



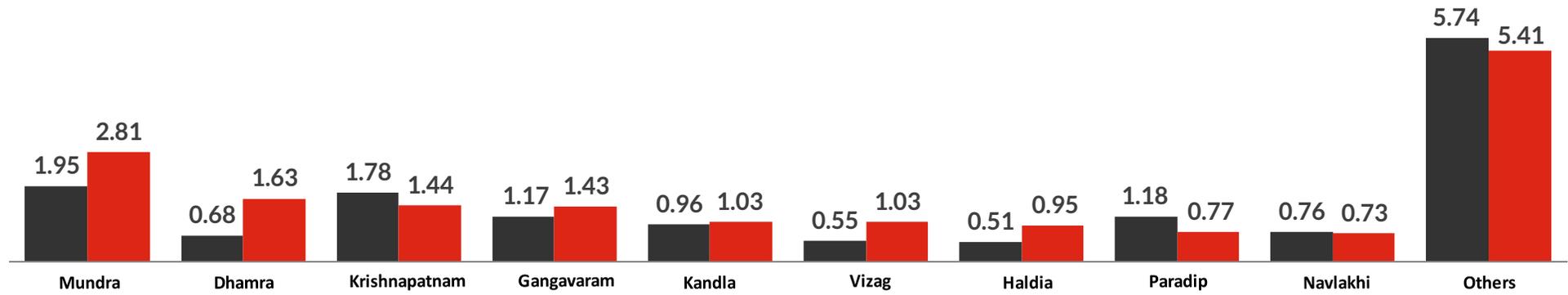
# COAL

MONTHLY REVIEW SEPTEMBER' 20

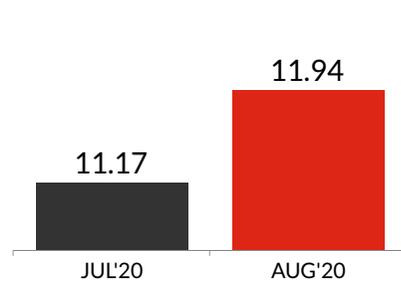
### INDIAN COAL IMPORT

(Qty MnT)

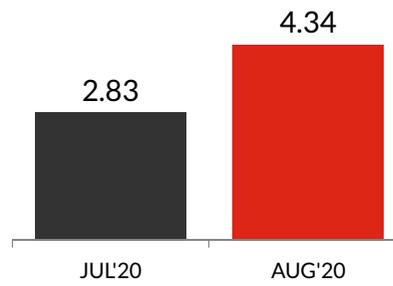
■ JUL'20 ■ AUG'20



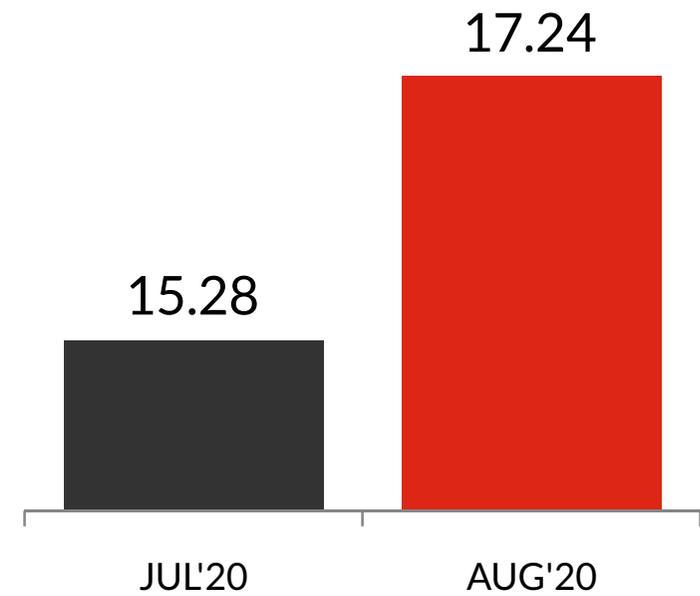
### NON COKING COAL



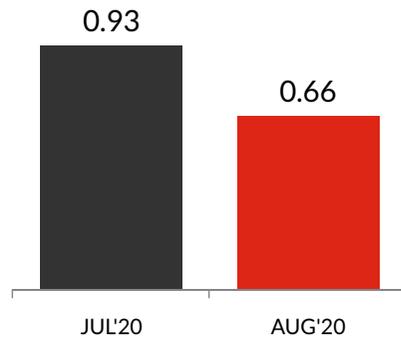
### COKING COAL



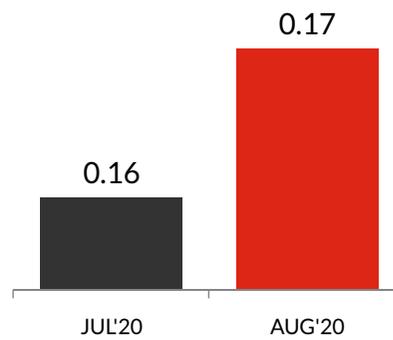
### TOTAL COAL IMPORT



### PET COKE



### MET COKE

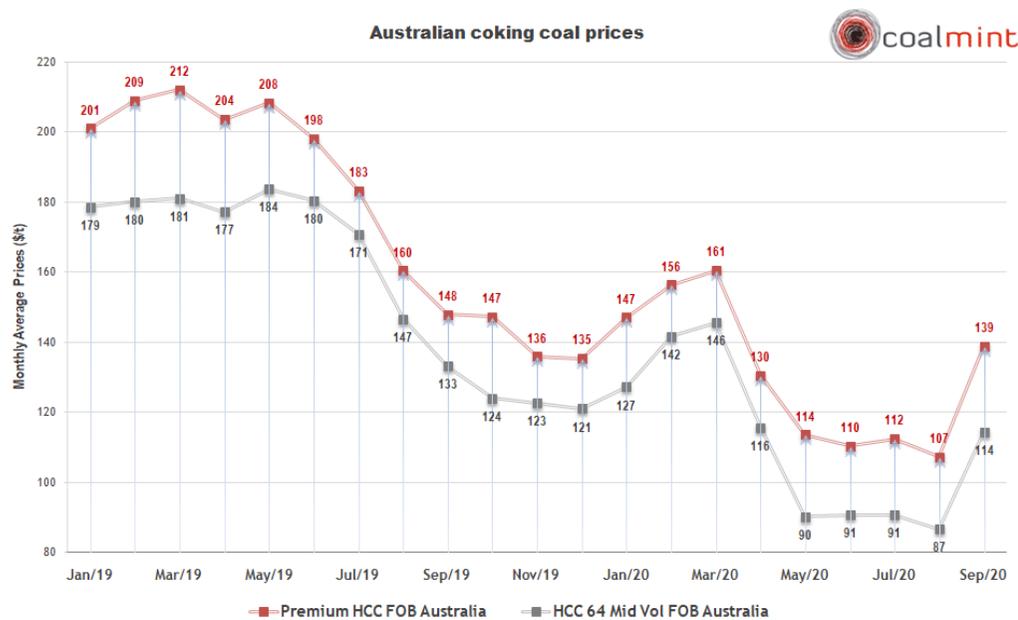


COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	AUG'20	JUL'20	M-O-M CHANGES
<b>JSW STEEL</b>	<b>1068004</b>	<b>1013769</b>	<b>5%</b>
MORMUGAO	532275	592704	-10%
JAIGARH	371726	260300	43%
KRISHNAPATNAM	164003	160765	2%
<b>TATA STEEL</b>	<b>1048058</b>	<b>529836</b>	<b>98%</b>
DHAMRA	848025	320981	164%
PARADIP	101977	174290	-41%
HALDIA	98056	34565	184%
<b>SAIL</b>	<b>897248</b>	<b>96000</b>	<b>835%</b>
HALDIA	353953	-	N/A
VIZAG	273495	50000	447%
DHAMRA	222800	46000	384%
PARADIP	47000	-	N/A
<b>RINL</b>	<b>484305</b>	<b>236650</b>	<b>105%</b>
GANGAVARAM	484305	236650	105%
<b>JINDAL STEEL &amp; POWER</b>	<b>322235</b>	<b>351805</b>	<b>-8%</b>
PARADIP	243785	235726	3%
DHAMRA	78450	77346	1%
GOPALPUR	-	38733	N/A
<b>RASHMI GROUP</b>	<b>85023</b>	<b>-</b>	<b>N/A</b>
DHAMRA	85023	-	N/A
<b>JAYASWAL NECO</b>	<b>79300</b>	<b>-</b>	<b>N/A</b>
VIZAG	79300	-	N/A
<b>ARCELORMITTAL NIPPON STEEL</b>	<b>64187</b>	<b>61644</b>	<b>4%</b>
HAZIRA	64187	-	N/A
MAGDALLA	-	61644	N/A
<b>ARJAS AND KIRLOS KAR</b>	<b>49070</b>	<b>-</b>	<b>N/A</b>
KRISHNAPATNAM	49070	-	N/A
<b>OTHERS</b>	<b>247144</b>	<b>537924</b>	<b>-54%</b>
<b>Grand Total</b>	<b>4344574</b>	<b>2827628</b>	<b>54%</b>

NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	AUG'20	JUL'20	M-o-M
<b>ADANI ENTERPRISES</b>	<b>1355624</b>	<b>1599799</b>	<b>-15%</b>
MUNDRA	489590	78500	524%
HAZIRA	209950	608129	-65%
GANGAVARAM	164537	159138	3%
KANDLA	120160	70360	71%
OTHERS	371387	683672	-46%
<b>ADANI POWER</b>	<b>1309188</b>	<b>796002</b>	<b>64%</b>
MUNDRA	1309188	796002	64%
<b>AGARWAL COAL</b>	<b>972188</b>	<b>548883</b>	<b>77%</b>
NAVLAKHI	291110	287483	1%
TUTICORIN	116510	124250	-6%
KANDLA	111200	-	N/A
MANGALORE	107450	-	N/A
OTHERS	345918	137150	152%
<b>COASTAL GUJARAT POWER</b>	<b>850046</b>	<b>850849</b>	<b>0%</b>
MUNDRA	850046	850849	0%
<b>JSW ENERGY</b>	<b>411635</b>	<b>517413</b>	<b>-20%</b>
KRISHNAPATNAM	165000	-	N/A
JAIGARH	164135	231000	-29%
ENNORE	82500	20000	313%
MORMUGAO	-	197572	N/A
KARAIKAL	-	68841	N/A
<b>RELIANCE INDUSTRIES</b>	<b>355265</b>	<b>209724</b>	<b>69%</b>
HAZIRA	229115	74724	207%
DAHEJ	126150	135000	-7%
<b>SWISS SINGAPORE</b>	<b>334287</b>	<b>534112</b>	<b>-37%</b>
KANDLA	215337	135591	59%
NAVLAKHI	59450	88500	-33%
JAIGARH	34500	-	N/A
DHARAMTAR	25000	-	N/A
KRISHNAPATNAM	-	310021	N/A
<b>TATA INTERNATIONAL</b>	<b>328421</b>	<b>50500</b>	<b>550%</b>
GANGAVARAM	160021	-	N/A
VIZAG	60500	-	N/A
KANDLA	54000	-	N/A
BHAVNAGAR	53900	-	N/A
OTHERS	-	50500	N/A
<b>SEMB CORP GAYATHRI POWER</b>	<b>299220</b>	<b>599636</b>	<b>-50%</b>
KRISHNAPATNAM	299220	599636	-50%
<b>OTHERS</b>	<b>5725490</b>	<b>5460186</b>	<b>5%</b>
<b>GRAND TOTAL</b>	<b>11941364</b>	<b>11167104</b>	<b>7%</b>

# INTERNATIONAL

## Australian Coking Coal: Will prices catch up with pre-Covid levels, soon?



Australian coking coal prices have continued to climb throughout this month, as multiple trade deals were concluded and higher bids emerged in the Chinese spot market.

Average spot prices for the premium low-volatile (PLV) hard coking coal (HCC) grade surged by as much as 30% month-on-month, on firm buying interest for higher-grade coking coals in China.

This sudden rally in seaborne coking coal prices is primarily attributable to the aggressive spot buying observed in China ahead of the upcoming eight-day break, beginning 1 October.

### Indian Market Scenario

Indian end-users' spot demand for imported coking coal has largely remained moderate for the past few months, though steel mills have quickly ramped up capacity utilization rates following the gradual lifting of lockdown measures.

The relative price advantage of seaborne coking coal, compared against Chinese domestic material, has been favoring buying sentiments among Chinese end-users with available import quotas. However, some Chinese end-users have chosen to hold back on coking coal procurement until after the National Day holidays.

There is still room for further increases heading into the fourth quarter, amid renewed hopes of a possible easing of import controls at Chinese ports, coupled with the likely post-monsoon recovery in Indian demand.

This is partly because most Indian end-users only buy small volumes of seaborne coking coal in the spot market, with the country's largest steel manufacturers procuring their coking coal supplies through fixed-price long-term contracts.

Notably, India's overall steel demand is expected to contract by 18% in 2020 - from over 100 mn t consumed during 2019 - due to the Covid-19 crisis, as per Worldsteel. This could in turn affect coking coal demand in the fourth quarter.

Nevertheless, Indian steel prices are relatively stable at this point in time, and steel mills' profit margins are satisfactory, both of which encourage optimum steel production and thereby necessitate restocking demand for coking coal.

### Near-term Outlook

Coking coal prices are well anticipated to recover significantly by the year-end; supported by the end of the monsoon season in Asia and subsequent revival in construction activity in the region.

On the supply side, uncertain weather conditions in Australia - especially with the high probability of cyclone La Nina - may bear impact on coking coal shipments.

## Indonesian coal offers to India rise amid improved demand

Indonesian thermal coal offers to India have moved up by \$1-2/t this week amid increased demand from power plants, chemical and textile companies based in coastal belt in India.

being offered at \$34-36/t. Whereas, the 3600 GAR coal is at around \$30/t, CFR Kandla basis.

The freight for panamax vessel is assessed to be around \$9-9.5/t.

CoalMint learned from market sources that 4200 GAR grade Indonesian coal is currently

### Coal prices supported by Indian demand

Since March, when the nationwide lockdown was announced in India, the demand for Indonesian coal plummeted significantly, thus affecting its prices.

"With Indian economy returning back to normalcy and monsoon season coming to an end, various chemicals and textiles companies especially in western belt of India are ramping up their production capacity leading to increased demand for Indonesian coal", quoted a reputed trader based in Gujarat.

Apart from this there are talks in the market that China (the biggest importer of Indonesian coal) would ease import restrictions amid tighter domestic supplies and higher prices, thus providing support to

Indonesian coal index and its offers to India this week.

In case of India, although government announced its intentions to curb imports this year and increase domestic coal production, the inhouse transportation costs and quality continue to remain prime concerns for the coal buyers based in coastal regions. Indonesian coal is also being preferred by cement manufacturers in India for blending purpose.

"We are getting good CV Indonesian coal at much lesser price as against the domestic coal which makes it an attractive option", quoted a cement manufacturer based in Southern India.

## Fall in CIL's production and dispatch

Coal India data shows that in FY21 starting Apr-Aug'20, its coal production stood at 195.5 mn t against 210.2 mn t in same period last year.

CIL's coal dispatch also recorded a drop of 13% y-o-y during Apr-Aug'20 at 208.3 mn t.

"Coal India is not increasing its production as demand has still not increased for domestic coal and keeping a high inventory is also not feasible as over time its CV value decreases due to high moisture content during monsoons", remarked a market participant based in Central India.

## Future outlook:

Indonesian coal is likely to observe a considerable price recovery by mid-December amid improved demand from India,

production cut by Indonesian miners, and Chinese buyers back to booking Indonesian coal as new quotas for imports would be announced starting January.

## South African coal price index moves up amid support from Australian mines closure

South African thermal coal price index opened higher today, with prices up by \$3.5-

4/t against last week's closing prices.

## Key highlights

API index price for RB1 grade coal is at \$61.3/t, while RB2 and RB3 are at \$47-48/t and \$38-39/t respectively, FoB RBCT port basis for October shipments.

India are assessed at \$12.5-13/t for panamax vessel.

The discounts for RB2 grade are heard to be around \$9-10/t and that for RB3 are at \$12-13/t. Whereas, freight from RBCT port to

The key reason as cited by the market participants for this price rise is Glencore's coal mines closure starting from 25 September for two weeks.

## Glencore cutting down its thermal coal output

Swiss-miner, Glencore is set to close most of its Australian coal mines for 2-3 weeks in order to deal with COVID-led lower seaborne thermal coal demand.

mines will suspend operations starting 25 September.

The company's New South Wales mines, Hunter Valley Operations and Collinsville

Glencore is expecting that the closures combined with reduced production in Indonesia, will help bring the seaborne thermal coal market back up.

## Support to South African thermal coal prices

Australian 5500 (kcal/kg) NAR grade thermal coal prices is assessed at \$38-39/t against \$35-36 in first week of September.

The curtailed supply from Australia is likely to boost demand for South African thermal coal.

South African thermal coal prices which were hovering at lower levels amid poor demand and increased competition from Australian coal.

Australian thermal coal is used mainly by the cement sector in India and Pakistan, providing tough competition to South African coal in the last couple of months as Australian coal prices fell sharply.

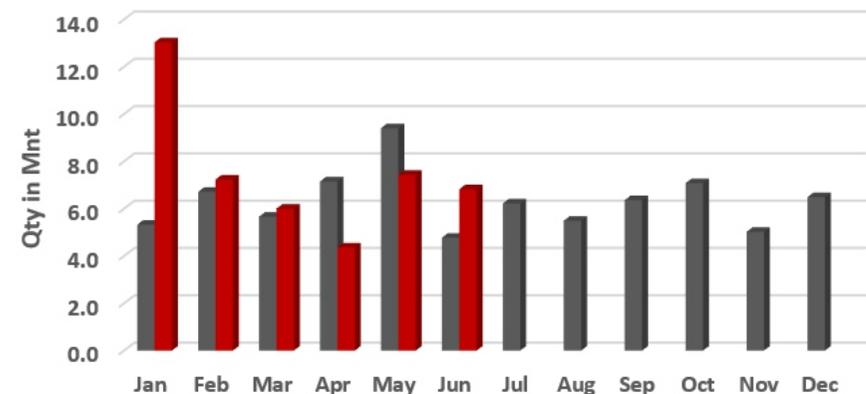
## Outlook:

Coal buyers from the cement sector that had started procuring from Australia will likely shift back to South African coal and a sudden

hike in prices might trigger demand from other sectors as well - fearing price increase to intensify further.

## Colombia's increased coal exports in H1 CY20 to see a downtrend in second half?

Colombia's coal exports 2019 vs 2020



Source: Customs

Colombia's coal exports during Jan-Jun'20 have recorded an increase of 14% y-o-y at

44.6 mn t against 39 mn t last year.

## What led to the rise in H1 CY20?

Despite the ongoing pandemic that led to lockdowns in various countries adversely

impacting coal demand, Colombian coal exports recorded an increase.

This can be attributed to diversified export destinations and dramatic fall in coal prices. The usual key export destinations for Colombia are Turkey, Chile, and Mexico. However, in H1 2020, the country diversified its exports to countries like India that had zero exports till last year and to South Korea where exports increased by 34% y-o-y basis.

In case of India, the Colombian coal was majorly used by cement manufacturers and power plants for blending purpose.

Apart from this, the average export price of high CV Colombian coal in H1 CY20 stood at \$57.9/t against \$82.6/t during same period last year which made it an attractive option given its good quality.

## Colombian coal exports to fall in H2 CY20

Colombia exported 5.73 mn t of coal in July, down 15% from June and 6.6% lower than Jul'19.

Amid failed negotiations between the two, the strike that started on 31 Aug'2020 is resulting in production loss of 56,000 tonne per day and amounting to an export quantity loss of 1.23 mn t so far.

Carrejon, which is Colombia's biggest miner has recently mentioned about its inability to achieve 20 mn t coal production target for 2020 due to ongoing strike by labour union, Sintacarbon.

There no clarity on when the strike would end and how much production loss would company suffer in total. However, Colombia's coal exports are destined to fall in H2 CY20 in line with curtailed production.

# DOMESTIC

## CIL restores upper cap on notified coal price for auction schemes

CIL: Coal Sales under Auction



Coal India Ltd (CIL) has deliberated the issue of upper cap under auction schemes in its board meeting wherein it was decided that reserve price would be kept at a maximum of 10% over the notified price for the auction held in Oct '20.

Earlier, in order to provide much needed financial relief to its coal customers, the company had scraped the upper cap in auctions. Consequently, reserve price was fixed same as notified price for various auction schemes till Sep '20.

However, with gradual improvement in demand, the company has reinstated the price mechanism for fixing the reserve price.

The CIL board also agreed upon the earlier practice of vesting power to subsidiary companies for affixing the reserve price as per market condition, which would be initiated

from 1 Nov '20. Besides, it had empowered WCL to fix price of coal offered from cost plus projects.

Dealing with high inventories and muted demand for coal, CIL's sales in auction has been subdued which had fetched a premium of 9% over the notified price during the first five months of FY '21 (Apr-Aug '20). In contrast, the premium was recorded at 48% in Apr-Aug' 19 period.

In a separate development, tenure of coal lifting offered under special forward auctions has been increased to 3 months.

CIL has asked the subsidiaries to plan their auctions in such a manner to ensure that the coal is made available before the closure of the lifting period of the previous auction and that offers are available for lifting in every month without break.

## Coal Ministry assigns CIL as custodian for Parbatpur Central block

In accordance with the amendment carried out through Mineral Law Ordinance, the government has appointed Coal India Ltd as designated custodian to operate Parbatpur-Central coal block in Jharkhand state.

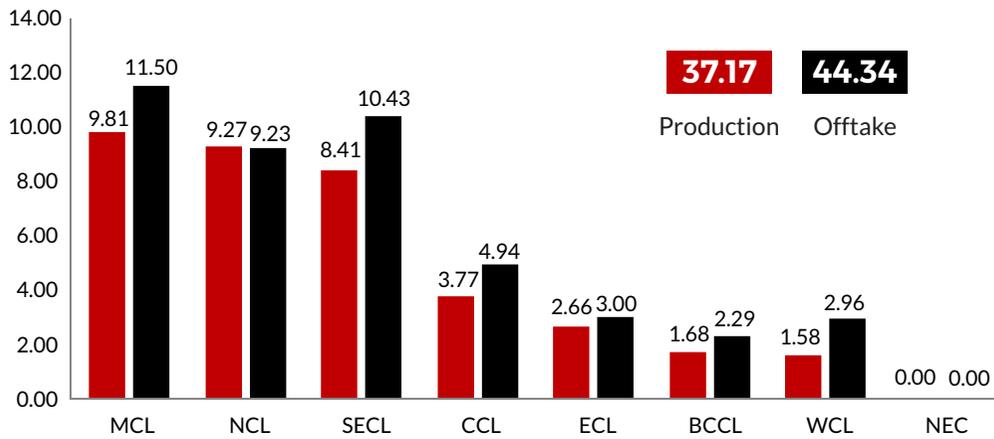
With an extractable reserve of 50.98 mn t, Parbatpur-Central block would help CIL in attaining its aspirational production target, as it joins the list of blocks that are under its custodian.

The block was allotted to Electrosteel Castings for coal mining purposes in Jul '05. Later on, it fell into SAIL's kitty after fresh auctions were conducted following the decision made to cancel the previous allocations by the Supreme Court.

These include: MarkiMangli-II (Maharashtra), NamchikNamphuk (Arunachal Pradesh), Gare Palma IV/1 and Gare Palma IV/2-3 in Chhattisgarh, Gotitoria (East) and Gotitoria (West) in Madhya Pradesh. Of which, excluding Gare Palma IV/2-3 and NamchikNamphuk, rest of the blocks have been put up for sale in commercial mining auction this term.

However, citing various economic constraints faced in carrying out the mining operations, SAIL had surrendered the block last year.

### CIL Performance in August 2020



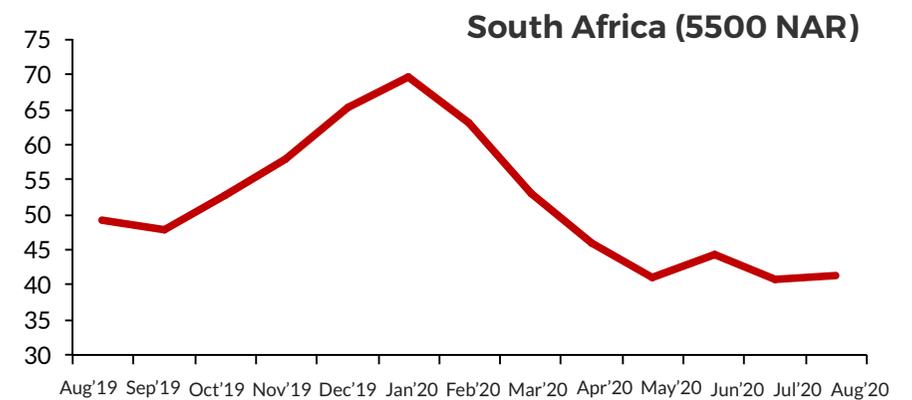
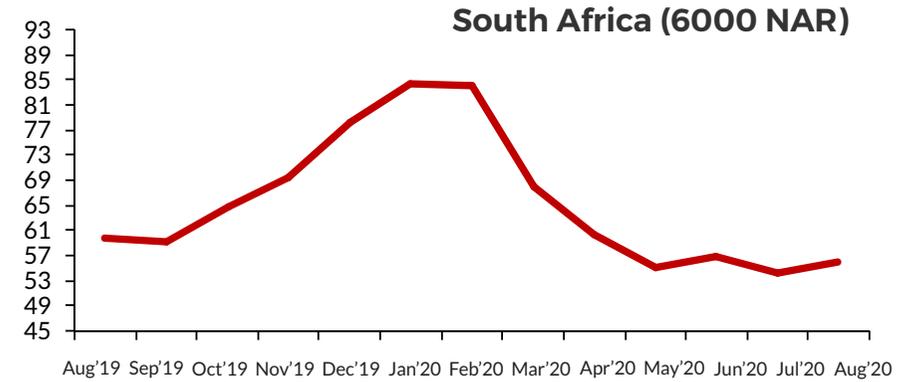
### International Non - Coking Coal Average Prices (CFR India)

Country/Grade		Aug'20	Jul'20	Jun'20
South Africa 6000 NAR	▲	67.1	66.30	68.00
South Africa 5500 NAR	▲	52.9	52.4	55.0
Indonesia 4200 GAR	▲	33.3	32.0	36.6
Indonesia 3600 GAR	▲	28.2	26.6	30.4

### Australian Premium HCC Monthly Average Price



### International Non-Coking Coal FOB Prices (Average)





## Australian Coking Coal Prices

### What Happened

Australian coking coal prices decreased further in Aug'20 amid limited transactions, primarily because Chinese buyers are still faced with stringent import restrictions, while Indian demand is yet to recover.

### What May Happen

Chinese sources expect prices to stay at current levels until customs policies change while Indians anticipate restocking demand as most steel mills have resumed normal operations.

## Indonesian Coal Prices

### What Happened

Indonesian low-calorific value coal prices plunged by 7% in the last one month amid decline in Chinese power utility procurement activities, coupled with lackluster Indian demand.

### What may Happen

Indonesian thermal coal export price is unlikely to see any significant uptick in Sep'20 due to sufficient availability of domestic coal in India and domestic coal inventory build-up up at Chinese ports.

## South African Coal Prices

### What Happened

South African thermal coal offers to India surged by 9% in August as resurging sponge iron demand and prices thereof instigated buyers to make bookings in anticipation that coal prices would also rise subsequently.

### What May Happen

Export offers to India are likely to increase further this month with gradual pickup in demand from Indian sponge and Pakistani power sectors.

## COAL Monthly REVIEW [ Sep 2020]

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