW. The January 2023 contract has been down to 39% compared to its calendar year high of \$ 341 on 6th Sep 2022 and by a twofold high from the calendar year low of \$ 89 on 3rd Jan 2022.





INTERNATIONAL COAL PRICE



THERMAL COAL

Thermal coal prices again dip with a low sentiment from the buyer's market. European coal demand has been decreasing with a stable and sufficient supply of natural gas. Due to that South African coal prices have also seen a downturn. The SA coal prices are down to \$ 200 for FOB RBCT 6000 NAR from \$ 225 last week.

China's domestic coal production is rising and also hit a high in November month at 391 million metric tons (MMT) of coal output. After the removal of covid restrictions from the country and also its Lunar New Year approaching the buying sentiment for imported coal has increased but not to a great extent.

India's domestic coal production has also risen and with a cost advantage in domestic coal, the power producers are a sideline from importing coal.

With moderate activity from China and the Indian market, the prices have been more or less stable for Indonesian coal. Indonesian coal prices have not seen much movement for the week.

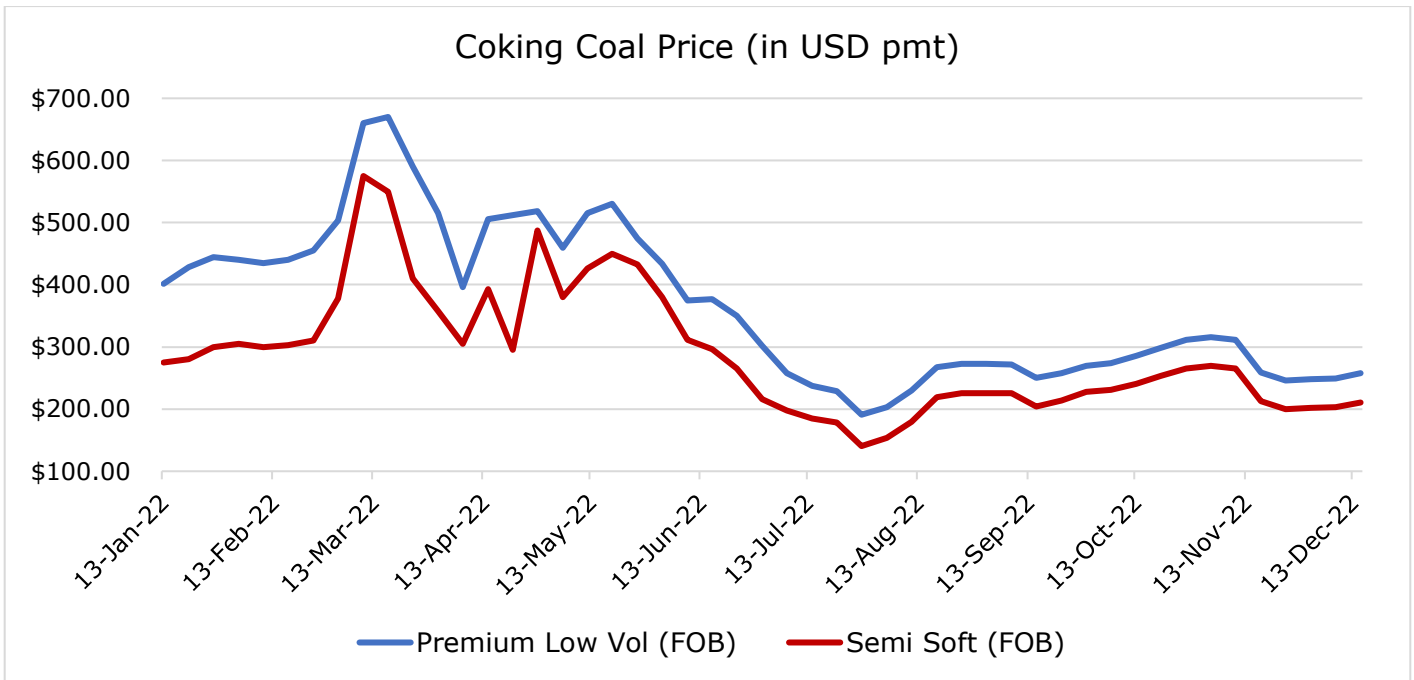
Australian coal has also declined with low demand. AUS 6000 NAR FOB averages \$ 400 for the week with a \$ 10 WoW reduction. Russian coal prices fall to an eight-week low at \$ 180 for RUS 6000 NAR CFR India.

COKING COAL

Coking coal prices edged up with few trades done at higher prices this week. Australian PLV FOB prices climb up to \$ 257.75 from \$ 249.5 last week. Semi-soft has also gained \$ 8 WoW and stands at \$ 211 this week.

Indian demand flourish in the market this week. After the third round of price increases last week, China's coke output has begun to increase. With rising steel billet prices, Chinese steel makers increased restocking, prompting coke producers to increase prices for the fourth time. This week, Chinese purchasers retreated slightly from the seaborne market, preferring to prioritise domestic supplies of coking coal for restocking efforts. Domestic metallurgical coal prices have climbed in advance of the spring festival in January, as has coke output.

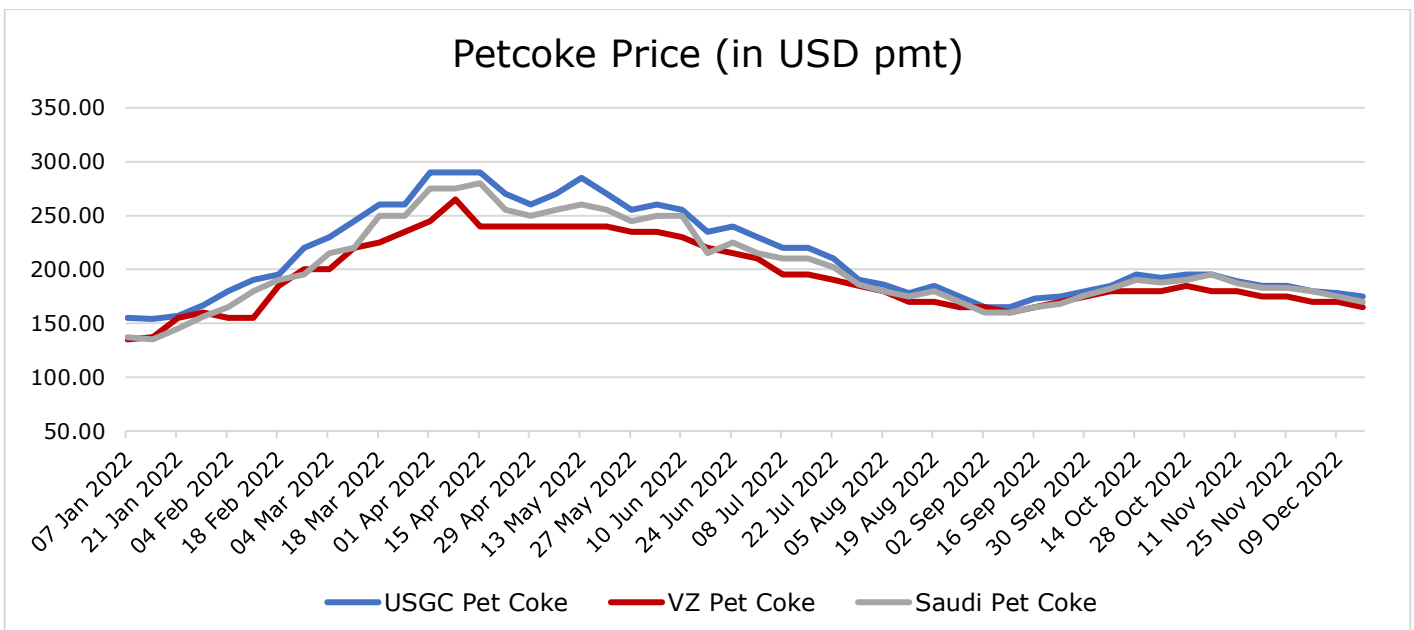
The price of US coking coal however is stable for the week. US Low Vol HCC has seen just \$ 3 rise with a price of \$ 258. Chinese demand again subdues with increasing domestic purchases.



PETCOKE

International petcoke prices have seen a downward turn with muted demand for petcoke especially from its largest user which is the cement industry. USGC, Venezuela and, Saudi-all the origin petcoke have contracted to almost three-month low. The Venezuelan-origin petcoke and Saudi petcoke both saw \$ 5 reduction WoW and averaged \$ 165 and \$ 170 respectively for the week. USGC petcoke averaged \$ 175, with a \$ 3 WoW reduction.

More local supply is anticipated with the Indian plant's activities being resumed in the coming month. However, domestic demand for the cement industry is likely to remain stable. This might increase pressure on imported coal prices to decline further.



WEEKLY AVG INTERNATIONAL PRICE

Grade	Price pmt								
	17-Dec-22	10-Dec-22	WoW Change	16-Nov-22	MoM Change	17-Dec-21	YoY Change	52 Week High	52 Week Low
FOB Richards Bay									
4800 NAR	\$ 115.00	\$ 140.00	(17.86)%	\$ 105.00	9.52 %	\$ 96.00	19.79 %	\$ 320.00	\$ 82.00
5500 NAR	\$ 145.00	\$ 175.00	(17.14)%	\$ 140.00	3.57 %	\$ 123.00	17.89 %	\$ 385.00	\$ 100.00
6000 NAR	\$ 200.00	\$ 225.00	(11.11)%	\$ 192.00	4.17 %	\$ 152.00	31.58 %	\$ 420.00	\$ 124.00
FOB Newcastle									
5500 NAR	\$ 140.00	\$ 135.00	3.70 %	\$ 130.00	7.69 %	\$ 97.00	44.33 %	\$ 280.00	\$ 97.00
6000 NAR	\$ 400.00	\$ 410.00	(2.44)%	\$ 300.00	33.33 %	\$ 180.00	122.22 %	\$ 440.00	\$ 175.00
FOB Indonesia									
6500 GAR	\$ 238.00	\$ 240.00	(0.83)%	\$ 237.00	0.42 %	\$ 150.00	58.67 %	\$ 308.00	\$ 150.00
5800 GAR	\$ 158.00	\$ 160.00	(1.25)%	\$ 160.00	(1.25)%	\$ 124.00	27.42 %	\$ 220.00	\$ 120.00
5000 GAR	\$ 122.00	\$ 120.00	1.67 %	\$ 124.00	(1.61)%	\$ 100.00	22.00 %	\$ 170.00	\$ 93.00
4200 GAR	\$ 94.00	\$ 91.00	3.30 %	\$ 86.00	9.30 %	\$ 66.00	42.42 %	\$ 120.00	\$ 58.00
CFR (SA Coal)									
4800 NAR	\$ 129.50	\$ 155.00	(16.45)%	\$ 121.00	7.02 %	\$ 121.00	7.02 %	\$ 343.00	\$ 101.00
5500 NAR	\$ 159.50	\$ 190.00	(16.05)%	\$ 156.00	2.24 %	\$ 148.00	7.77 %	\$ 408.00	\$ 122.00
6000 NAR	\$ 214.50	\$ 240.00	(10.63)%	\$ 208.00	3.13 %	\$ 177.00	21.19 %	\$ 443.00	\$ 146.00
CFR (Aus Coal)									
5500 NAR	\$ 154.00	\$ 149.50	3.01 %	\$ 146.50	5.12 %	\$ 120.00	28.33 %	\$ 302.50	\$ 120.00
6000 NAR	\$ 414.00	\$ 424.50	(2.47)%	\$ 316.50	30.81 %	\$ 203.00	103.94 %	\$ 460.00	\$ 198.00
CFR (Indonesia Coal)									
6500 GAR	\$ 250.50	\$ 253.00	(0.99)%	\$ 250.00	0.20 %	\$ 171.00	46.49 %	\$ 333.00	\$ 171.00
5800 GAR	\$ 170.50	\$ 173.00	(1.45)%	\$ 173.00	(1.45)%	\$ 145.00	17.59 %	\$ 245.00	\$ 138.00
5000 GAR	\$ 134.50	\$ 133.00	1.13 %	\$ 137.00	(1.82)%	\$ 121.00	11.16 %	\$ 195.00	\$ 111.00
4200 GAR	\$ 106.50	\$ 104.00	2.40 %	\$ 99.00	7.58 %	\$ 87.00	22.41 %	\$ 145.00	\$ 75.00
CFR (Rus Coal)									
5500 NAR	\$ 160.00	\$ 155.00	3.23 %	\$ 160.00	0.00 %			\$ 250.00	\$ 155.00
6000 NAR	\$ 180.00	\$ 185.00	(2.70)%	\$ 192.00	(6.25)%			\$ 300.00	\$ 175.00
CFR (USA Coal)									
6900 NAR	\$ 210.00	\$ 220.00	(4.55)%	\$ 205.00	2.44 %	\$ 200.00	5.00 %	\$ 310.00	\$ 170.00
Petcoke (CFR - India)									
US Origin (6.5% TS)	\$ 175.00	\$ 178.00	(1.69)%	\$ 185.00	(5.41)%	\$ 176.00	(0.57)%	\$ 290.00	\$ 154.00
VZ Origin (5.0% TS)	\$ 165.00	\$ 170.00	(2.94)%	\$ 160.00	3.13 %			\$ 265.00	\$ 135.00
Saudi Origin (8.5% TS)	\$ 170.00	\$ 174.00	(2.30)%	\$ 183.00	(7.10)%	\$ 141.00	20.57 %	\$ 280.00	\$ 135.00



DOMESTIC COAL PRICE

DOMESTIC COAL PRICE (West Coast – India)



The domestic price of imported coal has further seen a decline due to the low demand in the Indian market. As India's domestic coal production hits a record high, the energy sector favours lower-cost domestic supplies over imported coal.

Grade	Price pmt / 00-50 MM / Ex-Plot Port				
	17-Dec-22	10-Dec-22	Change	17-Nov-22	Change
US Origin Coal from Tuna / Kandla (WCI)					
NAPP	₹ 17,000.00	₹ 17,200.00	(1.16)%	₹ 18,500.00	(8.11)%
ILB	₹ 16,500.00	₹ 16,800.00	(1.79)%	₹ 17,500.00	(5.71)%
Indonesian Origin Coal from Tuna / Kandla (WCI)					
5000 GAR	₹ 10,100.00	₹ 10,300.00	(1.94)%	₹ 10,300.00	(1.94)%
4200 GAR	₹ 8,400.00	₹ 8,400.00	0.00 %	₹ 8,600.00	(2.33)%
3800 GAR	₹ 7,900.00	₹ 7,800.00	1.28 %	₹ 7,900.00	0.00 %
3400 GAR	₹ 6,500.00	₹ 6,600.00	(1.52)%	₹ 6,800.00	(4.41)%
Indonesian Origin Coal from Navlakhi (WCI)					
5000 GAR	₹ 10,200.00	₹ 10,300.00	(0.97)%	₹ 10,450.00	(2.39)%
4200 GAR	₹ 8,500.00	₹ 8,500.00	0.00 %	₹ 8,600.00	(1.16)%
3800 GAR	₹ 7,800.00	₹ 7,900.00	(1.27)%	₹ 8,000.00	(2.50)%
3400 GAR	₹ 6,600.00	₹ 6,700.00	(1.49)%	₹ 6,900.00	(4.35)%
South African coal from Kandla (WCI)					
5500 NAR	₹ 16,900.00	₹ 17,400.00	(2.87)%	₹ 15,000.00	12.67 %
Russian coal from Kandla (WCI)					
6000 NAR	₹ 14,500.00	₹ 14,700.00	(1.36)%	₹ 15,600.00	(7.05)%
Price pmt / Screened Plant / Ex-Plot Screening Plant					
Grade / Sized	17-Dec-22	10-Dec-22	Change	17-Nov-22	Change
3400 GAR					
00 - 06 MM	₹ 6,200.00	₹ 6,200.00	0.00 %	₹ 6,900.00	(10.14)%
06 - 20 MM	₹ 8,000.00	₹ 8,000.00	0.00 %	₹ 8,100.00	(1.23)%
20 - 50 MM	₹ 8,200.00	₹ 8,200.00	0.00 %	₹ 8,400.00	(2.38)%
4200 GAR					
00 - 06 MM	₹ 8,500.00	₹ 8,500.00	0.00 %	₹ 8,500.00	0.00 %
06 - 20 MM	₹ 9,900.00	₹ 9,900.00	0.00 %	₹ 9,900.00	0.00 %
20 - 50 MM	₹ 10,000.00	₹ 10,000.00	0.00 %	₹ 10,100.00	(0.99)%
5000 GAR					
00 - 06 MM	₹ 8,200.00	₹ 8,200.00	0.00 %	₹ 9,000.00	(8.89)%
06 - 20 MM	₹ 13,200.00	₹ 13,200.00	0.00 %	₹ 14,000.00	(5.71)%
20 - 50 MM	₹ 13,300.00	₹ 13,300.00	0.00 %	₹ 14,000.00	(5.00)%



ECONOMIC UPDATE

INFLATION

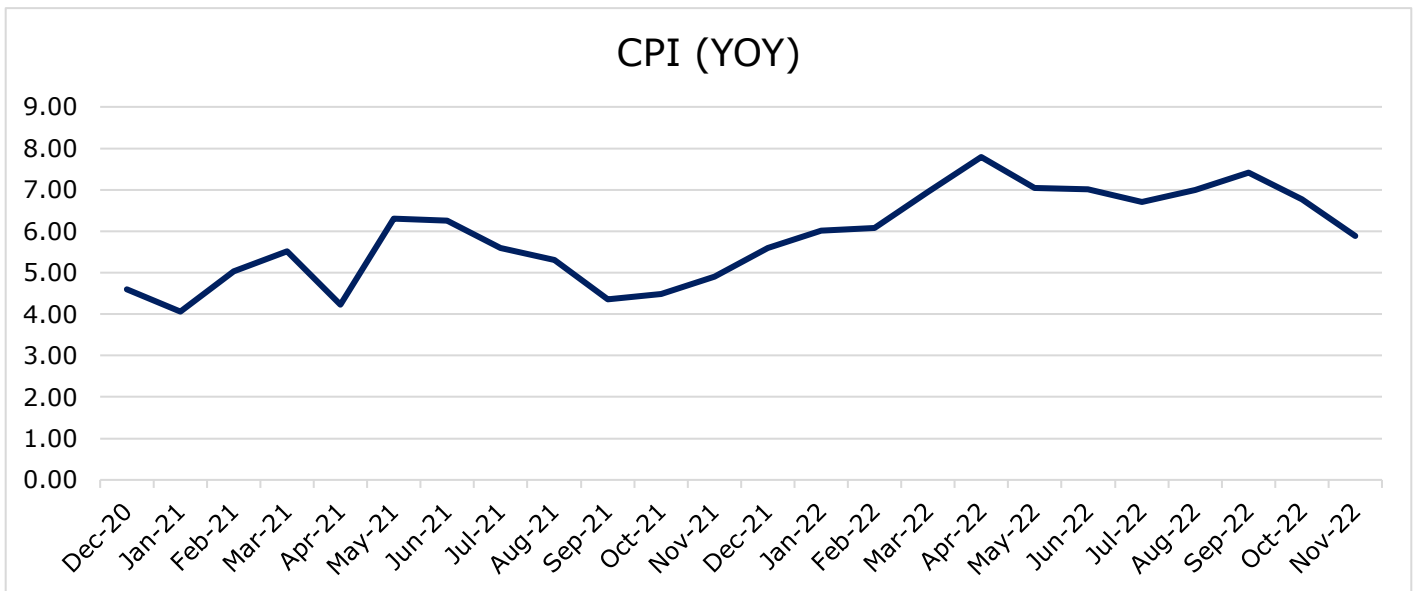
Consumer Price Index(CPI)

Retail inflation in India, as measured by the Consumer Price Index (CPI), fell drastically to an 11-month low of 5.88% on an annual basis in November from 6.77% in October 2022, primarily to lower global commodity prices and higher borrowing costs.

Food inflation, which makes up over half of the CPI basket, was 4.67% in November compared to 7.01% the month before.

Price pressures should be further reduced by declining food and commodity prices globally as well as by a plentiful domestic winter harvest.

The November inflation report was released just a few days after the Monetary Policy Committee of the RBI raised the repo rate by 35 basis points to 6.25% on December 7—the sixth hike in the previous eight months.

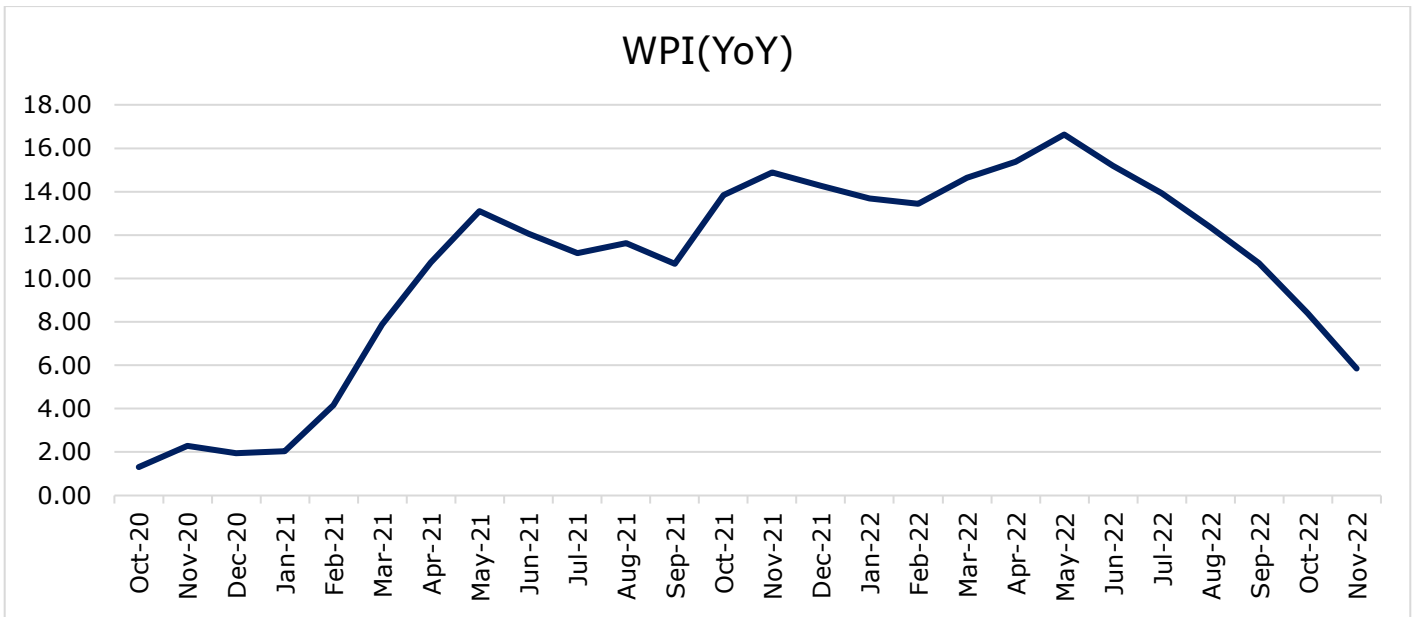


Wholesale Price Index(WPI)

According to official statistics released on Wednesday, India's annual wholesale price-based inflation (WPI) decreased in November to a 21-month low of 5.85 percent year-over-year (YoY). The WPI-based inflation rate for October was 8.39%.

For the second month in a row, the WPI inflation rate has remained below the double-digit mark. Prior to October, it has been more than 10% for 18 consecutive months since April 2021. Based on the WPI Food Index, the rate of inflation dropped from 6.48 percent in October 2022 to 2.17 percent in November 2022.

With a YoY gain of 17.35%, the gasoline and electricity sector saw the highest inflation rates. At 5.52%, primary articles came next. Fuel and Power was the only category to experience a price increase on a month-on-month (MoM) basis. Inflation measured by the WPI was 2.84 percent higher in November than in October. Every other category had negative inflation. The inflation rate for crude oil and natural gas in November over the same period last year was 48.23%.



Source: <https://www.livemint.com/>
<https://tradingeconomics.com/india/inflation-cpi>
<https://tradingeconomics.com/india/producer-prices-change>

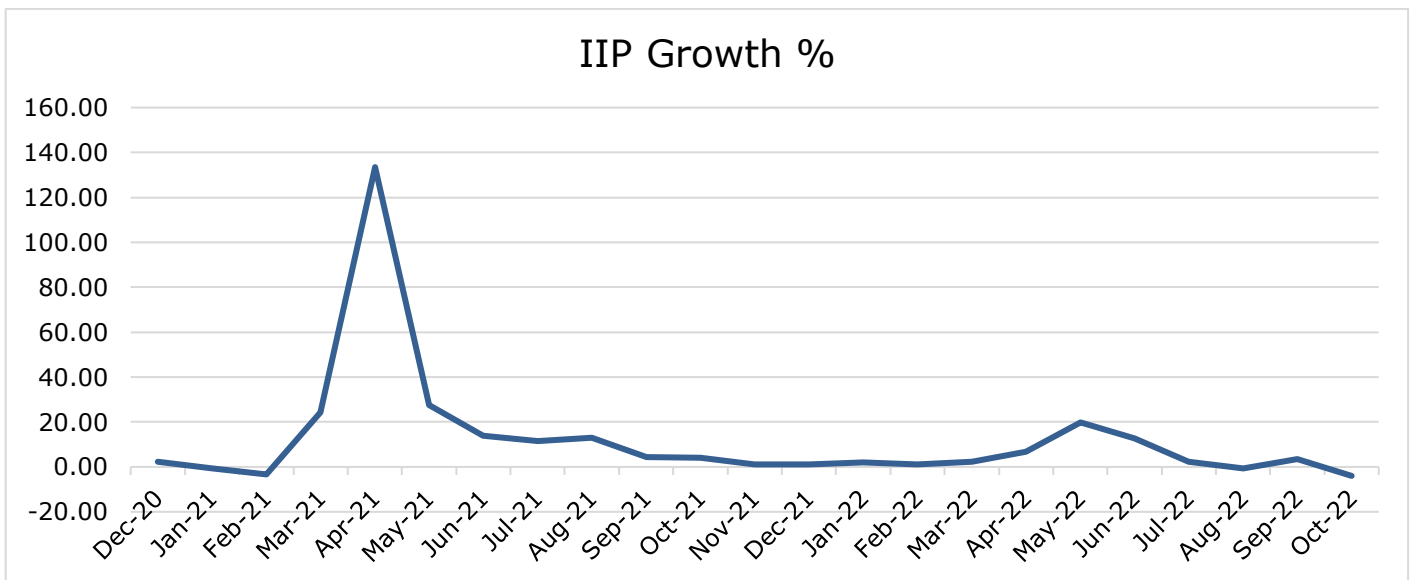
INDEX OF INDUSTRIAL PRODUCTION (IIP)

According to figures issued by the Ministry of Statistics and Programme Implementation on December 12, India's industrial production, as measured by the Index of Industrial Production (IIP), fell by 4% in October.

The most recent data indicates that industrial growth is back below zero after just one month, with production rising by 3.5% in September. In August, industrial production dropped by 0.7%. The Indian economy has not performed this poorly in more than two years.

Manufacturing had the worst month in October, with production falling by 5.6 percent. Meanwhile, mining and power grew by 2.5 percent and 1.2 percent, respectively. According to use-based categorization, four of the six commodities contracted in October increased YoY. Consumer durables and non-durables suffered the most, with production falling by double digits.

India's industrial output increased 5.3 percent YoY in April-October 2022, down from 20.5 percent in the first seven months of FY22.



Source: <https://tradingeconomics.com/india/industrial-production>



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