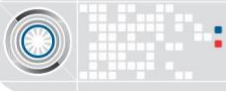


**WEEKLY  
PRICE UPDATE**  
07-JAN-2023

**Coal & Coke**

# **INTERNATIONAL FUTURE COAL PRICE**



## API2: PRICES SINK ON THE BACK OF SUFFICIENT STORAGE AND WARM WEATHER

The January contract of API2 hit a ten-month low with the warmest weather in history and reduced natural gas future prices. The price of the API2 contract hit the low of \$ 171.85 this week, which closed around \$ 191 last week, a \$ 19 week-on-week (WoW) price decrease. The January 2023 contract has been down to 54% compared to the previous year high of \$ 370 on 22<sup>nd</sup> Aug 2022 and to 93% high from the previous year low of \$ 89 on 3<sup>rd</sup> Jan 2022.

Dutch TTF natural gas futures Feb contract trading at the same level it was trading at last year, almost hitting pre-war contract prices as on 6<sup>th</sup> Jan 2023 was Euro 69.5/MWh. The prices are largely supported by the EU's weather which comes as a boon this year. The new year and the week succeeding weather was warmer than normal due to the gas storage level did not deplete much. The current storage level is maintained at 80% in the EU. With good gas storage, its future prices are declining. The coal stock at ARA is also full and coal production in the region has increased, which has reduced the pressure on prices.

However, while a full-fledged European gas crisis is unlikely to occur this winter, market participants are concerned about the winter of 2023, with TTF gas future prices for the first quarter of 2024 sitting at \$ 80, which is \$ 10 higher than the current price level. Traders are afraid that once China's economy reopens with the end of its zero-covid policies, Europe would struggle to acquire the same quantity of LNG, which is delivered by sea on massive tankers.





The February month contract of API2 also with a \$ 20 WoW reduction from 190.15 stands at \$ 170.40 this week. The prices are down to a 10-month low with the stable condition of the EU's natural gas and coal stock. The Feb 2023 contract has been down to 53% compared to the previous year high of \$ 362 on 22<sup>nd</sup> Aug 2022 and to an 87% high from the previous year low of \$ 91 on 3<sup>rd</sup> Jan 2022.



## API4: DWINDLING DEMAND FOR SA COAL POSES A CHALLENGE TO PRICES

South African coal prices are on verge of decline with silent market demand all around the world. The RBCT coal export future price referred to as API4 closed with a negative sentiment of \$ 171.35, an \$ 18 WoW reduction, and a ten-month low price level. Last week's contract closed at \$ 188.65. The January 2023 contract has been down to 50% compared to the previous year high of \$ 341 on 6<sup>th</sup> Sep 2022 and by 93% high from the previous year low of \$ 89 on 3<sup>rd</sup> Jan 2022.

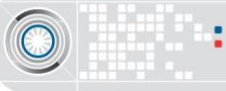
The EU was capturing the SA cargoes to a great extent, but due to good storage at ARA demand is muted from there. India and Pakistan also have reduced purchases from SA, which was once the highest importer of SA coal. The overall coal market has been corrected this week because of low market activity. The prices are also under pressure due to increased supply coming from Russia and Mozambique.



The Feb contract of API4 touched the lowest in ten months at \$ 168.20 for the week. The contract declined by \$ 17 WoW. last week's closing price of the contract was \$ 185.35. The Feb 2023 contract has been down to 50% compared to the previous year high of \$ 334 on 6<sup>th</sup> Sep 2022 and by 89% high from the previous year low of \$ 89 on 3<sup>rd</sup> Jan 2022.



# **INTERNATIONAL COAL PRICE**



## **THERMAL COAL**

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The thermal coal market remains more to bearish side with many grades of coal trading at the pre-war level. However, the prices of thermal coal are still higher than pre-covid level. The market is still quiet after the new year also with no particular buying activity noted.

European region filled with good storage of natural gas and coal not making any inquiries for future deliveries. SA coal which was shifted to the EU not finding any buyers touched a year low at \$ 174 for FOB RBCT 6000 NAR. Sa coal's other major buyers like India and Pakistan have also turned their back due to low demand and getting coal at competitive prices elsewhere.

Indonesian high CV price touched \$ 227 which was last seen in February month of last year. Chinese and Indian demand is weak for all grades of Indonesian coal. Indian domestic production is touching historical highs, and Indian power plants considering domestic coal over imported. Chinese Lunar new year is approaching, they have also reduced seaborne coal procurement.

The other origin coal prices have declined, however, the Australian high CV coal has seen a rise WoW again touching the \$ 400 price level due to improvement in China-AUS trade relations. Russian prices also touched the pre-war level at \$ 170 for 6000 NAR CFR India.

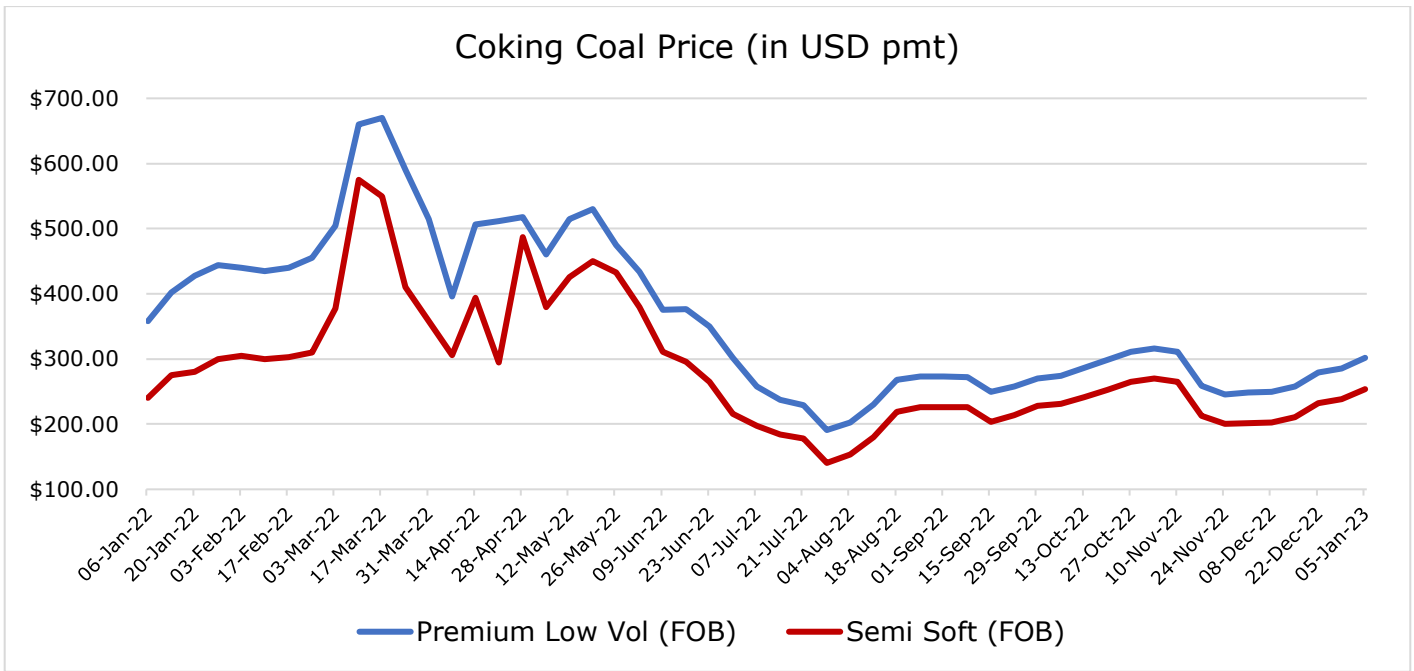
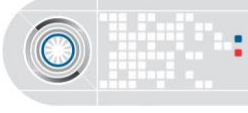
## **COKING COAL**

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Coking coal prices again touched the \$ 300 mark with the market reacting to the opening of the Chinese ban on Australian coal. Australian PLV FOB which was once highly preferred by Chinese players increased to \$ 302 from \$ 285 last week. Semi-soft also gain \$ 16 WoW and closed at \$ 254.

The coking coal market was upbeat on news from China that it will allow four companies to import Australian coal. The strengthening of bilateral relations between the two countries is projected to benefit both. Australian prime low-volatility (PLV) hard coking coal was in great demand in China, particularly for blending with local high-ash, high-sulphur coals. Australia was previously China's largest importer, but its proportion has declined to owe to China's unofficial embargo on Australian products, particularly coal, in the second half of 2020. If the prohibition is lifted, Australia will be able to re-enter the market, although China has its reason to recommence coal imports after a severe drought limited hydropower last year, leading to a depletion of fossil fuel reserves.

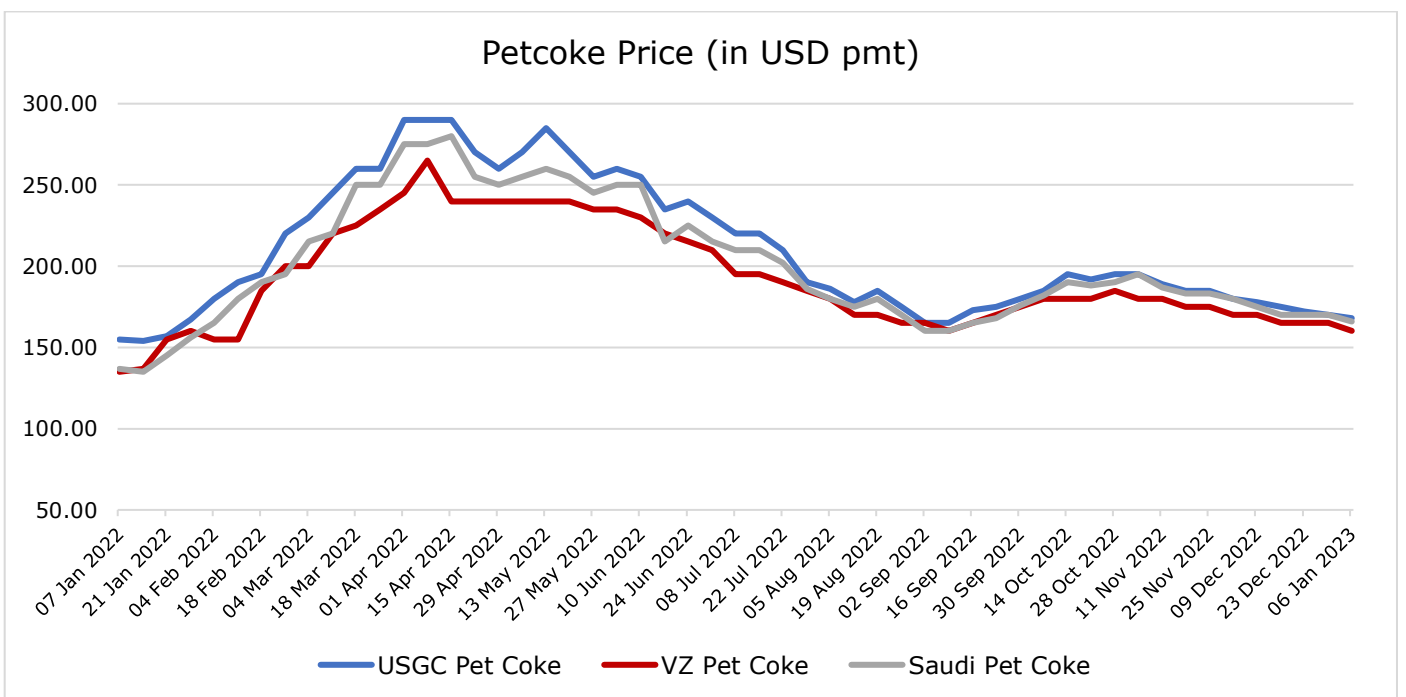
With Asian coking coal prices seeing a rise US coking coal also head the north. Low Vol HCC rise to \$ 284, a \$ 12 WoW increase. High Vol A and B surge by \$ 8-9 WoW at \$ 280 and \$ 278 respectively.



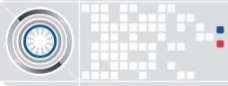
## PETCOKE

International petcoke prices are further seen downward with a correction in the thermal coal market. USGC and Saudi petcoke prices touched four-month lows at \$ 168 and \$ 166 respectively. Week-on-week reduction for USGC and Saudi petcoke at \$ 2 and \$ 4. Venezuela-origin petcoke prices touched a four-month low price level at \$ 160 with a \$ 5 WoW reduction.

The international petcoke prices have also reduced with a decline in Indian domestic petcoke prices. The coal market is in decline, with thermal coal prices approaching pre-war levels. Considering thermal coal, petcoke prices have not seen much decline which is still supported by a positive cement outlook.

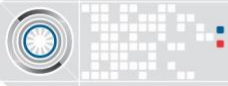






## WEEKLY AVG INTERNATIONAL PRICE

Grade	Price pmt								
	07-Jan-23	31-Dec-22	WoW Change	07-Dec-22	MoM Change	07-Jan-22	YoY Change	52 Week High	52 Week Low
<b>FOB Richards Bay</b>									
4800 NAR	\$ 95.00	\$ 102.00	(6.86)%	\$ 140.00	(32.14)%	\$ 95.00	0.00 %	\$ 320.00	\$ 85.00
5500 NAR	\$ 122.00	\$ 132.00	(7.58)%	\$ 175.00	(30.29)%	\$ 119.00	2.52 %	\$ 385.00	\$ 119.00
6000 NAR	\$ 174.00	\$ 180.00	(3.33)%	\$ 225.00	(22.67)%	\$ 140.00	24.29 %	\$ 420.00	\$ 140.00
<b>FOB Newcastle</b>									
5500 NAR	\$ 130.00	\$ 133.00	(2.26)%	\$ 135.00	(3.70)%	\$ 110.00	18.18 %	\$ 280.00	\$ 110.00
6000 NAR	\$ 400.00	\$ 395.00	1.27 %	\$ 410.00	(2.44)%	\$ 195.00	105.13 %	\$ 440.00	\$ 195.00
<b>FOB Indonesia</b>									
6500 GAR	\$ 227.00	\$ 230.00	(1.30)%	\$ 240.00	(5.42)%	\$ 155.00	46.45 %	\$ 308.00	\$ 155.00
5800 GAR	\$ 150.00	\$ 152.00	(1.32)%	\$ 160.00	(6.25)%	\$ 120.00	25.00 %	\$ 220.00	\$ 120.00
5000 GAR	\$ 112.00	\$ 118.00	(5.08)%	\$ 120.00	(6.67)%	\$ 93.00	20.43 %	\$ 170.00	\$ 93.00
4200 GAR	\$ 87.00	\$ 91.00	(4.40)%	\$ 91.00	(4.40)%	\$ 61.00	42.62 %	\$ 120.00	\$ 58.00
3400 GAR	\$ 51.00	\$ 54.00	(5.56)%	\$ 56.00	(8.93)%	\$ 42.20	20.85 %	\$ 75.00	\$ 42.20
<b>CFR (SA Coal)</b>									
4800 NAR	\$ 110.00	\$ 115.00	(4.35)%	\$ 155.00	(29.03)%	\$ 119.00	(7.56)%	\$ 343.00	\$ 101.00
5500 NAR	\$ 137.00	\$ 145.00	(5.52)%	\$ 190.00	(27.89)%	\$ 143.00	(4.20)%	\$ 408.00	\$ 137.00
6000 NAR	\$ 189.00	\$ 193.00	(2.07)%	\$ 240.00	(21.25)%	\$ 164.00	15.24 %	\$ 443.00	\$ 164.00
<b>CFR (Aus Coal)</b>									
5500 NAR	\$ 144.70	\$ 146.50	(1.23)%	\$ 149.50	(3.21)%	\$ 132.50	9.21 %	\$ 302.50	\$ 132.50
6000 NAR	\$ 414.70	\$ 408.50	1.52 %	\$ 424.50	(2.31)%	\$ 217.50	90.67 %	\$ 460.00	\$ 217.50
<b>CFR (Indonesia Coal)</b>									
6500 GAR	\$ 240.00	\$ 241.50	(0.62)%	\$ 253.00	(5.14)%	\$ 173.00	38.73 %	\$ 333.00	\$ 173.00
5800 GAR	\$ 163.00	\$ 163.50	(0.31)%	\$ 173.00	(5.78)%	\$ 138.00	18.12 %	\$ 245.00	\$ 138.00
5000 GAR	\$ 125.00	\$ 129.50	(3.47)%	\$ 133.00	(6.02)%	\$ 111.00	12.61 %	\$ 195.00	\$ 111.00
4200 GAR	\$ 100.00	\$ 102.50	(2.44)%	\$ 104.00	(3.85)%	\$ 79.00	26.58 %	\$ 145.00	\$ 75.00
3400 GAR	\$ 64.00	\$ 65.50	(2.29)%	\$ 69.00	(7.25)%	\$ 60.20	6.31 %	\$ 102.00	\$ 60.00
<b>CFR (Rus Coal)</b>									
5500 NAR	\$ 150.00	\$ 150.00	0.00 %	\$ 155.00	(3.23)%			\$ 250.00	\$ 150.00
6000 NAR	\$ 170.00	\$ 175.00	(2.86)%	\$ 185.00	(8.11)%			\$ 300.00	\$ 170.00
<b>CFR (USA Coal)</b>									
6900 NAR	\$ 185.00	\$ 200.00	(7.50)%	\$ 220.00	(15.91)%	\$ 170.00	8.82 %	\$ 310.00	\$ 185.00
<b>Petcoke (CFR - India)</b>									
US Origin (6.5% TS)	\$ 168.00	\$ 170.00	(1.18)%	\$ 178.00	(5.62)%	\$ 160.00	5.00 %	\$ 290.00	\$ 154.00
VZ Origin (5.0% TS)	\$ 160.00	\$ 165.00	(3.03)%	\$ 160.00	0.00 %			\$ 265.00	\$ 135.00
Saudi Origin (8.5% TS)	\$ 166.00	\$ 170.00	(2.35)%	\$ 174.00	(4.60)%	\$ 140.00	18.57 %	\$ 280.00	\$ 135.00



## HBA UPDATE

The year started with HBA(Harga Batubara Acuan) which is the thermal coal reference price of Indonesia touching the \$ 300 mark with an expectation of strong demand since Australia is facing supply disruption. The HBA is set to \$ 305.21 for January 2023. Indonesia's Ministry of Energy and Mineral Resources set the coal prices in Jan with a 93% year-on-year (YoY) and an 8% month-on-month (MoM) increment. The index has been settled at \$ 305.21 for Jan 23, against \$ 158.50 in Jan 2022 and \$ 281.48 in Dec 2022.

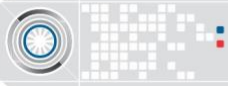
Australia's supply disruption is seen by the opportunities for Indonesian coal to surge the prices of the material. Indonesia is the largest exporter of thermal coal in the world and seeing the after-war effects on commodity demand prices have been set high.

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
January	109.29	87.55	81.90	63.84	53.20	86.23	95.54	92.41	65.93	75.84	158.50	<b>305.21</b>
February	111.58	88.35	80.44	62.92	50.92	83.32	100.69	91.80	66.89	87.79	188.38	
March	112.87	90.09	77.01	67.76	51.62	81.90	101.86	90.57	67.08	84.49	203.69	
April	105.61	88.56	74.81	64.48	52.32	82.51	94.75	88.85	65.77	86.68	288.40	
May	102.12	85.33	73.60	61.08	51.20	83.81	89.53	81.86	61.11	89.75	275.64	
June	96.65	84.87	73.64	59.59	51.87	75.46	96.91	81.48	52.98	100.33	323.91	
July	87.56	81.69	72.45	59.16	53.00	78.95	104.65	71.92	52.20	115.35	319.00	
August	84.65	76.70	70.29	59.14	58.37	83.97	107.83	72.67	50.34	130.99	321.59	
September	86.21	76.89	69.69	58.21	63.93	92.03	104.81	65.79	49.42	150.03	319.22	
October	86.04	76.61	67.26	57.39	69.07	93.99	100.89	64.80	51.00	161.63	330.97	
November	81.44	78.13	65.70	54.43	84.89	94.84	97.90	66.27	55.71	215.01	308.20	
December	81.75	80.31	69.23	53.51	101.69	94.04	92.51	66.30	59.65	159.79	281.48	
<b>Average</b>	<b>95.48</b>	<b>82.92</b>	<b>73.00</b>	<b>60.13</b>	<b>61.84</b>	<b>85.92</b>	<b>98.99</b>	<b>77.89</b>	<b>58.17</b>	<b>121.47</b>	<b>273.83</b>	<b>305.21</b>

# **DOMESTIC COAL PRICE**

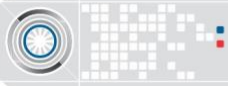


## DOMESTIC COAL PRICE

(West Coast – India)

Domestic coal prices of imported coal are falling due to limited demand in the Indian market for imported coal. Local output in India is expanding, and power companies prefer domestic coal at a reasonable price. In India, Indonesian coal is priced at INR 100-300 lower than last week.

Grade	Price pmt / 00-50 MM / Ex-Plot Port				
	07-Jan-23	31-Dec-22	Change	08-Dec-22	Change
<b>US Origin Coal from Tuna / Kandla (WCI)</b>					
NAPP	₹ 16,500.00	₹ 16,700.00	(1.20)%	₹ 17,500.00	(5.71)%
ILB	₹ 15,800.00	₹ 16,000.00	(1.25)%	₹ 17,000.00	(7.06)%
<b>Indonesian Origin Coal from Tuna / Kandla (WCI)</b>					
5000 GAR	₹ 9,900.00	₹ 10,000.00	(1.00)%	₹ 10,200.00	(2.94)%
4200 GAR	₹ 8,200.00	₹ 8,400.00	(2.38)%	₹ 8,300.00	(1.20)%
3800 GAR	₹ 7,600.00	₹ 7,900.00	(3.80)%	₹ 7,800.00	(2.56)%
3400 GAR	₹ 6,350.00	₹ 6,500.00	(2.31)%	₹ 6,600.00	(3.79)%
<b>Indonesian Origin Coal from Navlakhi (WCI)</b>					
5000 GAR	₹ 10,000.00	₹ 10,100.00	(0.99)%	₹ 10,150.00	(1.48)%
4200 GAR	₹ 8,250.00	₹ 8,350.00	(1.20)%	₹ 8,500.00	(2.94)%
3800 GAR	₹ 7,700.00	₹ 7,800.00	(1.28)%	₹ 7,900.00	(2.53)%
3400 GAR	₹ 6,450.00	₹ 6,600.00	(2.27)%	₹ 6,700.00	(3.73)%
<b>South African coal from Kandla (WCI)</b>					
5500 NAR	₹ 13,500.00	₹ 15,900.00	(15.09)%	₹ 17,000.00	(20.59)%
<b>Russian coal from Kandla (WCI)</b>					
6000 NAR	₹ 14,200.00	₹ 14,400.00	(1.39)%	₹ 15,000.00	(5.33)%
<b>Price pmt / Screened Plant / Ex-Plot Screening Plant</b>					
Grade / Sized	07-Jan-23	31-Dec-22	Change	08-Dec-22	Change
<b>3400 GAR</b>					
00 - 06 MM	₹ 6,000.00	₹ 6,100.00	(1.64)%	₹ 6,500.00	(7.69)%
06 - 20 MM	₹ 7,500.00	₹ 7,700.00	(2.60)%	₹ 8,000.00	(6.25)%
20 - 50 MM	₹ 7,800.00	₹ 8,000.00	(2.50)%	₹ 8,200.00	(4.88)%
<b>4200 GAR</b>					
00 - 06 MM	₹ 8,400.00	₹ 8,500.00	(1.18)%	₹ 8,500.00	(1.18)%
06 - 20 MM	₹ 9,500.00	₹ 9,600.00	(1.04)%	₹ 9,900.00	(4.04)%
20 - 50 MM	₹ 9,600.00	₹ 9,800.00	(2.04)%	₹ 10,100.00	(4.95)%
<b>5000 GAR</b>					
00 - 06 MM	₹ 8,400.00	₹ 8,600.00	(2.33)%	₹ 8,200.00	2.44 %
06 - 20 MM	₹ 12,400.00	₹ 12,800.00	(3.13)%	₹ 13,200.00	(6.06)%
20 - 50 MM	₹ 12,700.00	₹ 13,000.00	(2.31)%	₹ 13,300.00	(4.51)%



## PETCOKE PRICE UPDATE

Domestic Petcoke prices of Reliance Industries Limited (RIL) further decline to INR 17,645 with effect from 1<sup>st</sup>, January 2023. The petcoke prices were down to four month low in Jan, with INR 166 month-on-month (MoM) reduction and INR 3,661 year-on-year (YoY) increment.

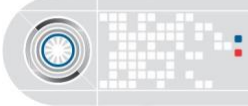
The Petcoke prices of the company have surged by 26% YoY and reduced by 1% MoM for material loading in Jan 2023, from INR 13,984 pmt in Jan 2022 and INR 17,811 pmt for Dec 2022.

CPCL has reduced its prices to INR 17,680 for Jan 2023 loading from INR 17,850 in Dec 2022. The prices have declined by 20% YoY and 1% MoM.

On the other hand, Nayra petcoke prices have increased the prices for Jan month to INR 17,945 from 17,681 last month. The company has risen its delivered prices by INR 264 MoM (2% up) and INR 3,970 YoY (28% up).

Loading Period	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
<b>RIL</b>	13,984	14,522	17,980	21,816	22,257	22,473	20,144	18,716	15,699	18,112	18,949	17,811	<b>17,645</b>
<b>Nayra</b>	13,975	14,520	18,000	21,820	22,262	22,500	20,150	18,725	15,725	18,125	18,990	17,681	<b>17,945</b>
<b>CPCL</b>	14,790	14,790	16,300	22,110	22,070	21,950	21,270	19,020	15,990	17,230	18,860	17,850	<b>17,680</b>
<b>IOCL - Koyali (Rake)</b>	13,785	14,322	17,780	21,616	22,260	22,150	22,150	18,750	15,720	17,930	18,550	17,550	
<b>IOCL - Paradip (Rake)</b>	15,010	15,810	19,268	21,980	21,980	22,070	21,770	17,800	17,800	17,250	17,780	16,780	
<b>IOCL - Haldia (Rake)</b>	15,480	16,280	19,738	22,450	22,450	22,540	22,540	17,910	17,910	17,360	17,950	16,950	
<b>MRPL (Rake)</b>	13,910	13,630	13,130	16,200	20,340	19,440		16,810	15,010	16,560	17,650		
<b>BPCL - Bina (Rake)</b>	16,979	14,347	16,935	17,651	23,156	23,290	23,860	22,108	20,884	18,669	19,185		
<b>BPCL - Kochi (Rake)</b>	16,767	12,861	12,861	15,676	21,569	21,203	21,896	20,044	18,918	16,774	16,602		
<b>HMEL</b>					25,035	23,035				22,650			

# **ECONOMIC UPDATE**



## DOMESTIC COAL PRODUCTION

India’s domestic coal production touched an eight-month high and a historical high in any year of December month totalled 82.87 million metric tons (MMT). With this level, the production in Dec-22 hit 11% year-on-year (YoY) and 9% month-on-month (MoM) growth.

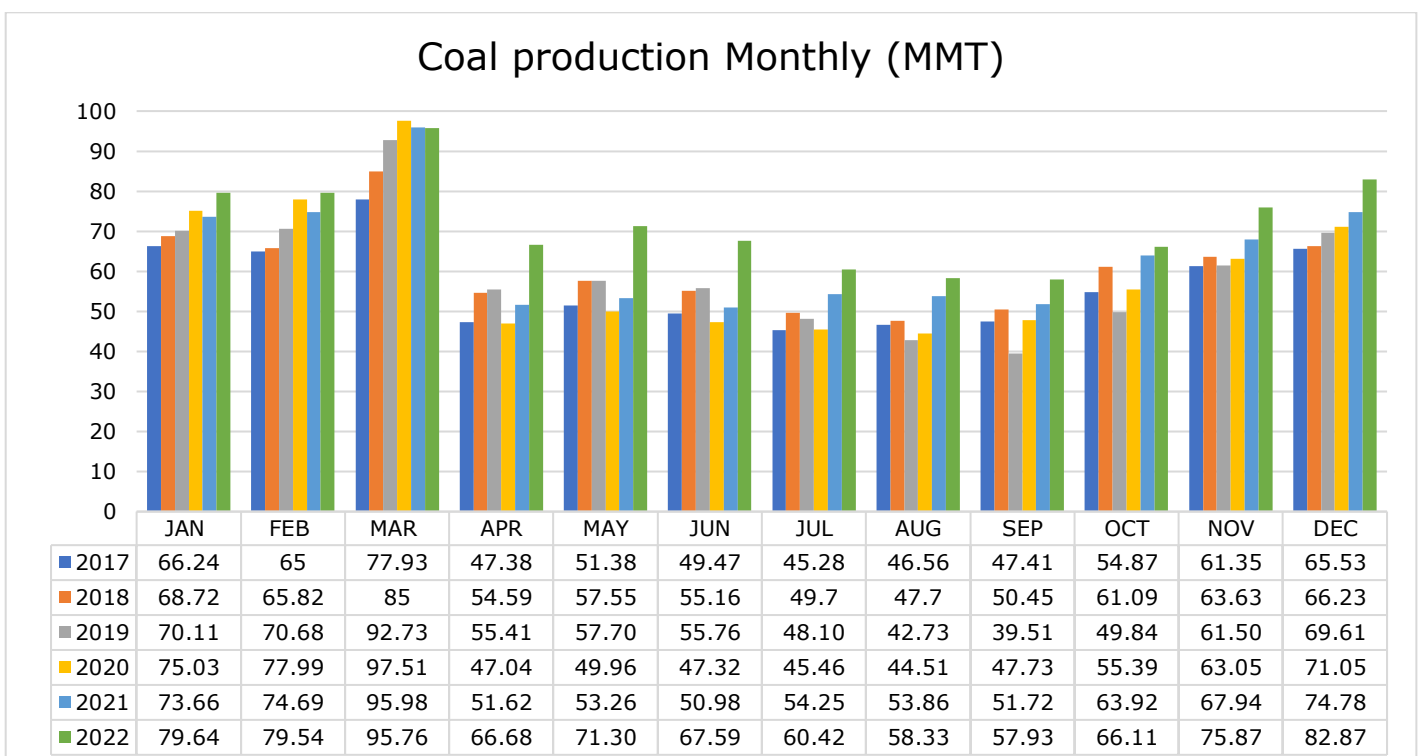
India’s total production for the current year 2022 reaches 862.05 MMT, an increase of 12% compared to the corresponding period of last year.

Coal India Limited (CIL) has achieved 10% growth in production and 4% in dispatch YoY. CIL produced 66.42 MMT and dispatched 62.72 MMT in Dec 2022.

The Singareni Collieries Company Limited (SCCL) grew by 19% in coal production and 18% in coal dispatch. SCCL produced 6.68 MMT and dispatched 6.48 MMT in Dec month.

Other’s (Private & Captive Miners) coal production stands at 13.49 MMT in Dec, a 9% year-on-year rise in production and offtake.

The coal production in the country sees a huge rise, showing the efforts of the Indian government paving the way. Domestic production has been encouraged by govt and further high targets for production have been set for the coming years to fulfil India’s ever-growing electricity demand. output Indian govt set targets to increase coal production to 1.2 billion by FY2024 and 1.5 BT by FY30. Initiatives such as revenue share mechanism and rolling auction clearance have been taken to boost output. The government also launched the Single Window Clearance portal at the beginning of the year for the coal sector to speed up the operationalisation of coal mines. The largest coal mine auction, consisting of 141 mines, was inaugurated in Oct by Union Finance Minister.

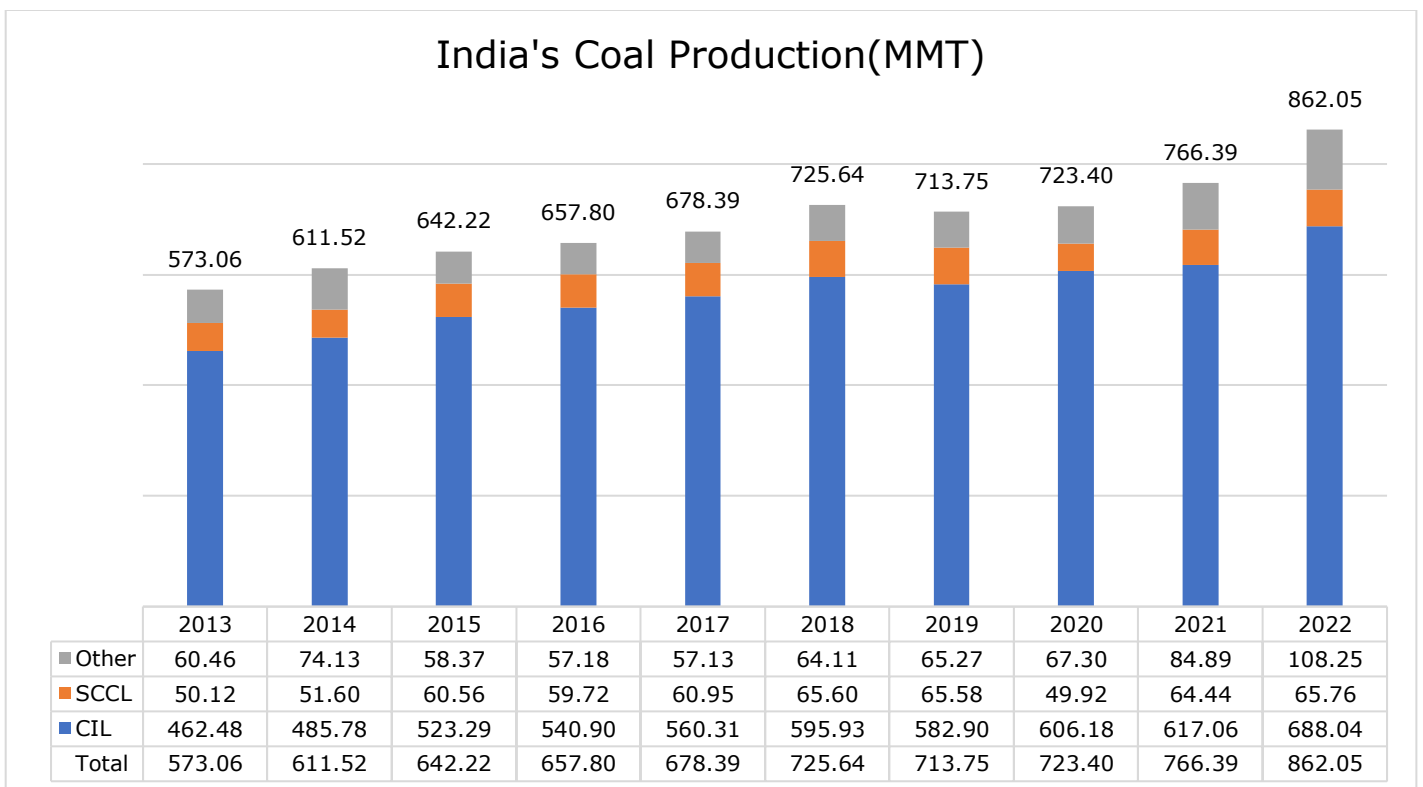




Not only the production but govt also putting efforts to improve the logistics issues. To make coal available to power plants it is critical to developing coal transportation that is cost-effective, fast, and environmentally friendly. The government is developing the National Coal Logistic Plan to ensure efficient and environmentally friendly coal evacuation, including first-mile connectivity through railway sidings near coal mines and strengthening the rail network in coalfields.

The Centre has recently announced that state-owned CIL and SCCL will implement an additional 19 first-mile connectivity projects by FY27 with a capacity of 330 MMT. The ministry has already invested INR 18,000 crore in 55 first-mile connectivity projects.

India is also making efforts to increase its coking coal production. It strives to increase domestic production of coking coal to 140 MMT by 2030 through a range of initiatives.







## PURCHASING MANAGER'S INDEX

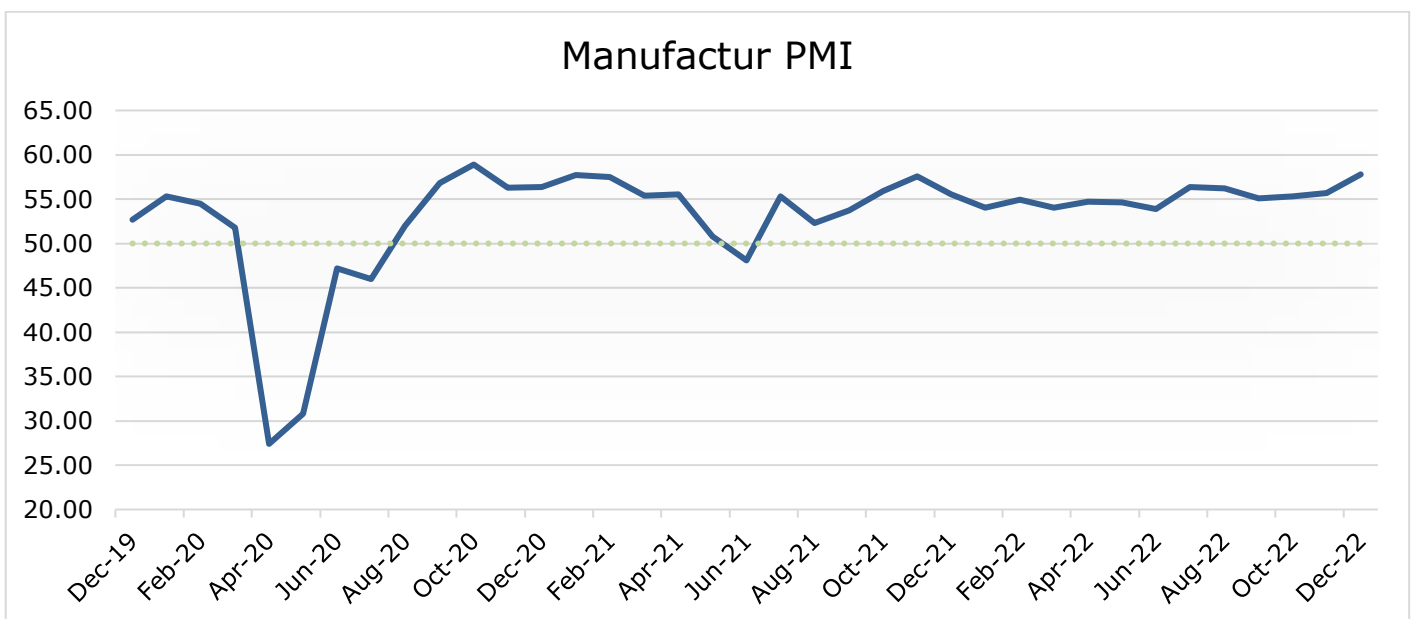
### Manufacturing PMI

The manufacturing sector in India finished 2022 with a good performance, as business conditions improved to the largest level in more than two years. The manufacturing purchasing managers' index increased to 57.8 in December from 55.7 in November.

"Following a promising start to 2022, the Indian manufacturing industry maintained a strong performance as time progressed, wrapping the year with the best expansion in production seen since November 2021. Demand strength took centre stage among the reasons provided by firms for improvements in many measures. Additional materials were purchased and extra workers hired as companies sought to supplement production and maintain healthy levels of inventories," said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence.

According to the study, international demand for Indian commodities improved as well, albeit to a smaller amount than in November. Overall, foreign orders increased at the weakest rate in five months, as numerous businesses allegedly failed to gain new business from important export markets.

Manufacturers increased output, resulting in the sharpest rise in output since November 2021. Rising domestic demand, however, did nothing to help labour market conditions, as job creation slowed to a three-month low.



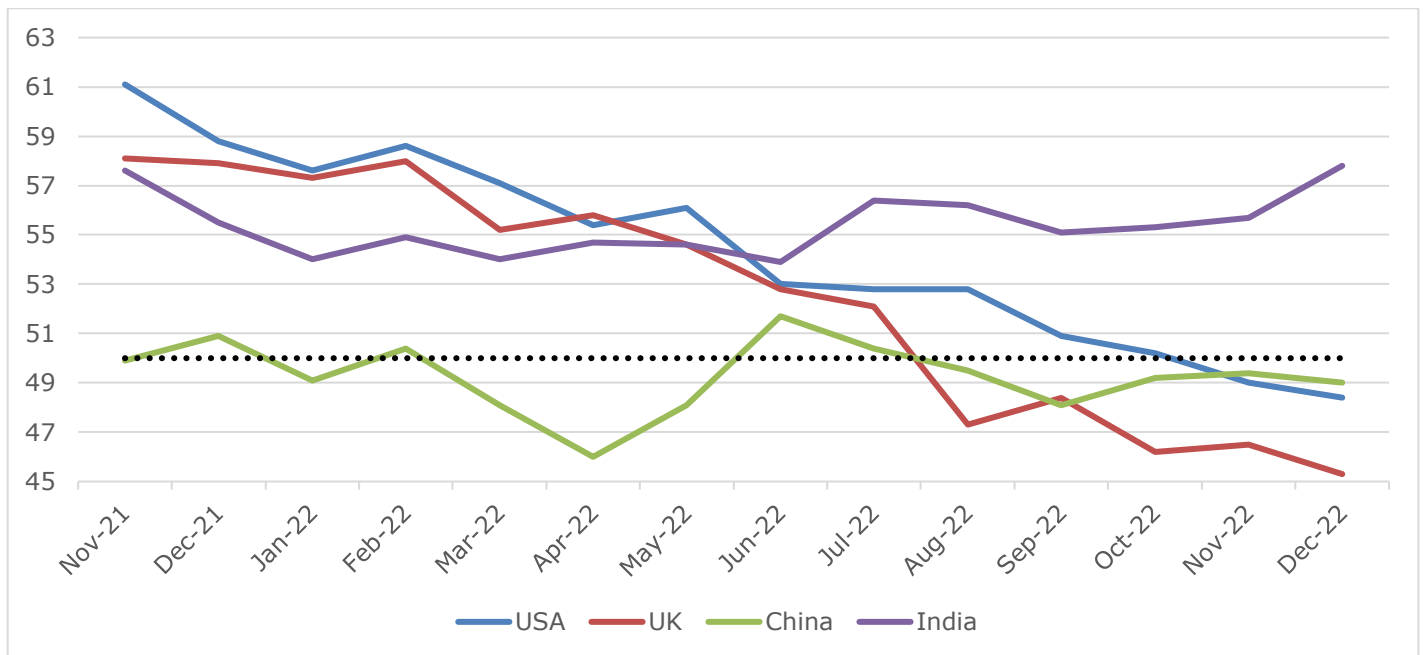
India has now outperformed the world's top economies for a seventh consecutive month according to the release of the manufacturing PMI data for December. In the top four economies of the United States, the United Kingdom, and China, only India has increased industrial production. All of the other nations saw a contraction in December.

Chinese industrial production fell for the fifth consecutive month in December, as the nation battled with an unprecedented surge in COVID-19 cases following the relaxation of several regulations aimed at preventing the virus's spread.



The UK manufacturing industry ended 2022 on a sour note, with production, new orders, and employment all declining at quicker rates. The UK Manufacturing PMI has now been below the neutral 50 thresholds for five months in a row. In December, the manufacturing PMI was 45.3 basis points.

Manufacturing activity in the United States fell for the second month in a row in December, to 48.4 points, concluding the worst annual decline in the main factory measure since 2008 and contributing to increased pricing pressures.



### Service PMI

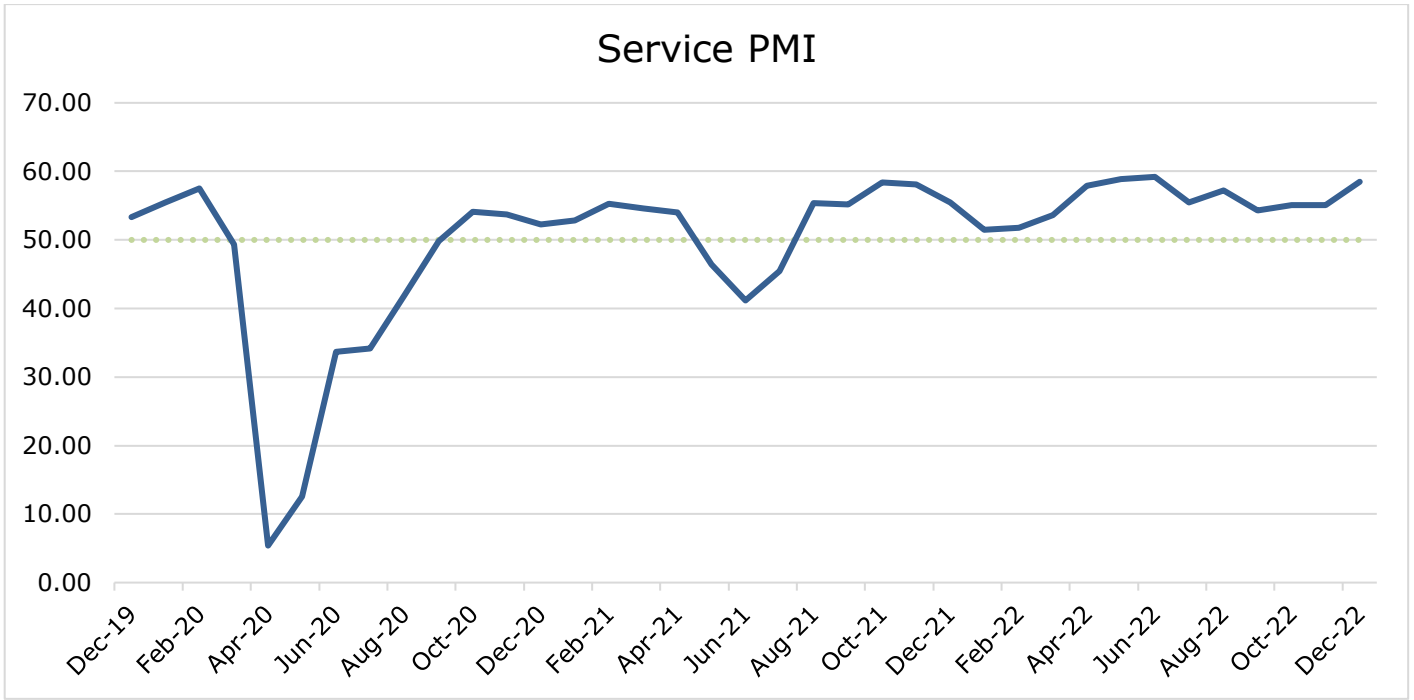
In December, India's services activity increased to a six-month high, boosted by increased new business and favourable market conditions. The seasonally adjusted S&P Global India Services PMI increased from 56.4 in November to 58.5 in December.

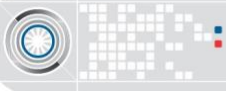
"Inflation trends were mixed, as input prices rose at a faster pace and the upturn in charges moderated. On the expense front, services firms reported pressure from energy, food, staff and transportation costs. Although easing from November, the rate of output charge inflation remained elevated as several companies felt the need to transfer escalating costs through to clients," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

Positive sentiment and ongoing growth of new business continued to support job creation, but there were areas where capacities were reportedly adequate to cope with current requirements, added De Lima.

The fastest-growing industry was banking and insurance, while real estate and business services supported the ranks. In December, Indian service firms gained new business for the seventeenth month in a row. Furthermore, the rate of expansion was rapid and the quickest since August.

The S&P Global India Composite PMI Output Index increased from 56.7 in November to 59.4 in December, the fastest rate of growth since January 2012.





## COAL PRICES SNAPSHOT OF THE YEAR 2022

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The 2022 year ended last week with the celebration of the new year and also with lots of hope that it would turn out to be a blessing for the coal market. The year has ended, however, its effects are still been seen on the market and are also expected to be there for the time being.

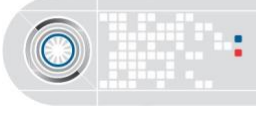
Since the year finished let's take a look back at coal prices, which have seen a good ride during the whole year. Starting from the first day of the year, 1<sup>st</sup> Jan 2022 brings news of the Indonesian coal export ban which turns up the Indonesian coal prices. The average price of the month for high CV Indo coal CFR Indian basis which for the Jan 21 trading at \$ 97.80 touched \$ 177.25 on Jan 22, an 81% year-on-year (YoY) price rise and month-on-month (MoM) effect was a 4% hike. Just like that low CV coal sees a 40-45% YoY rise. Talking about the Indonesian coal price in the domestic Indian market, Low CV coal rises to INR 1200-1500 YoY in a Jan month.

Indonesian prices increase due to the export ban, but at the same time, other origin coals such as in South Africa and Australia show a bigger rise than Indonesia. South African coal prices almost doubled in a year from an average price of Jan 21 of \$ 61.60 to \$ 136.50 on Jan 22 for the low CV and \$ 102.80 to \$ 184 for the high CV coal. Aus coal sees a twofold YoY rise in prices.

Going forward when the Indonesian export ban was lifted on Feb 22, the commodity market was taken aback by Moscow's invasion of Ukraine which hit coal prices to an all-time high. The war started at the end of the Feb and prices touch a historical high in March. The price of SA coal touched \$ 443 for 6000 NAR and for the same grade Aus coal price was noted at \$ 403. Indo 6500 GAR touched \$ 333 in Mar.

India experienced its hottest summer in Mar, the shortfall in fulfilling the sky-rocking electricity demand. India's high demand fuelled the already tight international coal market. Even with 96 million metric tons (MMT) of domestic production in Mar, the power plant's coal stock was depleting. The Indian govt put the import reduction target to the back seat and instructed gencos to mix up to 10% of imported coal in total coal stock which was once limited to 4%. India furiously increased its coal procurement from the international market. The imports saw a sharp rise from Mar month and even touched a historically high level in June month at 28 MMT of total imports, in which 20 MMT was only thermal coal.

The EU had already taken a decision of sanctioning Russia in March which came into effect in August. With the EU sanctioning Russia, the trade pattern drastically changed. EU was once Russia's top export destination after deciding to decrease its dependence on Russia and started finding other options for its energy requirements. EU was dependent on natural gas for its electricity generation, however, the reduced supply from Russia forced the world's top climate-supporting region to turn back to coal. EU for the coal finds the other major sources of the globe such as South Africa, and Indonesia. EU started increasing its procurement, especially for SA-high CV coal. With the trading routes and international trade relations changing, the increasing demand for coal put high pressure on coal prices since supply was limited. While the EU needed to find other sources for imports, Russia also needed to find other destinations for

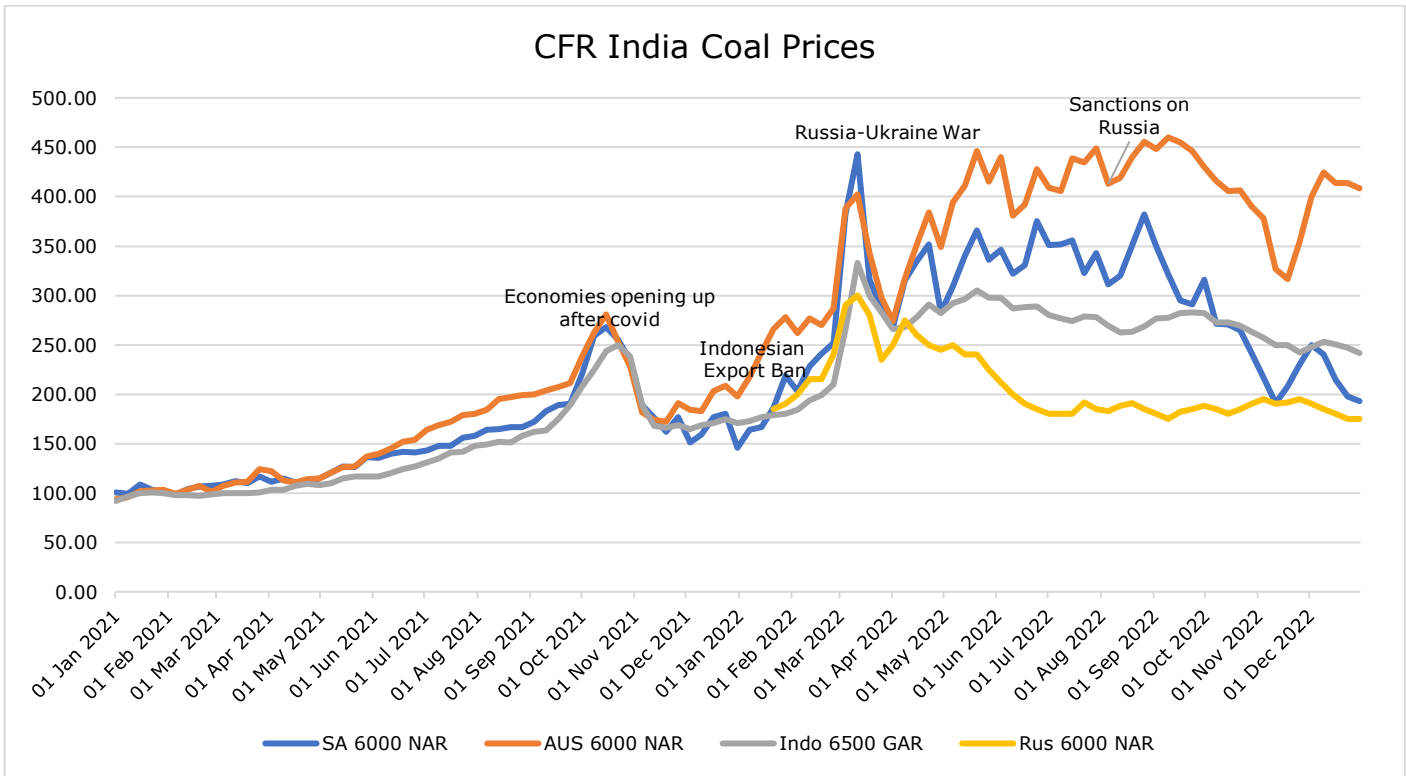


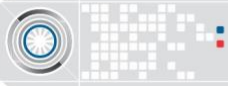
commodity exports. Russia started offering competitive prices to the counties which did not put any sanctions on Russia. India-China being one of them benefited from the competitive prices of coal and the world increased its procurement to a great extent. From the graph can be easily inferred that Russian-delivered coal prices to India were lowered than other origin coal.

Importing Russian coal was not easy for the counties since sanctions took SWIFT financial services from Russia. The sanctions fundamentally change the geopolitics of cross-border payments, but the increasing use of the yuan helps to settle payments.

Prices elevated in Oct month with the strike at South Africa’s large rail, port, and pipeline company, Transnet SOC Ltd, that paralysed the state-owned logistics firm and impacted commodities exports from Africa's most advanced economy. The larger effect of it is seen in the EU market since it was preferring SA-high CV coal. The price however in Nov simmer down with the EU’s historic LNG imports in the month. in between Indonesia and Aus wet weather also hampered the supply.

EU’s demand has impacted global prices at the same time muted demand from the Chinese market for the H2 of 2022 due to the Covid restrictions and lockdowns around the country cooling off the prices to some extent by the end of the year. Indian demand for imported coal stayed moderate for the last two-three month of the year. EU till the end of the year with plentiful supplies of liquefied natural gas, normal than expected winter, higher-than-normal stocks, and a customary year-end slowdown in industrial demand managed to pull the price down.





At last, take a look at last year's average prices to 2022 and the price rise over the period in percentage:

	<b>FOB RBCT 4800 NAR</b>	<b>FOB RBCT 6000 NAR</b>	<b>FOB NC 6000 NAR</b>	<b>FOB Indo 6500 GAR</b>	<b>FOB Indo 5800 GAR</b>	<b>FOB Indo 5000 GAR</b>	<b>FOB Indo 4200 GAR</b>
<b>2022 Average Price</b>	150.96	269.61	356.35	242.16	170.80	128.76	86.49
<b>2021 Average Price</b>	74.72	126.01	134.21	122.30	109.99	96.58	66.61
	102%	114%	166%	98%	55%	33%	30%

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US Coal | Indonesian Coal | South African Coal | Anthracite | Coking Coal | Screened Coal | Met Coke

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