

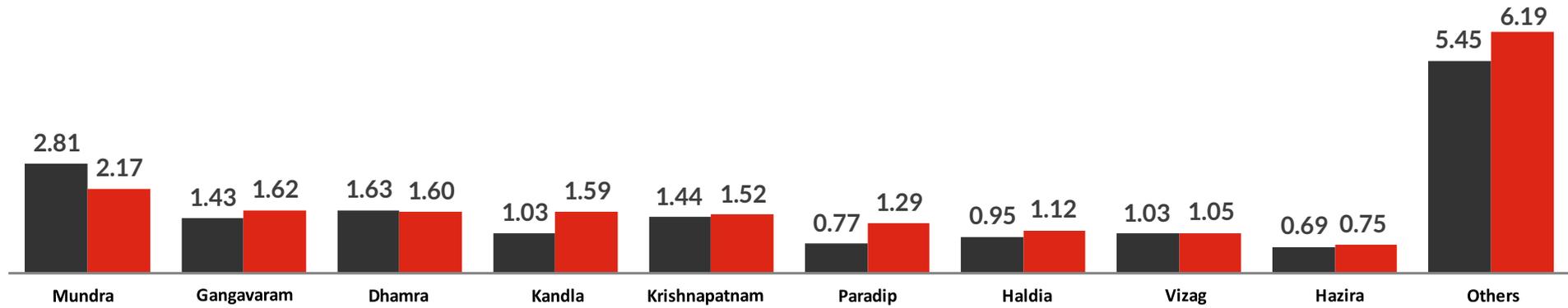
COAL

MONTHLY REVIEW OCTOBER' 20

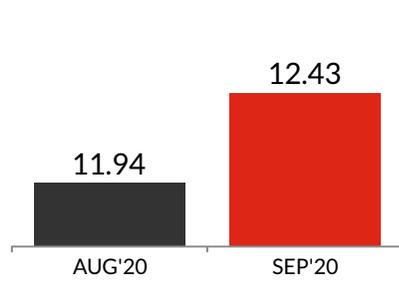
INDIAN COAL IMPORT

(Qty MnT)

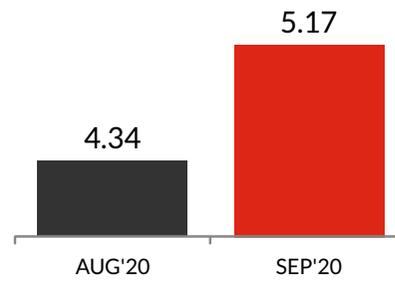
■ AUG'20 ■ SEP'20



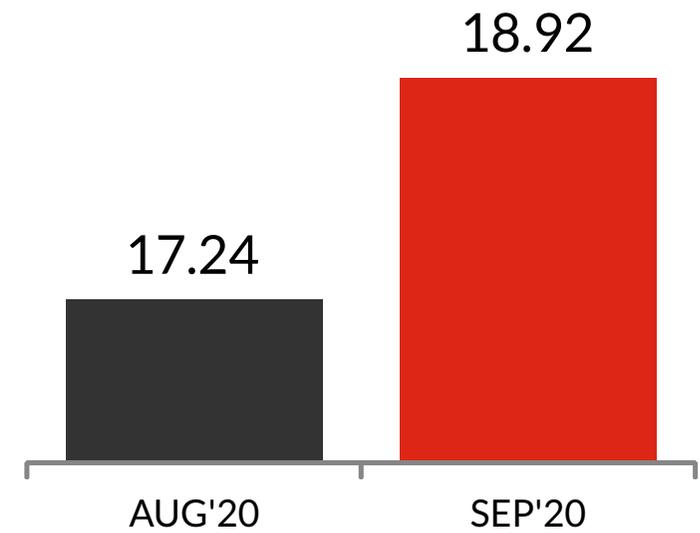
NON COKING COAL



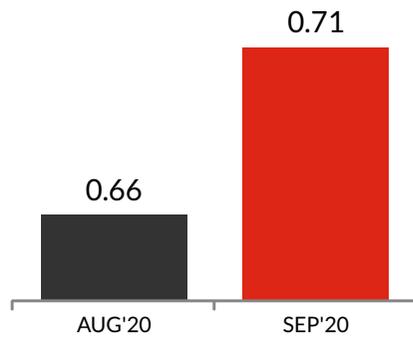
COKING COAL



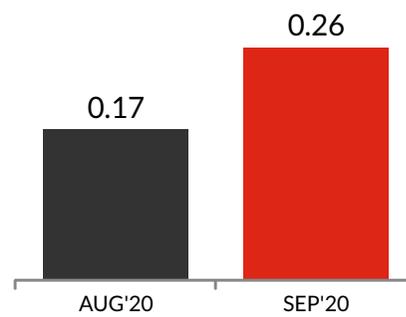
TOTAL COAL IMPORT



PET COKE



MET COKE

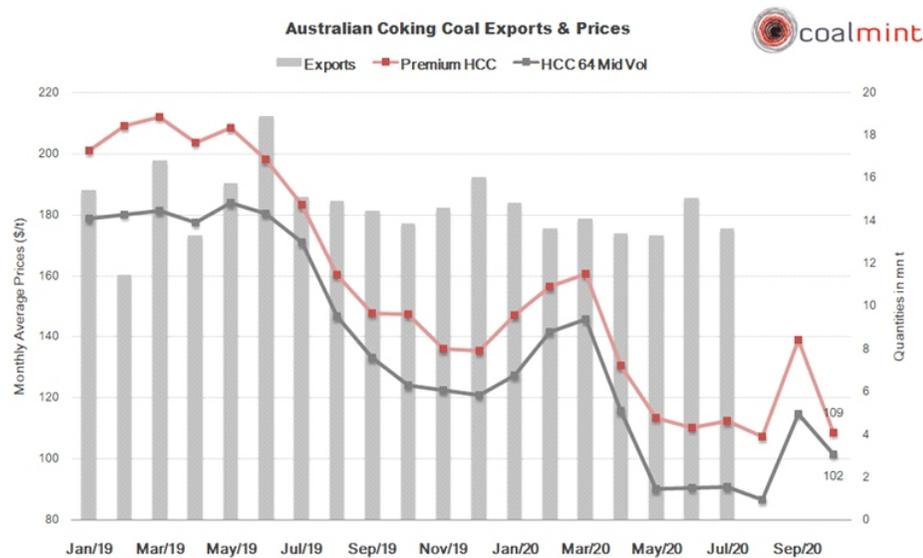


COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	SEP'20	AUG'20	M-O-M CHANGES
SAIL	1547662	897248	72%
VIZAG	563025	273495	106%
HALDIA	538974	353953	52%
DHAMRA	365310	222800	64%
PARADIP	80353	47000	71%
TATA STEEL	980251	1048058	-6%
DHAMRA	453957	848025	-46%
PARADIP	249399	101977	145%
HALDIA	151712	98056	55%
KAKINADA	77933	-	N/A
GANGAVARAM	47250	-	N/A
JSW STEEL	639742	1068004	-40%
JAIGARH	326403	371726	-12%
MORMUGAO	313339	532275	-41%
KRISHNAPATNAM	-	164003	N/A
JINDAL STEEL & POWER	531931	322235	65%
PARADIP	308847	243785	27%
DHAMRA	128001	78450	63%
GOPALPUR	95083	-	N/A
RINL	307955	484305	-36%
GANGAVARAM	307955	484305	-36%
BHUSHAN STEEL	187048	-	N/A
PARADIP	108500	-	N/A
VIZAG	78548	-	N/A
ELECTROSTEEL	147857	16688	786%
DHAMRA	86140	16688	416%
HALDIA	61717	-	N/A
TRAFIGURA INDIA	140298	44000	219%
DHAMRA	85645	44000	95%
VIZAG	32653	-	N/A
PARADIP	22000	-	N/A
VISA STEEL	57000	37554	52%
PARADIP	57000	37554	52%
OTHERS	630986	426482	48%
Grand Total	5170730	4344574	19%

NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	SEP'20	AUG'20	M-o-M
ADANI ENTERPRISES	1574428	1355624	16%
HAZIRA	346124	209950	65%
GANGAVARAM	329271	164537	100%
DHAMRA	326435	-	N/A
DAHEJ	219045	114330	92%
OTHERS	353553	866807	-59%
ADANI POWER	1225380	1309188	-6%
MUNDRA	1225380	1309188	-6%
SWISS SINGAPORE	887265	334287	165%
GANGAVARAM	309648	-	N/A
KANDLA	244320	215337	13%
KRISHNAPATNAM	164977	-	N/A
DHARAMTAR	113320	25000	353%
OTHERS	55000	93950	-41%
COASTAL GUJARAT POWER	870104	850046	2%
MUNDRA	870104	850046	2%
AGARWAL COAL	690707	972188	-29%
NAVLAKHI	223730	291110	-23%
DHARAMTAR	148370	90780	63%
TUTICORIN	114750	116510	-2%
KANDLA	112007	111200	1%
OTHERS	91850	362588	-75%
SEMB CORP GAYATHRI POWER	593492	299220	98%
KRISHNAPATNAM	593492	299220	98%
RELIANCE INDUSTRIES	429060	355265	21%
DAHEJ	192718	126150	53%
HAZIRA	164310	229115	-28%
BEDI	72032	-	N/A
JSW ENERGY	382513	411635	-7%
MORMUGAO	196613	-	N/A
JAIGARH	162500	164135	-1%
ENNORE	23400	82500	-72%
KRISHNAPATNAM	-	165000	N/A
INDIA COKE & POWER	254735	294808	-14%
KRISHNAPATNAM	162460	163487	-1%
ENNORE	60500	-	N/A
KANDLA	31775	-	N/A
VIZAG	-	54340	N/A
TUTICORIN	-	76981	N/A
OTHERS	5520305	5759103	-4%
GRAND TOTAL	12427989	11941364	4%

INTERNATIONAL

Australian coking coal prices retreat on subdued buying, ample supply



Australian coking coal prices continued their downward trajectory for yet another week on limited buying interest despite ample supply availability in the Southeast Asian markets.

While Chinese steelmakers stayed on the sidelines awaiting clarity on port restrictions, ex-Chinese steelmakers showed no urgency to book cargoes in hopes that offers could fall further in light of the current market weakness.

Meanwhile, oversupply concerns have emerged following deferrals and cancellations

Japan's Oct-Dec steel output set to fall by 11%

Steel production in Japan during April-September, the first half of the country's current fiscal year, plunged by 26.8% year-on-

of pre-contracted coal shipments by some buyers in China, following the recently rumored import ban on Australian coals.

Despite several November laycan cargoes of Australian premium coking coals being offered at competitive prices, there is no incremental demand to liquidate the excess supply.

This is because there has not been any significant improvement in steel product sales across major countries importing coking coal from Australia, viz. Japan, India and South Korea.

year to 37.1 mn t, according to the latest data released by the Japan Iron & Steel Federation on October 22.

In addition, Japan's production of crude steel in October-December is projected to fall by almost 11% to 21.1 mn t from a year earlier

because the continued impact of Covid-19, according to the ministry of economy, trade and industry (Meti).

India's steel demand likely to fall by 18% in 2020

In response to the import restrictions in China, expectations are rife that more of Australian coking coal could possibly be targeted toward India.

India at this moment, may have limited capacity in absorbing the surplus as the country's steel demand is predicted to face a sharp decline despite recent recovery from

automotive and white goods sectors, and government infrastructure projects.

Besides, majority of the Indians only buy small volumes of seaborne coking coal from the spot market as the country's largest steel manufacturers source coking coal through fixed-price long-term contracts.

US coking coal prices descend in line with declining Australian prices

US coking coal prices have started descending in a bid to compete with lower offers from Australian suppliers seeking to divert China-bound cargoes following the rumored ban on Australian coal imports.

Nevertheless, a surge in demand for US-originated coking coals was lately being heard as Australian suppliers withheld offers citing weather-related uncertainties.

India Coal Import Shipment Vessel Lineup

CoalMint's latest vessel lineup data (as on 21 Oct'20) reveals that a total quantity of 837,790t of Australian coking coal is expected to reach various Indian ports by 30 Oct'20 incl. 259,500t at Dhamra (Odisha), 74,524t at

Gangavaram (Visakhapatnam), 116,266t at Haldia (West Bengal).

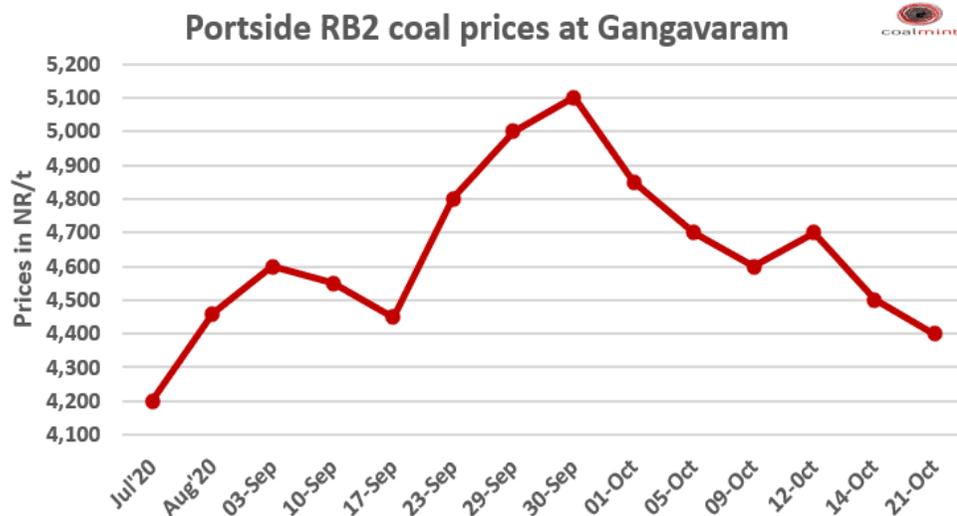
This apart, a 30,000t coal shipment of Australian PCI is also expected at Haldia port.

Price Assessments

Latest prices for the Premium HCC and the 64 Mid Vol HCC grades are assessed at around \$109/t (-\$11/t w-o-w) and \$102/t (-\$5/t w-o-w) FoB Hay Point, Australia.

For Indian buyers, these prices amount to \$122/t and \$114/t respectively on CNF India basis.

India: Heavy rainfall leads to limited trade and flat prices of RB2 grade coal at Gangavaram port



Source: CoalMint, Prices exclude cess & GST

Heavy rains lashed the eastern parts of India last week and has taken a toll on domestic thermal coal trade especially at Ganagavaram port. The torrential downpour in last ten days have been a spoilsport for the portside trade that had gained momentum at the start of October.

"There was no loading-unloading work at Ganagavaram port last week as the material there almost drowned. We have resumed our work since Monday but demand is quite flat because of high moisture in the material at present", quoted a trader doing business at Ganagavaram port.

Buyers' sentiments

The buyers from cement industry are currently opting for high CV Australian coal given its low prices amid distressed selling by the Australian and Chinese sellers. This is adversely impacting the portside trade for South African coal.

However, with a clear weather forecast for next two days, trade at Ganagavaram port is anticipated to pick up, but most market participants expect a festival lull is expected in the market till Dussehra.

According to information on various trade deals gathered by CoalMint, the average selling price for RB2 coal at Gangavaram port on 8-9 October (before rains started) was around INR 4600-4650/t, which has now fallen down to around INR 4,400-4,500/t. Prices are exclusive of cess and GST.

In case of the sponge iron sector, although the demand has picked up compared to previous months, it has still not reached the pre-pandemic levels. Also, due to sufficient thermal coal stock of 15.4 mn t (as on 15 Oct) at Indian ports, which was around 11.3 mn t same time last year, the S.African coal market in India has become a buyers' market.

Portside prices for RB2 gets support at Haldia port

Portside prices for RB2 at Haldia port has not fallen in proportion to the price drop at Gangavaram and other major ports owing to increased inquiries for thermal coal especially from Nepal and several other factors like higher waiting period (around 8-9 days) at the port, limited stock available and no major quantity coming to the port in the near-term.

Data maintained with CoalMint reveals that 85,000 tonne thermal coal (booked by Rungta Mines and Shyam Group) is coming to Haldia port by 26 October. Whereas, as on 15 Oct'20 thermal coal stock at Haldia port stood at 0.22 mn t. Around same time last year the stock at Haldia port stood at around 1.20 mn t.

Portside offers at Indian ports

Ex-port	Price in INR/T
Gangavarm	4,400-4,450
Krishnapatnam	4,700-4,800
Haldia	5,400
Paradip	4,750-4,800

Rb1 price ex-Kandla at around INR 5,400/t.
RB3 price ex-Gangavaram at around INR 3,700/t.
Prices are exclusive of cess and GST.

Near-term Outlook

Market experts anticipate that portside thermal coal prices in India would pick up only post Diwali festival in mid-November as the onset of the dry season will culminate in

resumption of various industrial and construction activities, subsequently leading to increased coal demand. However, we expect the market to remain relatively calm for the remainder of October.

Market awaits clarification on rumored Chinese import ban on Australian coals

Coal market participants, both in and outside of China, are anxiously awaiting clarification of the widespread rumor on China's possible ban on Australian coal imports.

However, some market participants are viewing this as a common practice by China to reduce coal consumption in energy consuming industrial sectors such as steel to reduce pollution and carbon emission.

Chinese National Day holiday over October 1-8, says that some domestic power plants and steel mills have been orally notified of temporarily suspending the imports of the Australian coal, and no date has been mentioned regarding the termination of the initiative.

The rumor, widespread in the market after the

"China's Customs will continue to strengthen the supervision on imports of certain products", said Li Kuiwen, spokesperson of the General Administration of Customs (GACC) said at the conference on October 13, in response to the query of this matter, without elaborating on either the products or origins under the watch.

"We have noted certain new restrictions on coal imports", a Shanghai-based trader admitted, "but we are still waiting for further clarification from the related authorities on whether this will be impacting the coal vessels already on the way to China and those queuing at the berths or just new bookings", he added.

The latest assessment of the premium low-volatile coking coal import price dropped by \$5/t from September 30 to \$144/t CFR North China on October 12.

A Shanghai-based analyst, nevertheless, expressed little surprise at the speculated move by the Chinese authority.

"Behind the speculated restriction could be China's efforts to reduce imports of coal, as China's energy consumption is largely fueled by domestically-produced coal, and Beijing has been optimizing the domestic supply by commissioning advanced and large-sized coal mine projects", he commented.

Besides, China has also been painstakingly reducing the proportion of fossil fuel in energy generation so as to be more eco-friendly by reducing pollutant and carbon emission, and Xi Jinping, China President, promised carbon neutralization in the country by 2060.

This has not been the first year for China to control imported coal either. As early as in 2018, China adopted some restrictive measures too on noting the surge in coal imports.

It is not surprising, though, the market attention has been focusing on Australia, as the country had been China's top coking coal supplier by August or the second largest in 2019 after Mongolia, and coking coal is Australia's third largest commodity too after iron ore and liquefied natural gas.

According to detailed data, China imported 220.8 mn t of coal and lignite including coking coal over January-August, with about 30% from Australia, but the proportion was much higher where coking coal imports were concerned, as the tonnage from Australia totaled 31.6 mn t, or about 60% of the total coking coal China imported over January-August, according to data from GACC.

Besides, over January-September, China imported 239.4 mn t of coal and lignite in total, down 4.4% on year, according to the latest data from GACC, but it was already very close to the country's reported target of containing the total volume within 270 mn t in 2020.

China's coal and lignite imports totaled 299.7 mn t in 2019, or 6.6% higher on year, GACC data showed.

Whether being true or not, China's domestic coking coal market has felt the less pressure on imports, and the coking coal futures market surged immediately to the rumor, with the closing price of the most-traded January 2021 coking coal contract on the Dalian

Commodity Exchange up first by 3.7% on October 9 from the closing price of September 30, the first working day after the long National Day holiday in China on October 1-8.

The DCE coal contract grew another 2.4%

from the closing price of October 9 to close at CNY 1,343.5/t (\$199/t) on October 12, according to the exchange's data.

Indonesia achieves 75% of its annual coal output by September

Indonesia's coal production by the end of Sep'20 has totaled to 410.4 mn t, which is 75.08% of the country's full-year coal production target of 550 mn t, according to the Ministry of Energy and Mineral Resources (ESDM) data released on Wednesday.

The country's coal exports in the first nine months this year reached 219.8 mn t, or 56% of the full-year target of 395 mn t.

Meanwhile, realized domestic market obligation (DMO) by September end reached 86.1 mn t or 55.5% of the full-year DMO target of 155 mn t.

The Indonesia Coal Mining Association (ICMA) has called on the country's coal miners to cut down production this year to help ease pressure on the price of the commodity amid oversupply and COVID-led weak demand.

In August, IrwandyArif, Special Staff of ESDM said that the government of Indonesia may approve proposals made by coal miners to have upward revision of their initial 2020 coal

production plans as long as the miners have already secured sales contracts for the extra output.

Irwandy argued that such increase in coal production would not undermine coal prices as the miners have already secured buyers.

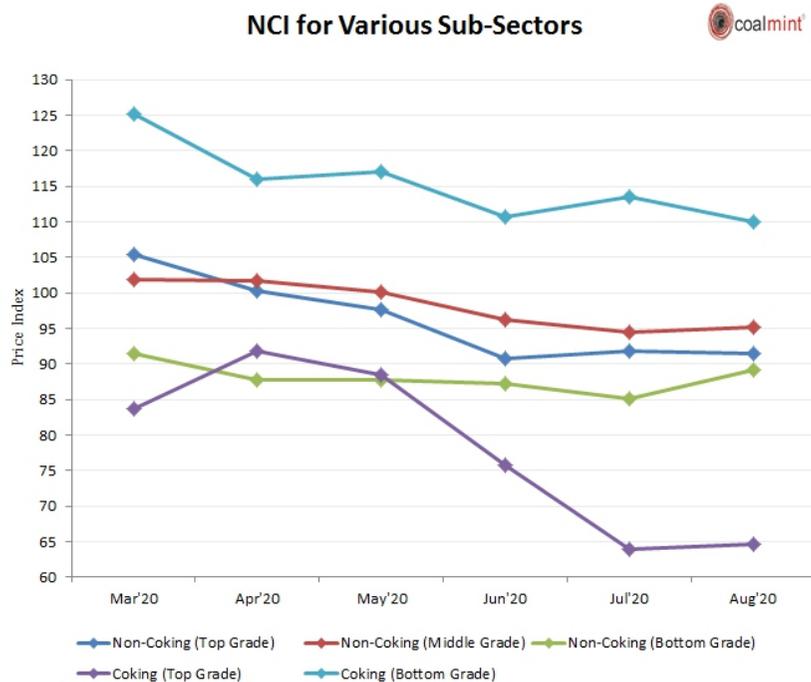
The government is currently reviewing the 2020 work plan and budget of coal miners, some of which have proposed upward revision in this year's initial coal production target.

Irwandy earlier said that there are 30 coal mining companies that have submitted proposal to the Ministry of Energy and Mineral Resources to revise upward their coal production target this year.

The government has initially set the country's coal production target this year at 550 million tonne. However, some market participants had suggested the government to lower the coal production to help prevent coal price from declining further amid oversupply and weak demand situation.

DOMESTIC

Commercial coal mining: NCI prices witness a sharp fall



Development of National Coal Index (NCI) carried out to evaluate revenue share for coal blocks underlined that the representative prices derived from it were significantly higher than the CIL notified prices. However, sluggish demand in the market has effectively bought down the index as

indicated in the latest notification issued by Coal ministry. Indices for various sub-sectors have decreased from the levels seen in Mar '20, determined on the basis of the price channels viz. notified price, auction price and imported price, with each playing a key role in the mechanism.

Key findings:

(a) It is pertinent to note that NCI is weighted average of coal price based on the price level of base period (FY '18).

(b) Index for bottom grade of coking coal having greater weightage for notified price and involving no import component, has emerged superior among the other sub-sectors.

On the other hand, index for top grade of coking coal providing greater weightage to import prices, has dropped significantly in line with the decline in international coal prices. (C) Relatively better price strength for bottom grade providing nearly equal weightage to notified and auction prices was also noticed in case of non-coking coal, as it depicted linear movement than the top and middle grade baskets.

Representative price edging closer to CIL notified price

Basic difference involving calculation of NCI and representative prices (RP) for various grades is that the former accounts coal value while the latter only accounts the coal volume involved in the assessment. Latest RP for the month of Aug '20 indicates

that prices have significantly fallen from Mar '20, but despite the slight m-o-m rise from Jul '20 particularly for top grade of non-coking coal and almost entire range of coking coal grades, these were still assessed higher than the CIL notified prices.

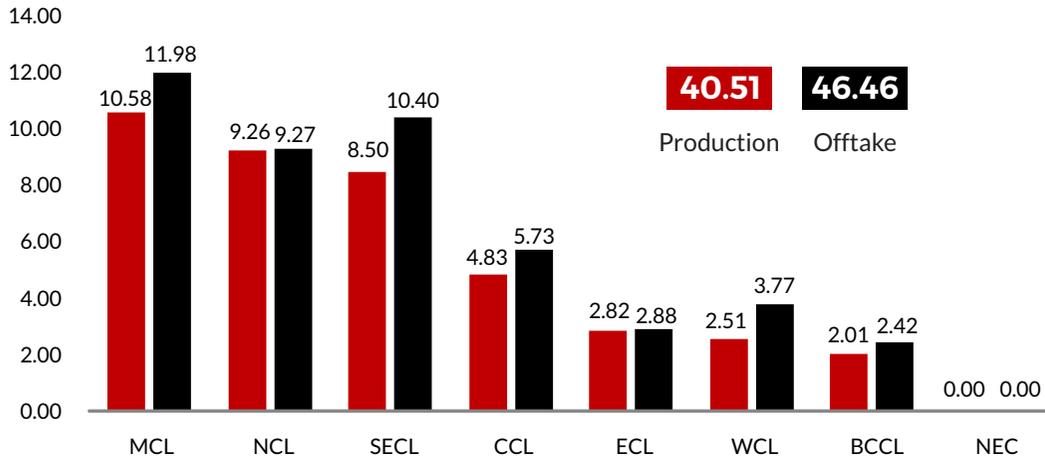
Grades	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20
G1	8568	6323	6251	5906	5920	5940
G2	4549	4237	4167	3837	3850	3870
G3	4350	4022	3936	3636	3667	3711
G4	4401	3934	3848	3525	3617	3618
G5	4042	3772	3612	3358	3371	3371
G6	3651	3476	3370	3154	3039	3089
G7	2619	2589	2595	2495	2490	2452
G8	2485	2426	2436	2327	2304	2314
G9	2154	2080	2056	1975	1967	1936
G10	1975	1826	1855	1726	1781	1728
G11	1474	1478	1476	1408	1399	1386
G12	1369	1292	1288	1246	1225	1219
G13	1270	1267	1260	1210	1180	1186
G14	1098	1087	1072	1026	1002	1003
G15	830	774	774	785	760	785
G16	723	603	603	629	603	813
G17	535	535	535	531	531	535
SI	10949	12046	11579	9893	8296	8393
SII	9942	10937	10513	8983	7533	7621
WI	5790	5790	5790	5790	5790	5790
WII	5156	5156	4839	4930	4427	4427
WIII	4413	3873	3708	3604	4110	4247
WIV	3180	3066	3074	2999	3023	3004

Prices in INR/t | "G" pertains to non-coking grades | "S" and "W" pertains to steel and washery grades of coking coal

Being a market driven index, NCI prices can vary as seen in the recent months, yet the participants would be expecting that it should remain closer to the CIL price, in order to remain competitive in the market.

After a temporary halt due to the request made by nominated authority regarding additional information from bidders, the auction process is likely to resume with the announcement of revised schedule.

CIL Performance in September 2020



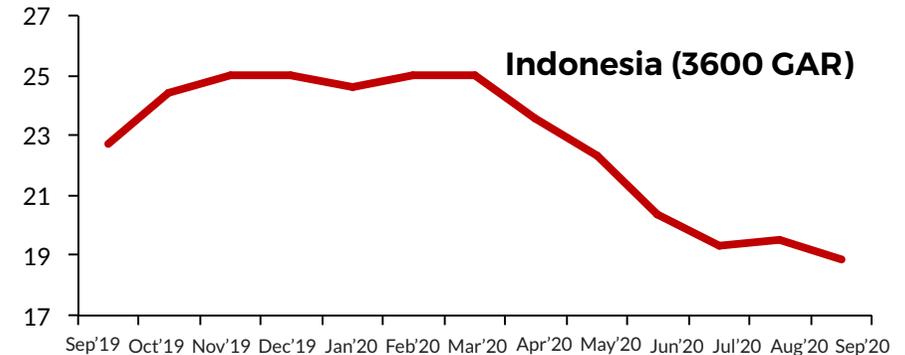
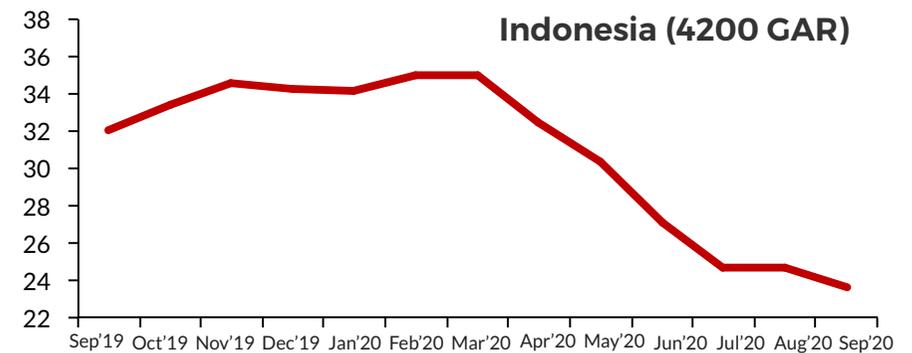
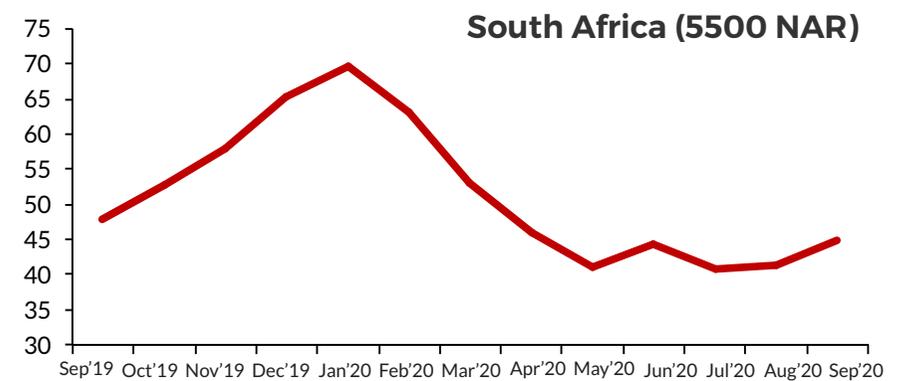
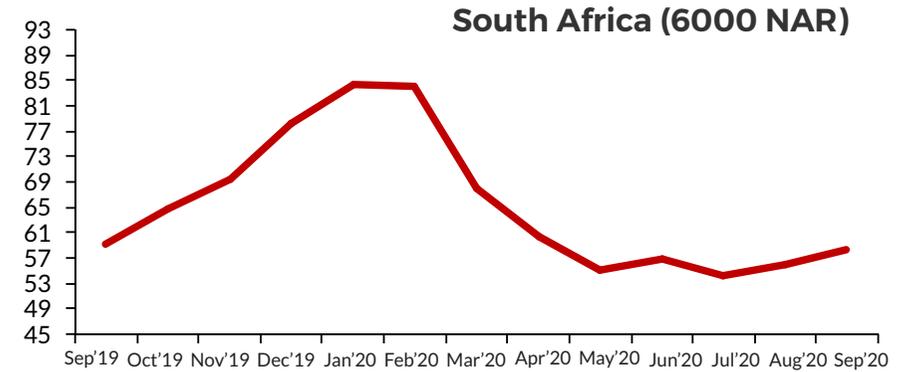
International Non - Coking Coal Average Prices (CFR India)

Country/Grade		Sep'20	Aug'20	Jul'20
South Africa 6000 NAR	▲	70.3	67.06	66.30
South Africa 5500 NAR	▲	57.3	52.9	52.4
Indonesia 4200 GAR	▼	32.6	33.3	32.0
Indonesia 3600 GAR	▼	27.7	28.2	26.6

Australian Premium HCC Monthly Average Price



International Non-Coking Coal FOB Prices (Average)





Australian Coking Coal Prices

What Happened

Australian coking coal prices have increased sharply throughout Sept'20, as multiple spot bookings were concluded and higher bids emerged for premium-grade coals in China.

What May Happen

Near-term Chinese demand depends on the easing of customs clearances, as the narrowing arbitrage between domestic-seaborne prices may hamper buying interest for imported coking coal.

Indonesian Coal Prices

What Happened

Indonesian low-calorific value coal prices moved up by 5% in Sept'20 in line with rising coal prices in the global market triggered by signs of demand recovery in China and Japan.

What may Happen

Indonesian coal export prices are likely to increase in Oct'20 as demand increases during the winter season (Oct-Dec) in the importing countries. Also, Chinese buyers are back for import bookings as their quotas are set to renew in Jan'21.

South African Coal Prices

What Happened

S. African thermal prices moved up by 6.25% in Sept'20. The prices rallied towards month-end amid the news of Australian mine closures for three weeks starting 25th Sept'20 and improvement in overall market sentiments.

What May Happen

Amid sluggish demand from South India but good demand from Pakistan and overall positive market sentiments, S. African coal prices are likely to remain stable in Oct'20 with minor fluctuations.

COAL Monthly REVIEW [Oct 2020]

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