



**WEEKLY PRICE UPDATE**  
**19-Nov-2022**

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# **INTERNATIONAL FUTURE COAL PRICE**

## API2: PRICES EDGED UP IN THE ANTICIPATION OF COLDER WEATHER

API2 future contract prices of November month as expected bounce back amid cooler weather and increased supply tension following the closure of one of Equinor's gas processing rigs in the Norwegian sea due to a fire. Due to supply disruptions, European natural gas prices have continued to rise, and the plant was anticipated to reopen this week. Supply risk from the EU's primary suppliers, such as South Africa, Australia, and Indonesia, is also exerting pressure on coal delivery prices to the EU.

The API2 contract with upward correction of \$ 17 closed at \$ 210. The contract closed at \$ 193 last week. The prices ranging back but still eight month low. The November 2022 contract hit a high of \$ 387 on 22<sup>nd</sup> Aug 2022 and a low of \$ 92 on 31<sup>st</sup> Dec 2021.



The API2 future December contract again jump to \$ 218 after experiencing a sharp fall last week. The contract prices gain \$ 35 from its previous closing of \$ 183.30. However, the prices are still eight month low. The inquiries for spot deals are still silent but future rates are rising in expectation of colder weather, an increase in natural gas costs, and a shortage of coal supply from its key suppliers.

The December 2022 contract hit a high of \$ 379 on 22<sup>nd</sup> Aug 2022 and a low of \$ 91 on 31<sup>st</sup> Dec 2021.



## API4: SUPPLY CONCERNS SUPPORTED PRICE RISE

API4 futures price for the November contract fell by \$ 18 due to RBCT's limited supply. The contract closed at \$ 201 week ended on Friday, up from \$ 183 last week. Because of transportation issues in South Africa, supplies for exports is constrained. Transnet's North Corridor, the lone rail route connecting South Africa's key coal resources with RBCT, has been closed since a 97-wagon train crashed on November 8 in Nhlazatshe, near Ulundi. Few purchasers, including India and Pakistan, keep a close watch on the price of coal from South Africa. Although EU demand is currently low, SA can retake the Asian market if supply problems are quickly overcome.

The November 2022 contract touched above \$ 357 on 6<sup>th</sup> Sep 2022 and low at \$ 90 on 31<sup>st</sup> Dec 2021.





# **INTERNATIONAL COAL PRICE**

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## **THERMAL COAL**

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On the one hand, supply worries are arising in the thermal coal market from large exporters such as Indonesia, Australia, and South Africa, while demand from top importers like Indian, China is subdued. Asian thermal coal prices were under pressure during the week that concluded on Friday due to weak demand fundamentals.

Rains and logistical problems made supply from Australia and Indonesia scarce, but demand remained low. During the winter, Russian supplies from the Pacific are anticipated to become more limited, but supply from the Baltic region are likely to continue.

In China, warm temperatures and a sluggish economy were thought to be dampening seaborne demand. With domestic supplies stable and seaborne coal demand sluggish over the winter months, Indian customers have remained mute.

South Africa facing transportation issue due to the repairs in rail lines. The reduction in RBCT inventories has led to a week-long surge in SA coal prices. Asian buyers are keeping an eye on SA coal with anticipation of price reduction.

## **COKING COAL**

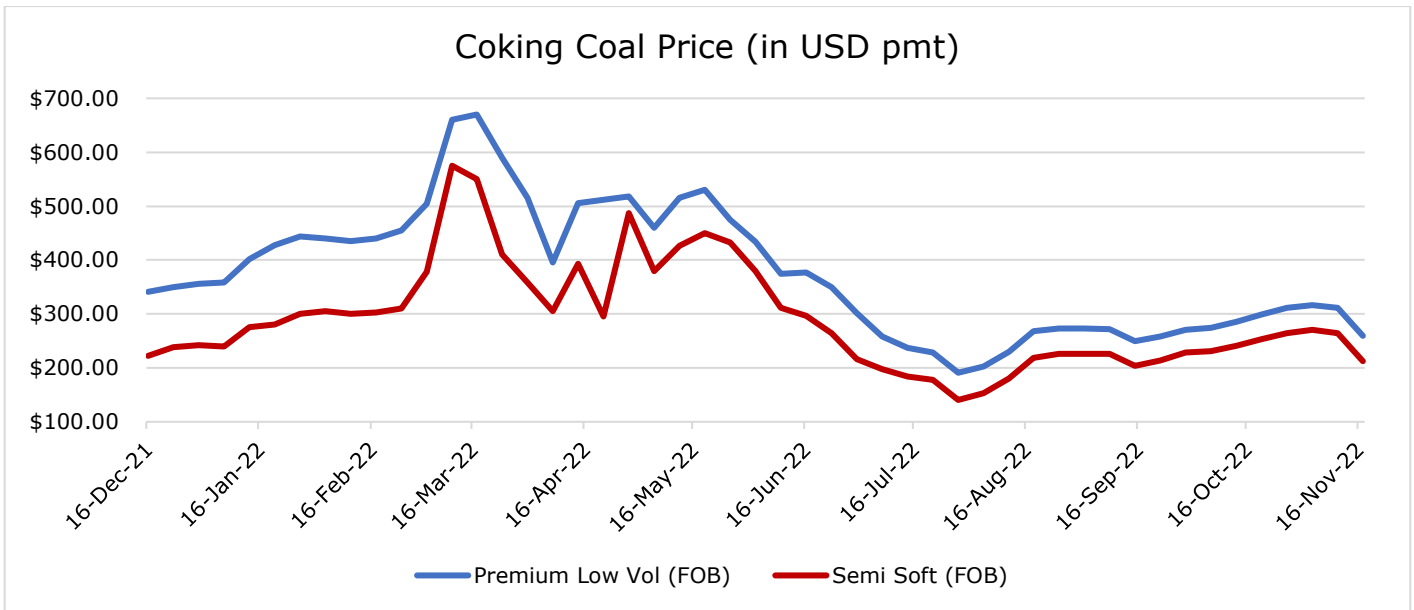
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Since last week, coking coal prices have decreased. The cost of coking coal has significantly decreased during the week. Australian PLV FOB price reduces to \$ 259 from \$ 311 last week. The semi-soft coal with \$ 52 week on week discount stood at \$ 213.

Globally, steel margins are decreasing. The demand for coking coal is essentially non-existent due to poor margin. Thus, prices are falling despite supply-side shortages.

Despite poor margins and a recession, the Indian steel industry is exhibiting hints of expansion. The Indian government's most recent announcement about export taxes has relieved pressure on the steel industry. According to the steel ministry's suggestion, the Indian Finance Ministry has announced a decrease in export taxes on iron ore and steel.

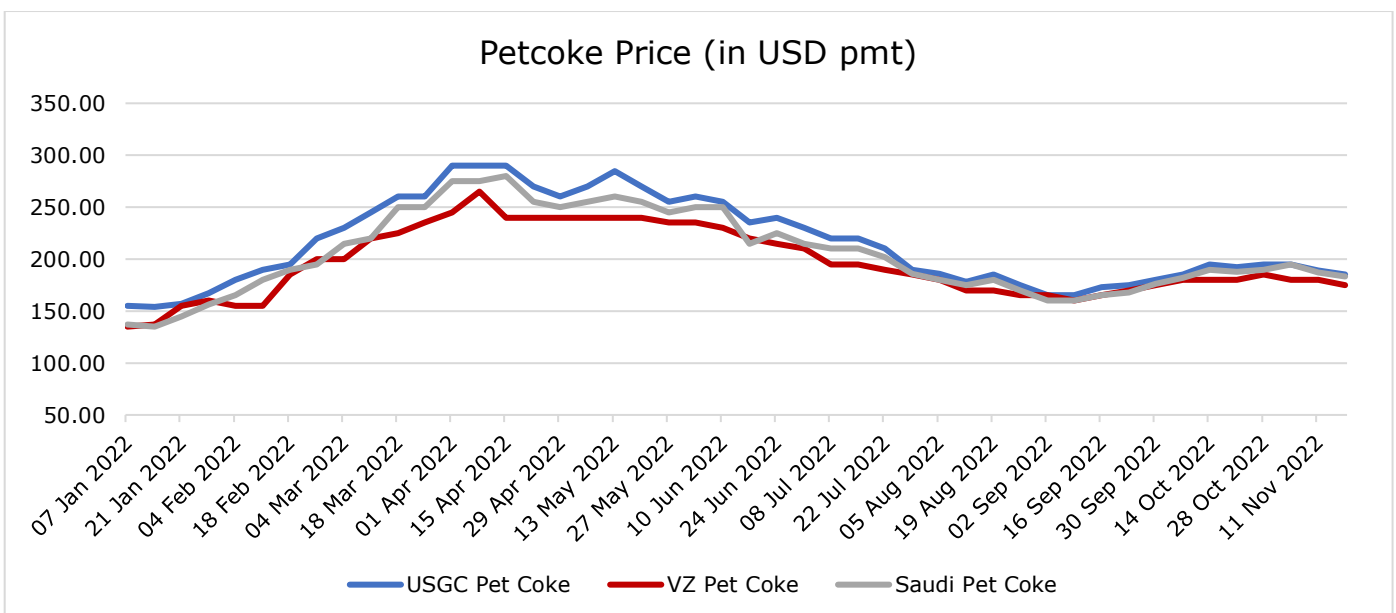
US coking coal also edged down with decline in Australian prices. Low Vol HCC decline to \$ 259 from \$ 298. High vol A and B reduced by almost \$ 40 week on week.



## PETCOKE

Petcoke prices almost come down to one month low with reducing thermal coal prices globally. International prices for petcoke for CFR basis averages \$ 185 for USGC petcoke with \$ 4 WoW reduction. Saudi petcoke at \$ 183 with \$ 4 WoW decline. Venezuela-origin petcoke prices reduces to two month low at \$ 175.

Due to a lack of demand from China, US petcoke consumption was suppressed. Petcoke demand from India was also quiet during the week due to the high prices of petcoke. Cement manufacturers in India are expecting a price fall in petcoke with decline in thermal coal prices. However, supply constraints caused by plant shutdowns are supporting prices.





## WEEKLY AVG INTERNATIONAL PRICE

Grade	Price pmt								
	19-Nov-22	12-Nov-22	WoW Change	19-Oct-22	MoM Change	19-Nov-21	YoY Change	52 Week High	52 Week Low
<b>FOB Richards Bay</b>									
4800 NAR	\$ 105.00	\$ 85.00	23.53 %	\$ 112.00	(6.25)%	\$ 86.00	22.09 %	\$ 320.00	\$ 73.00
5500 NAR	\$ 140.00	\$ 125.00	12.00 %	\$ 155.00	(9.68)%	\$ 115.00	21.74 %	\$ 385.00	\$ 100.00
6000 NAR	\$ 192.00	\$ 175.00	9.71 %	\$ 245.00	(21.63)%	\$ 140.00	37.14 %	\$ 420.00	\$ 124.00
<b>FOB Newcastle</b>									
5500 NAR	\$ 130.00	\$ 135.00	(3.70)%	\$ 150.00	(13.33)%	\$ 96.00	35.42 %	\$ 280.00	\$ 93.00
6000 NAR	\$ 300.00	\$ 310.00	(3.23)%	\$ 385.00	(22.08)%	\$ 152.00	97.37 %	\$ 440.00	\$ 152.00
<b>FOB Indonesia</b>									
6500 GAR	\$ 237.00	\$ 235.00	0.85 %	\$ 250.00	(5.20)%	\$ 148.00	60.14 %	\$ 308.00	\$ 145.00
5800 GAR	\$ 160.00	\$ 160.00	0.00 %	\$ 172.00	(6.98)%	\$ 127.00	25.98 %	\$ 220.00	\$ 120.00
5000 GAR	\$ 124.00	\$ 126.00	(1.59)%	\$ 130.00	(4.62)%	\$ 107.00	15.89 %	\$ 170.00	\$ 93.00
4200 GAR	\$ 86.00	\$ 87.00	(1.15)%	\$ 92.00	(6.52)%	\$ 72.00	19.44 %	\$ 120.00	\$ 58.00
<b>CFR (SA Coal)</b>									
4800 NAR	\$ 121.00	\$ 101.00	19.80 %	\$ 134.50	(10.04)%	\$ 108.00	12.04 %	\$ 343.00	\$ 99.00
5500 NAR	\$ 156.00	\$ 141.00	10.64 %	\$ 177.50	(12.11)%	\$ 137.00	13.87 %	\$ 408.00	\$ 122.00
6000 NAR	\$ 208.00	\$ 191.00	8.90 %	\$ 264.50	(21.36)%	\$ 162.00	28.40 %	\$ 443.00	\$ 146.00
<b>CFR (Aus Coal)</b>									
5500 NAR	\$ 146.50	\$ 152.00	(3.62)%	\$ 171.50	(14.58)%	\$ 116.00	26.29 %	\$ 302.50	\$ 116.00
6000 NAR	\$ 316.50	\$ 327.00	(3.21)%	\$ 406.50	(22.14)%	\$ 172.00	84.01 %	\$ 460.00	\$ 172.00
<b>CFR (Indonesia Coal)</b>									
6500 GAR	\$ 250.00	\$ 249.50	0.20 %	\$ 269.00	(7.06)%	\$ 166.00	50.60 %	\$ 333.00	\$ 165.00
5800 GAR	\$ 173.00	\$ 174.50	(0.86)%	\$ 191.00	(9.42)%	\$ 145.00	19.31 %	\$ 245.00	\$ 138.00
5000 GAR	\$ 137.00	\$ 140.50	(2.49)%	\$ 149.00	(8.05)%	\$ 125.00	9.60 %	\$ 195.00	\$ 111.00
4200 GAR	\$ 99.00	\$ 101.50	(2.46)%	\$ 111.00	(10.81)%	\$ 90.00	10.00 %	\$ 145.00	\$ 75.00
<b>CFR (Rus Coal)</b>									
5500 NAR	\$ 160.00	\$ 155.00	3.23 %	\$ 160.00	0.00 %			\$ 250.00	\$ 155.00
6000 NAR	\$ 192.00	\$ 190.00	1.05 %	\$ 185.00	3.78 %			\$ 300.00	\$ 175.00
<b>CFR (USA Coal)</b>									
6900 NAR	\$ 205.00	\$ 201.00	1.99 %	\$ 240.00	(14.58)%	\$ 255.00	(19.61)%	\$ 310.00	\$ 170.00
<b>Petcoke (CFR - India)</b>									
US Origin (6.5% TS)	\$ 185.00	\$ 189.00	(2.12)%	\$ 192.00	(3.65)%	\$ 200.00	(7.50)%	\$ 290.00	\$ 154.00
VZ Origin (5.0% TS)	\$ 175.00	\$ 180.00	(2.78)%	\$ 160.00	9.38 %			\$ 265.00	\$ 135.00
Saudi Origin (8.5% TS)	\$ 183.00	\$ 187.00	(2.14)%	\$ 188.00	(2.66)%	\$ 190.00	(3.68)%	\$ 280.00	\$ 135.00





# **DOMESTIC COAL PRICE**

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## DOMESTIC COAL PRICE (West Coast – India)



Since there is no demand for seaborne coal in the nation and consumers favour domestic coal that is available consistently and is affordable, the domestic prices of imported coal continue to fall. The price of thermal coal is also falling internationally, which has an impact on domestic pricing.

Grade	Price pmt / 00-50 MM / Ex-Plot Port				
	19-Nov-22	12-Nov-22	Change	20-Oct-22	Change
<b>US Origin Coal from Tuna / Kandla (WCI)</b>					
NAPP	₹ 18,800.00	₹ 18,500.00	1.62 %	₹ 20,400.00	(7.84)%
ILB	₹ 17,700.00	₹ 17,500.00	1.14 %	₹ 19,000.00	(6.84)%
<b>Indonesian Origin Coal from Tuna / Kandla (WCI)</b>					
5000 GAR	₹ 10,250.00	₹ 10,300.00	(0.49)%	₹ 11,000.00	(6.82)%
4200 GAR	₹ 8,500.00	₹ 8,600.00	(1.16)%	₹ 9,000.00	(5.56)%
3800 GAR	₹ 7,900.00	₹ 7,900.00	0.00 %	₹ 8,000.00	(1.25)%
3400 GAR	₹ 6,700.00	₹ 6,800.00	(1.47)%	₹ 6,900.00	(2.90)%
<b>Indonesian Origin Coal from Navlakhi (WCI)</b>					
5000 GAR	₹ 10,300.00	₹ 10,450.00	(1.44)%	₹ 10,800.00	(4.63)%
4200 GAR	₹ 8,500.00	₹ 8,600.00	(1.16)%	₹ 9,000.00	(5.56)%
3800 GAR	₹ 7,900.00	₹ 8,000.00	(1.25)%	₹ 8,000.00	(1.25)%
3400 GAR	₹ 6,900.00	₹ 6,900.00	0.00 %	₹ 7,100.00	(2.82)%
<b>South African coal from Kandla (WCI)</b>					
5500 NAR	₹ 15,500.00	₹ 15,000.00	3.33 %	₹ 17,000.00	(8.82)%
<b>Russian coal from Kandla (WCI)</b>					
6000 NAR	₹ 15,500.00	₹ 15,600.00	(0.64)%	₹ 15,800.00	(1.90)%
<b>Price pmt / Screened Plant / Ex-Plot Screening Plant</b>					
Grade / Sized	19-Nov-22	12-Nov-22	Change	20-Oct-22	Change
<b>3400 GAR</b>					
00 - 06 MM	₹ 6,900.00	₹ 6,900.00	0.00 %	₹ 6,800.00	1.47 %
06 - 20 MM	₹ 8,000.00	₹ 8,100.00	(1.23)%	₹ 8,600.00	(6.98)%
20 - 50 MM	₹ 8,400.00	₹ 8,400.00	0.00 %	₹ 8,200.00	2.44 %
<b>4200 GAR</b>					
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 %	₹ 10,000.00	(1.00)%
20 - 50 MM	₹ 10,100.00	₹ 10,100.00	0.00 %	₹ 10,200.00	(0.98)%
<b>5000 GAR</b>					
00 - 06 MM	₹ 9,000.00	₹ 9,000.00	0.00 %	₹ 9,000.00	0.00 %
06 - 20 MM	₹ 13,900.00	₹ 14,000.00	(0.71)%	₹ 14,300.00	(2.80)%
20 - 50 MM	₹ 14,000.00	₹ 14,000.00	0.00 %	₹ 14,400.00	(2.78)%



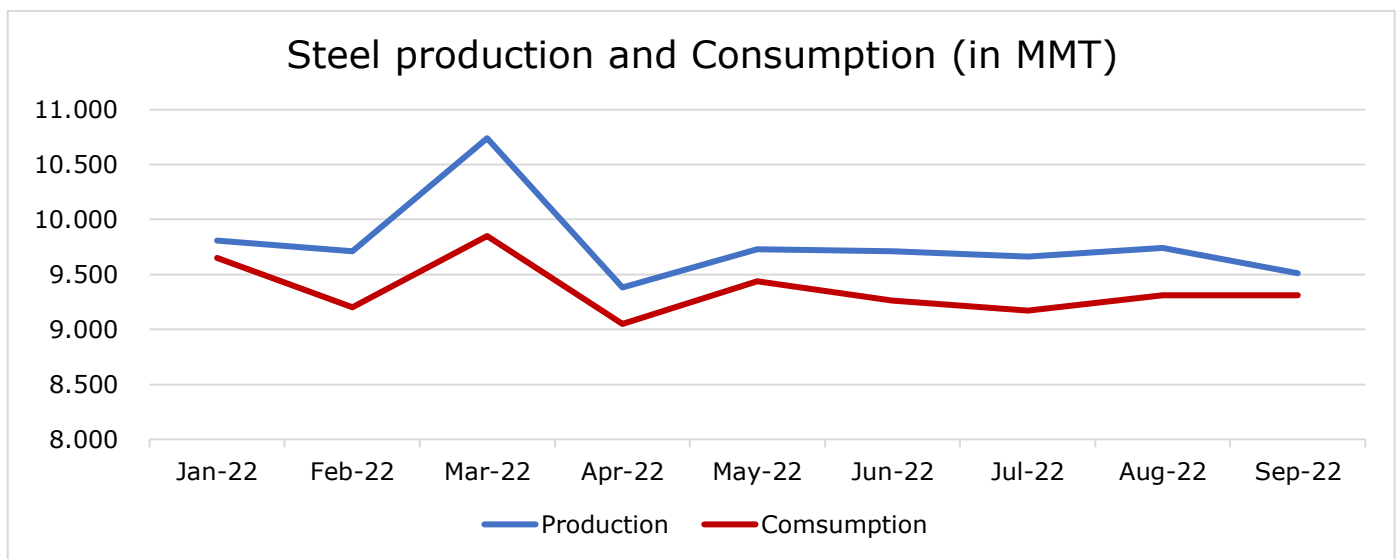
# **ECONOMIC UPDATE**

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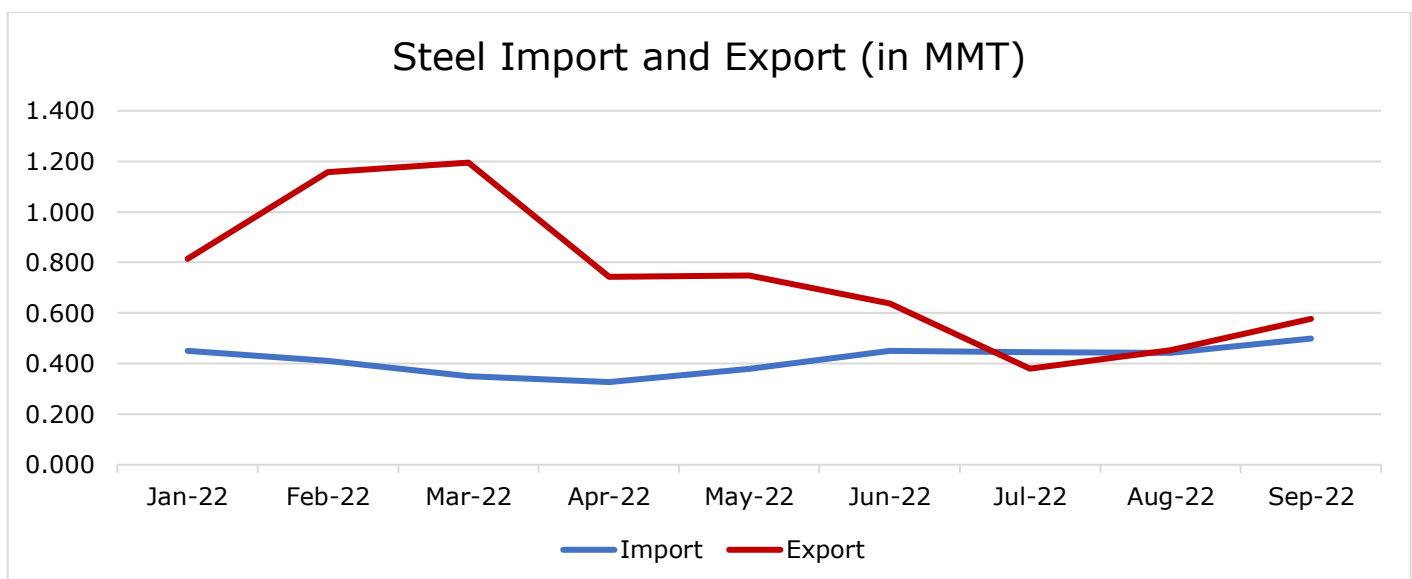
## STEEL PRODUCTION

The first half of the fiscal year 2022–23 or April–September 2022, saw the steel sector prosper well. The cumulative output of crude, at 61.45 MT, finished steel, at 57.84 MT, and consumption of finished steel, at 55.21 MT, were all greater during H1 FY23 than they were during H1: FY22, by 6.8%, 7.2%, and 11.1%, respectively.

The monthly production and consumption show an overall upward trend with month-to-month variations and show that September 22 saw an increase in both crude steel output and consumption above August's respective levels. However, finished steel output fell in September 22 above corresponding levels in August 22.



Production of crude steel in September 22 at 10.22 MT increased by 5.3% over last year and by 0.1% month on month. Production of finished steel in September 22 at 9.51 MT increased by 1.9% compared to last year but declined by 2.1% MoM. Consumption of finished steel in September 22 at 9.31 MT increased by 10.1% YoY and by 0.1% MoM.





Export of finished steel in September 22 at 0.577 MT increased by 27.1% MoM but registered a decline of 57.4% YoY, while import at 0.499 MT increased by 12.9% MoM and by 21.9% YoY.

The steel industry this week get a positive news with Indian Finance Ministry's announcement of reduction in iron ore & steel export duties based on the recommendation of ministry of steel.

Import/Export duties has been altered as follows:

Iron ore Lumps and Fines <58% Fe will have Nil Export duty. Iron ore Lumps and Fines >58% Fe will have now reduced by 30% Export duty. Exports of iron ore pellets will attract nil export duty. Exports of pig iron and steel products classified under HS 7201, 7208, 7209, 7210, 7213, 7214, 7219, 7222 & 7227 will attract nil export duty and Anthracite/PCI & coking coal and ferronickel will attract import duty of 2.5%

The duties were imposed in May 2022 and was removed as per above instruction from 19<sup>th</sup> Nov, 2022. The measures will provide a fillip to the domestic steel industry and boost exports. Duty withdrawal has been initiated at a time when India's steel exports dipped 66 per cent in October – the highest for this fiscal.

The steel industry did get relief in export duties, however the imposition of import duty on PCI & coking coal- a major raw material of steel production make them disappointed.

## INFLATION

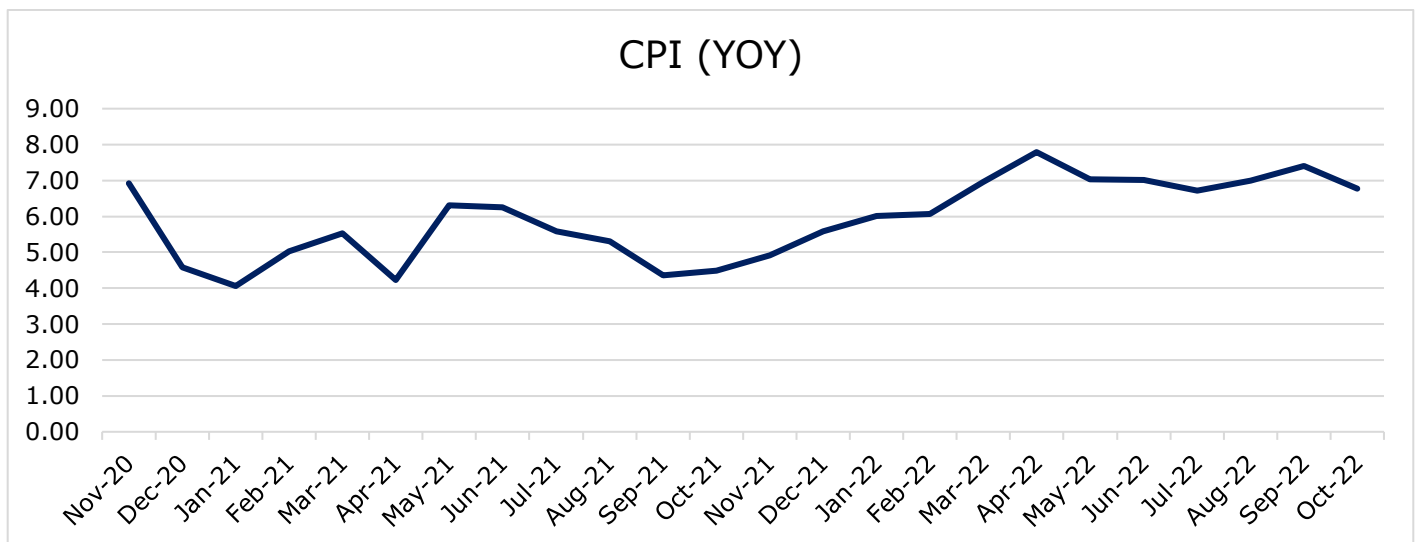
### Consumer Price Index

Consumer Price Index (CPI) data from India show that retail inflation dropped to a three-month low of 6.77 percent in October. For the month of September, retail inflation was 7.41%. The CPI remained over the Reserve Bank of India's (RBI) upper limit of 6% for the 10th straight month, although slowing to a three-month low.

Overall food inflation, which makes up over half of the CPI basket, was 7.01% in October compared to 8.60% the month before.

Retail inflation in October of last year was 4.48%, which the RBI takes into account when determining its recurring monetary policy.

Relief has been provided by the CPI inflation rate's decline to a figure below 7% in October 2022, which only slightly above forecasts (6.7%) and showed a strong sequential deceleration from 7.4% in the previous month.

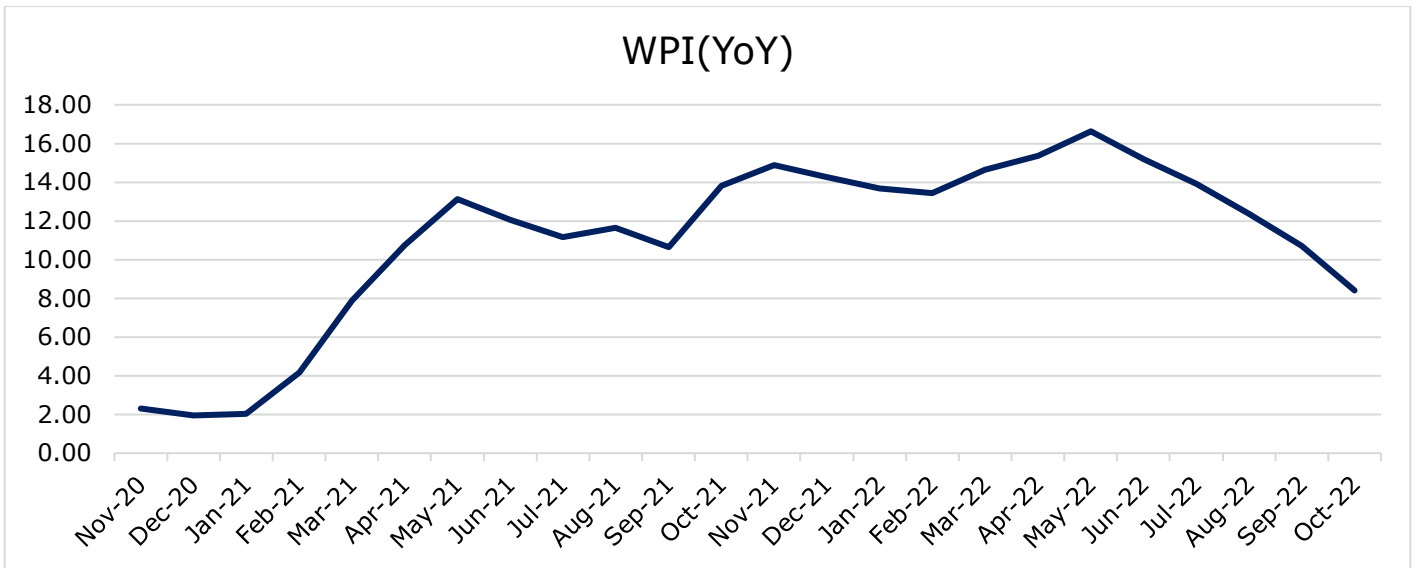


### Wholesale Price Index

The nation's wholesale inflation decreased from 10.70% in September to 8.39% in October. For the first time since March 2021, when it was 7.89%, wholesale inflation has fallen below the double-digit threshold.

According to the report, the market for food products decreased to 8.33 percent in October. This was down from the previous month's 11.03%. The lowering of the costs of fruits, vegetables, milk, potatoes, onions, and potatoes is what is responsible for the month-over-month relaxing.

Vegetable prices decreased to 17.61% last month from 39.66% in September. Prices for potatoes decreased to 44.97% from 49.79% a month earlier, and those for onions decreased to (-)30.02% in October from (-)20.96% in September. According to the report, milk prices decreased to 5.53 percent last month from 5.55 percent while fruit prices decreased to 0.23 percent last month from 4.51 percent in September.



On the other hand, the cost of cereals increased sharply from 11.91% in September to 12.03% last month.

The fuel and electricity category decreased from 32.61 percent in September to 23.17 percent. The cost of LPG decreased to 4.82 percent from 8.45 percent one month earlier, the cost of HSD (High-Speed Diesel) fell to 43.05 percent from 65.96 percent, and the cost of gasoline decreased to 25.02 percent from 40.38 percent. From 6.34 percent a month earlier, the manufactured products section slipped to 4.42 percent in October.

Source: <https://tradingeconomics.com/india/inflation-cpi>  
<https://tradingeconomics.com/india/producer-prices-change>  
<https://indianexpress.com/article/business/economy/india-october-2022-wpi-wholesale-inflation-commerce-ministry-data-8267079/>



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