

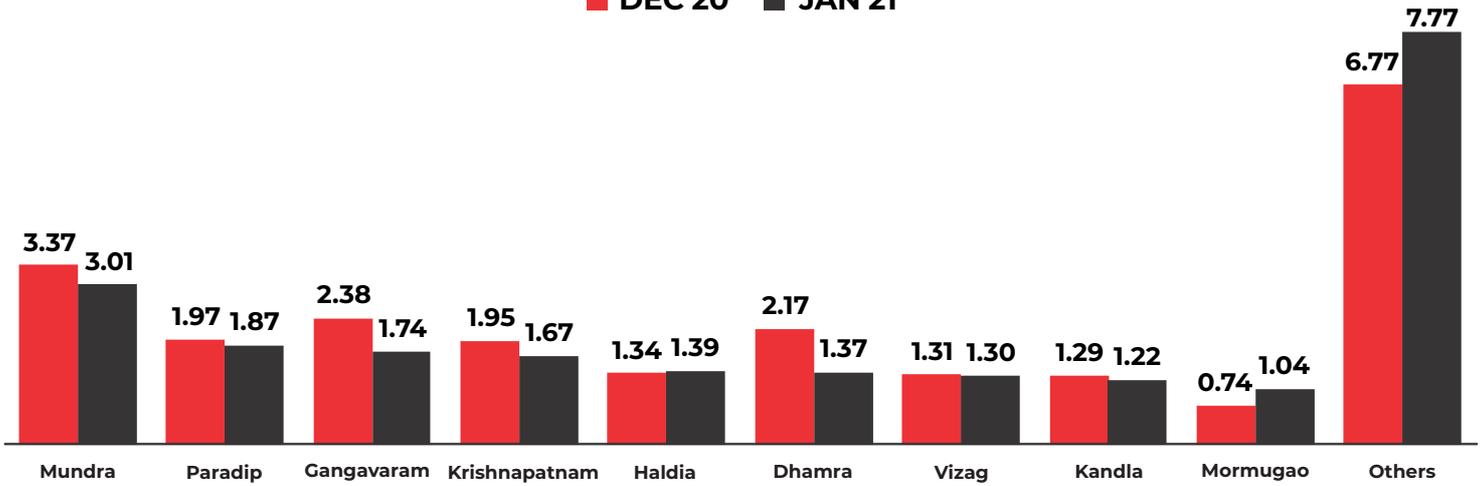
CoalMint[®]

COAL

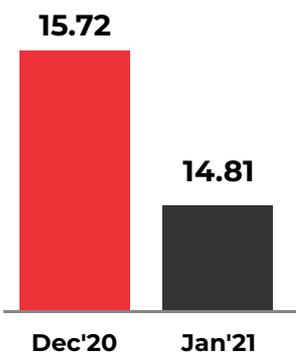
Monthly Review FEBRUARY' 21

Indian Coal Import (Qty MnT)

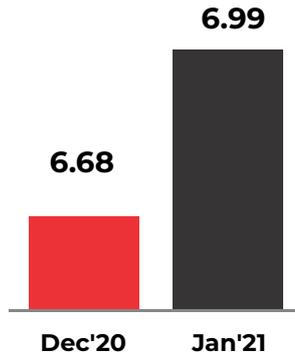
■ DEC'20 ■ JAN'21



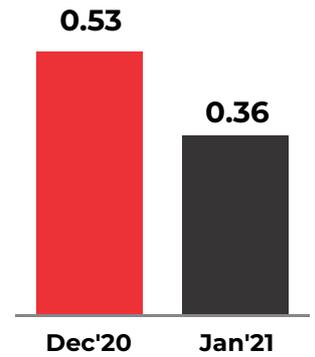
Non Coking Coal



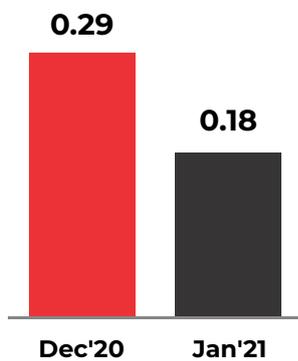
Coking Coal



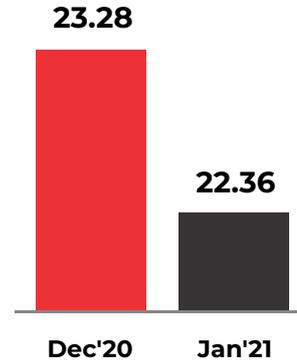
Pet Coke



Met Coke



Total Coal Import



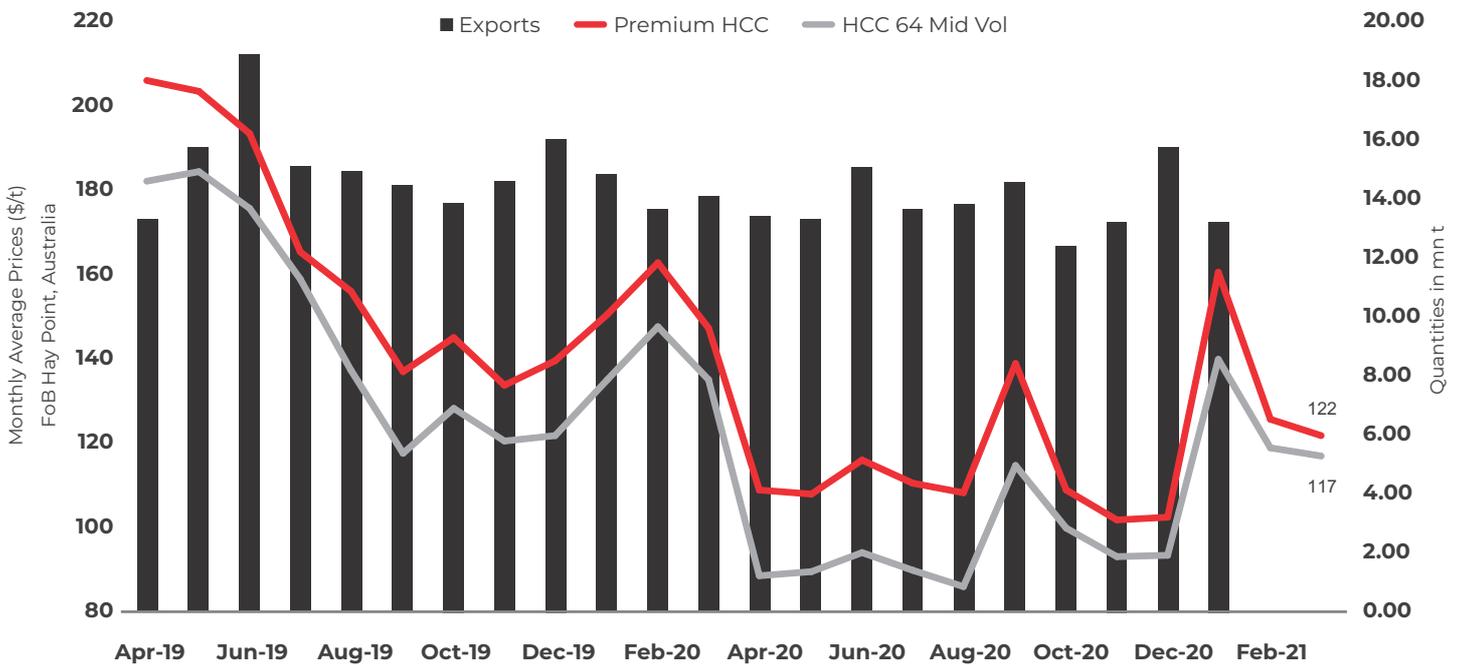
COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	JAN'21	DEC'20	M-O-M CHANGES
JSW STEEL	1779840	860721	107%
MORMUGAO	732168	527789	39%
JAIGARH	550914	244932	125%
KRISHNAPATNAM	411958	-	N/A
ENNORE	84800	88000	-4%
TATA STEEL	1571300	1325229	19%
DHAMRA	822138	742043	11%
PARADIP	534628	432457	24%
HALDIA	214534	150729	42%
SAIL	1378995	1560789	-12%
HALDIA	509250	645024	-21%
VIZAG	373325	462455	-19%
DHAMRA	227500	265950	-14%
PARADIP	221290	187360	18%
GANGAVARAM	47630	-	N/A
JINDAL STEEL & POWER	487398	550387	-11%
PARADIP	328360	472872	-31%
DHAMRA	159038	77515	105%
RINL	404136	674978	-40%
GANGAVARAM	404136	674978	-40%
ARCELORMITTAL NIPPON STEEL	163203	-	N/A
HAZIRA	88000	-	N/A
PARADIP	75203	-	N/A
VEDANTA	154256	67510	128%
MORMUGAO	154256	67510	128%
ELECTROSTEEL CASTING	103492	26400	292%
HALDIA	103492	26400	292%
KREMER GENERAL TRADING	77000	77040	0%
KANDLA	77000	77040	0%
OTHERS	865987	1533874	-44%
Grand Total	6985607	6676928	5%

NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	JAN'21	DEC'20	M-O-M CHANGES
ADANI POWER	1830038	1959890	-7%
MUNDRA	1830038	1959890	-7%
ADANI ENTERPRISES	1670853	2105772	-21%
HAZIRA	352469	265720	33%
KRISHNAPATNAM	213946	407396	-47%
KANDLA	212066	-	N/A
MUNDRA	158601	-	N/A
OTHERS	733771	1432656	-49%
AGARWAL COAL	1173588	995949	18%
NAVLAKHI	378635	286514	32%
MAGDALLA	181600	117613	54%
DHARAMTAR	163550	114862	42%
GANGAVARAM	161861	158728	2%
OTHERS	287942	318232	-10%
COASTAL GUJARAT POWER	901114	692456	30%
MUNDRA	901114	692456	30%
IMR RESOURCES	730303	457964	59%
GANGAVARAM	304897	160163	90%
ENNORE	132368	75949	74%
KANDLA	117038	-	N/A
NAVLAKHI	60500	-	N/A
OTHERS	115500	221852	-48%
SEMB CORP GAYATHRI POWER	666816	676458	-1%
KRISHNAPATNAM	666816	676458	-1%
JSW ENERGY	583853	216824	169%
JAIGARH	301205	-	N/A
ENNORE	203376	78350	160%
VIZAG	79272	-	N/A
KRISHNAPATNAM	-	138474	N/A
SM NIRYAT	404954	243870	66%
KOLKATA	326000	165000	98%
PARADIP	78954	78870	0%
SWISS SINGAPORE	401499	959341	-58%
KANDLA	340999	326422	4%
DHARAMTAR	35000	108200	-68%
JAIGARH	25500	-	N/A
ENNORE	-	33000	N/A
GANGAVARAM	-	491719	N/A
OTHERS	6451277	7410521	-13%
GRAND TOTAL	14814295	15719045	-6%

INTERNATIONAL

Australian coking coal prices drop on dampened market sentiment

Australian Coking Coal Exports & Prices



Australian premium hard coking coal prices in FOB markets decreased marginally throughout the week, on subdued demand with buyers waiting on the sidelines being cautious amid high volatility.

Prices had earlier fallen sharply last week following ArcelorMittal's sell tender concluded at \$126/t FOB Australia for 75,000 t of March-loading Goonyella.

At present there is relatively better demand for April laycan cargoes, as demand for March-loading cargoes has thinned out in consideration of the recent unclear price movement.

The price gap between offers and bids has presently widened after buyers lowered their bid levels in view of negative short-term sentiment in ex-Chinese markets.

Downbeat market sentiment hints at a cloud of uncertainty

Lately, spot trading activity in the seaborne coking coal market has remained low due to weak buying interest from most end-users in India among other Asian importers. Indian steel mills and coke producers are showing no urgency to procure seaborne coking coal because most of them have already secured cargoes earlier.

Buying interests from both European and Asian countries including Japan and South Korea have lately mellowed down on account of relatively weak downstream demand for steelmaking raw materials.

Besides, market participants are observing the prevalent weather conditions and potential supply disruptions in Australia.

Price Assessments

Latest prices for the Premium HCC and the 64 Mid Vol HCC grades are assessed at around \$122.00/t and \$117.00/t FOB Hay Point, Australia.

For Indian buyers, these prices amount to \$144.20/t and \$139.20/t respectively on CNF India basis.

Australia-India dry bulk freight rate is currently assessed at \$22.20/t (+10.4% w-o-w) for delivery by Panamax vessel class.

Outlook

Short-term market outlook remains bearish on limited buying interest, as buyers became cautious and retreated to the sidelines citing increased price volatility seen in the spot market over the recent past.

Australian coking coal prices are largely anticipated to remain at lower levels amid continued pressure from oversupply until China's informal import ban on Australian coals is lifted.

South Korea idles coal-fired plants to reduce emissions, Australian coal demand likely to suffer

In a bid to reduce fine dust emissions and control air pollution, South Korea has decided to suspend operations at half of its 58 coal-fired plants during March.

While the exact number of power plants to be shut will be decided as per the country's power demand, remaining plants will operate at 80% capacity during March.

During Dec-Feb'20, the country had shut about 9-17 coal-fired plants out of the total 60 plants. Two of the oldest plants have been completely shut by the country recently.

South Korea has adopted this strategy of idling coal-fired plants (especially during winters) since last year to combat air pollution. However, the government has decided to increase the number of plants being idled in Mar'21 amid anticipation of lower electricity demand during warmer days in March.

A dent on Australian coal demand?

This is likely to have a negative impact on Australian thermal coal demand and prices as it is the top supplier of thermal coal to South Korea.

In 2020, out of South Korea's total coal imports of 133.2 mn t, 40% was procured from Australia whereas for Australia, South Korea had been fourth-most preferred export destination in 2020.

No buying by Indian importers

Australian thermal coal prices that had gained some momentum in early 2021 have already started its retreat since last week due to negligible demand from India. The sudden rise in freight rates in the last few days is keeping Indian importers at bay.

The freight for panamax vessel between Newcastle to Indian East coast is currently trending at \$23-24/t which was around \$16/t a month back.

Although no deals have been concluded in the last two weeks, bids for 5500 NAR Australian high-ash coal are being heard at \$52/t, FoB basis while offers are at \$56/t. The trade price for the same had touched a high of \$58/t in the third week of January.

However, with South Korea idling its coal-fired plants there is likelihood of increased availability in the market which would further pull down the prices of Australian coal.

Rb2 portside prices turn flat amid sluggish domestic demand

South African RB2 (5500 NAR) coal portside prices have gone flat since past few days with prices stagnating at INR 5,500/t ex-Gangavaram.

Tepid buying interest from sponge manufacturers and preference to domestic coal over imported ones are cited as key reasons for the current status quo in the portside RB2 prices.

Recent deals

In a confirmed deal heard, 5,000 tonnes of RB2 coal have been sold at INR 5,525/t ex-Gangavaram and in another trade heard 3,000 tonnes have been sold at INR 5,500/t. Although few reputed traders are not ready to sell below INR 5,700/t, no trades are being heard at this rate.

At other ports, confirmed deals are heard of RB2 coal (10,000 tone) being sold at INR 5,650/t ex-Paradip and at INR 5,800/t ex-Mangalore.

Sponge market scenario

The domestic sponge iron prices gained a momentum of INR 400-600/t last week amid pick-up in demand from Raipur market and is now trending at INR 26,800-27,000/t, ex-Raipur. However, this failed to provide any support to portside RB2 coal prices amid sufficient stock available at port, increased availability of domestic coal and price rise panic in API4 index.

Indian importers take a backseat

The price rally in South African API4 index has stopped since last two weeks and the same is trending at \$83.1/t for March. The thermal coal stock at Gangavaram port towards the end of last week stood at 2.95 mn t (down by 1.83% w-o-w), CoalMint stock report revealed.

In order to deal with the ongoing situation of sufficient stock at port and sluggish demand, Indian importers of South African coal have taken a backseat and are not making any bookings for imported coal. Also, rise in freight rates in last few days has resulted in Indian importers delaying their purchases.

The freight for panamax vessel from RBCT to Gangavarm port is currently trending at \$17.5/t. This had touched a high of \$22/t last week and was around \$14/t a month back.

CoalMint's vessel line-up reveals, no South African coal vessel is arriving at Gangavaram port in March whereas only 0.16 mn t of South African coal is arriving at Hazira port by 28 March. The discounts for RB2 coal continue to hover around \$14/t whereas for RB3 (4800 NAR) it is \$26/t.

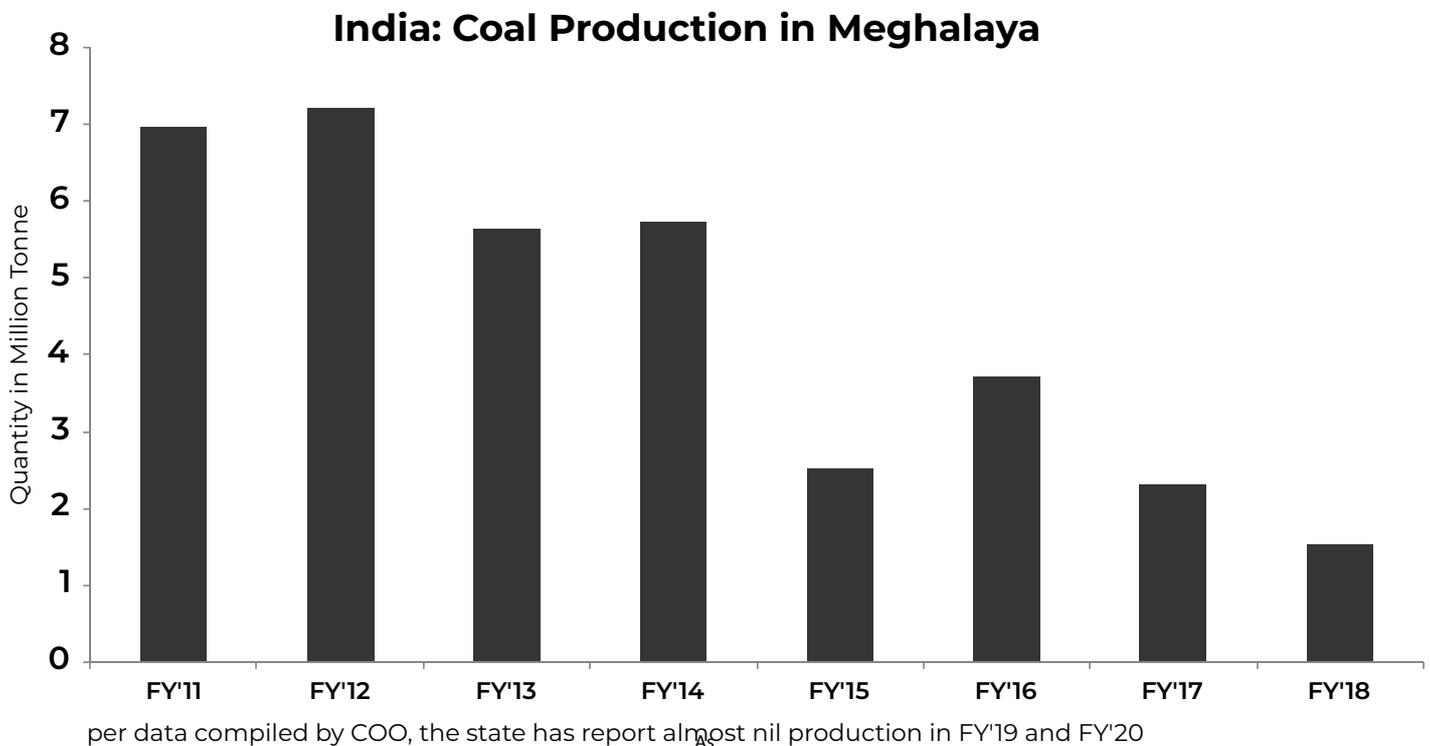
In a confirmed deal heard, a power utility purchased two capes of South African coal last week at the rate of \$42-43/t, FoB RBCT basis for April-May loading.

Outlook

Given the current scenario of sufficient stock at port and good domestic coal availability, any hike in portside prices for RB2 coal (in near-term) seems likely only if there is significant increase in demand from sponge sector.

DOMESTIC

India: Government gears-up for auction of coal extracted from Meghalaya



Government of Meghalaya in a bid to sale the coal extracted in the state has invited interested bidders to participate in the spot auction.

It is pertinent to note that coal mining in Meghalaya has been subjected to various obstacles over environmental concerns.

On 17 Apr '14, National Green Tribunal (NGT) banned illegal coal mining in the state after receiving several petitions regarding acidic discharge from unscientific mines which was polluting the Kopilliriver downstream.

Consequently, coal amounting to 3,256,715 t identified at different places in East Jaintia Hills, West Khasi Hills, South West KhasiHilla and South Garo Hills awaited disposal after no concrete decision was made regarding transportation of coal which was illegally mined.

Later, pursuant to the order dated 3 Jul '19, Supreme Court directed the state administration to hand over the illegally extracted coal to Coal India Limited for carrying out the auction and deposit the funds with the government.

Scheme for Sale:

The online auction for extracted coal stock would be carried out by MSTC as per the comprehensive plan prepared by Department of Mining and Geology on Aug '20.

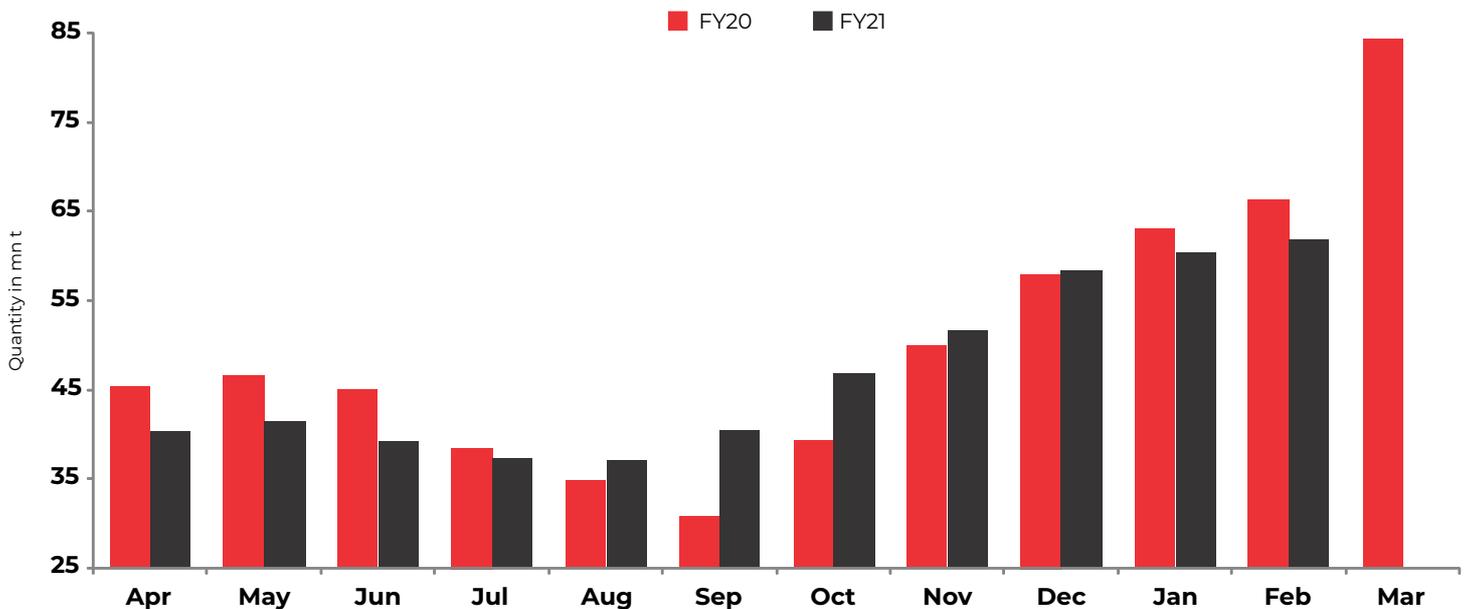
As per the plan, the coal would be transferred to the designated depot and stacked grade-wise, with provision being made for the interested parties to inspect the quality of lots before participation.

Bidding process has been kept similar to the scheme followed in spot auctions of CIL; where buyers are required to quote their bid price equal to or above the reserve price in order secure the coal quantity in auction.

While no latest update has been provided by MSTC regarding auction dates, sources have informed that auction would commence from East Jaintia Hills followed by other districts. The government expects to generate a royalty cess and GST worth INR 21 Crore through the auction.

India: CIL at risk of falling short of production target for FY '21

CIL Coal Production



Country's largest coal miner-Coal India Ltd is expected to fall short of its production target of 660 mn t set for FY '21, after production level remain subdued in February.

In spite of the lesser number of working days, the company managed to register a nominal growth of 2% m-o-m in coal production to 61.86 mn t in Feb '21 against 60.47 mn t in Jan '21. However, production rate of 2.21 mn t/day during the month was assessed 3% lower on the year from 2.28 mn t/day in Feb '20.

This is not the first time CIL would fail to attain its production target, yet shortfall this term has been largely driven by COVID-19 led demand contraction rather than operational liabilities.

With relaxation in lock-down norms, the company had raised production post Aug '20 but that was short-lived as sudden drop in power demand again forced it to lower coal volume in the final quarter.

Overall coal production during the first 11 months of FY '21 (Apr-Feb period) has reached 515.22 mn t, recording a marginal decline from 517.8 mn t in the year-ago period.

Lower sales piling up coal inventory:

With demand from the power sector yet to crystallize fully, the company has found it difficult to augment coal supply at a time when the power houses are already equipped with surplus inventories.

CIL's coal dispatch dropped to a 4-month low of 51.25 mn t in Feb '21, thus leading to excessive stock build up at the mines which now accumulate 77.75 mn t coal at the end of month, up from 44.11 mn t noted in the year-ago period.

The company would be hoping to emulate previous fiscal heroics by attaining new high in coal production during March in order to avoid y-o-y decline in overall output for the second straight fiscal. Nevertheless, the prospect of coal stock reaching to substantial level would be a concern if demand fails to recover as envisaged.

India: Revival in electricity demand fails to lift CIL's coal supplies

Coal India Ltd (CIL) has not managed to capitalize from the recent surges in electricity consumption, as power companies continue to defer coal supplies due to the excessive coal inventories.

Dispatch to the power sector recorded a modest growth from 40.25 mn t in Dec '20 to 40.63 mn t in Jan '21. However, the volume extended its fall on y-o-y basis for second successive month as it fell 7% from 43.64 mn t in Jan '20.

This comes at a time when country's daily power demand had been on a record-breaking trend with economic activity picking up pace again.

Electricity consumption hit a new high of 189.6 GW (gigawatts) on 30 Jan '21, surpassing the previous high of 188.4 GW recorded on 28 Jan '21. Earlier, the previous milestone was breached by touching 187.3 GW on 22 Jan and 185.82 GW on 20 Jan.

Power Plants' Lack of Interest

Efforts made to meet the fuel requirements of power sector resulted in excessive build-up of coal inventory at the power houses last year. The situation got worsened during the lock-down when coal-fired power generation was vastly affected by the closure of industrial units.

Notably, coal stock assessed at the plants had reached 51 mn t as on Jul '20, sufficient for 30-34 days of power generation.

Moreover, dearth of cash-flow from DISCOMs has led to high outstanding amount payable to these generation companies thus forcing them to regulate coal supplies. Consequently, CIL's overall coal dispatch to power sector has decreased 6% y-o-y to 357.54 mn t during the first 10 months of this fiscal (Apr -Jan period).

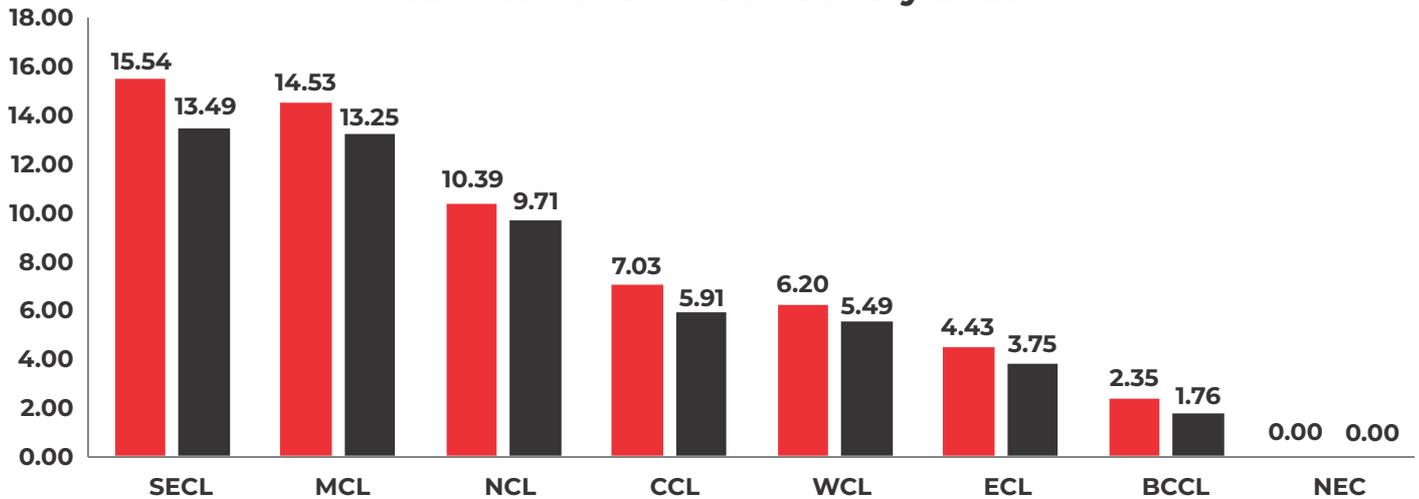
Bright Light Ahead

Rise in coal consumption at power plants has induced a steady decline in coal stock levels. After a continuous growth recorded between Oct-Dec period, stock levels have begun to deplete at a faster rate.

As on 21 Feb '21, coal inventories at plants were assessed at 32.59 mn t, sufficient for 18 days of power generation.

Encouraged by the higher demand, fresh schedule for power generation are expected to keep coal burn-rate elevated, at the same time mandate to maintain 19 days of stock would push power plants to take higher coal supplies.

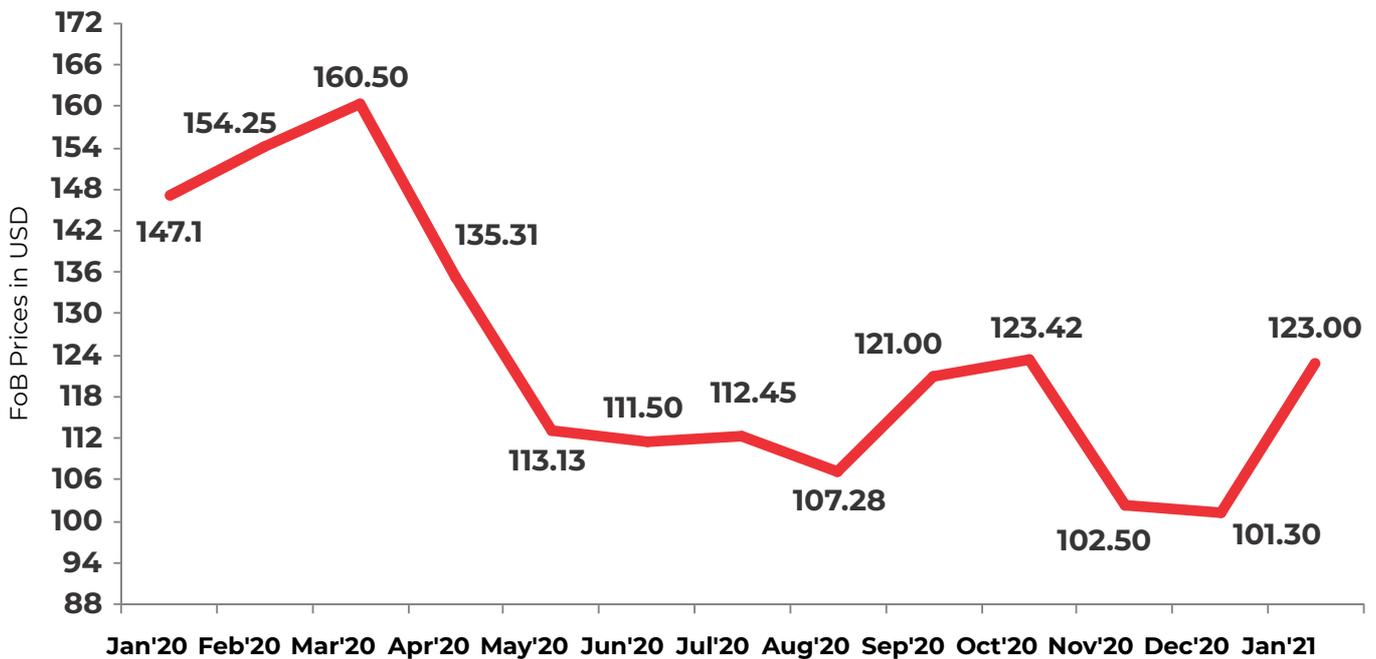
CIL Performance in January 2021



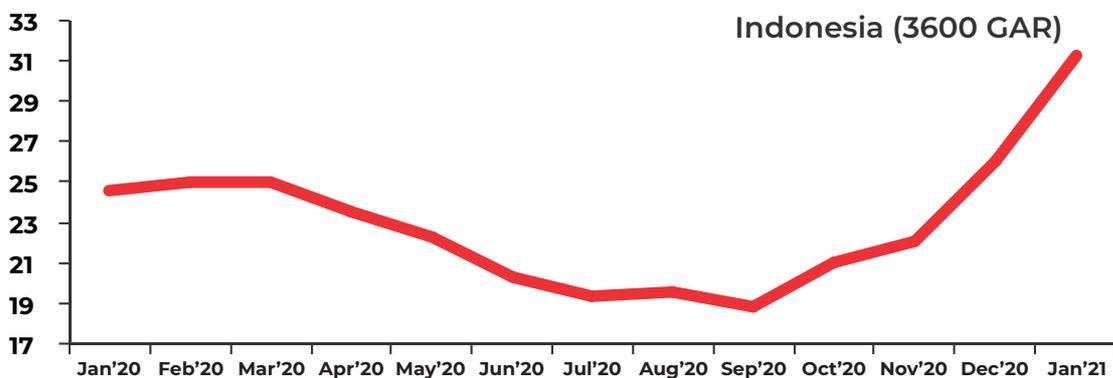
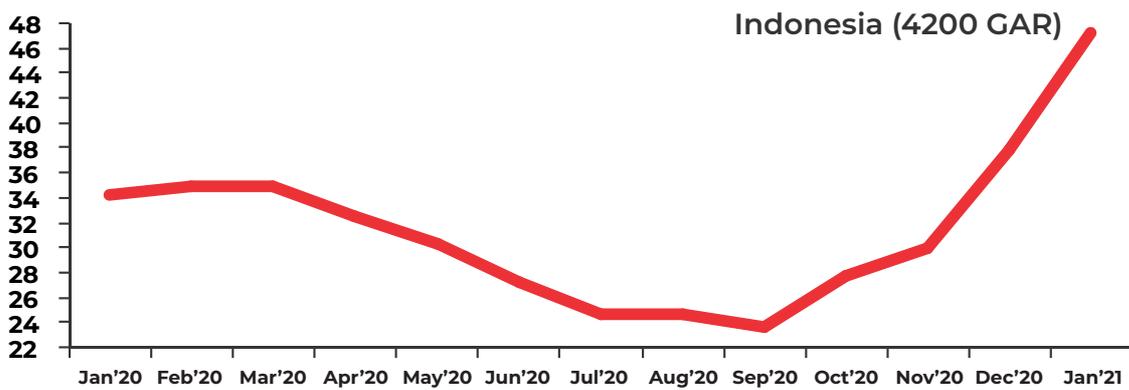
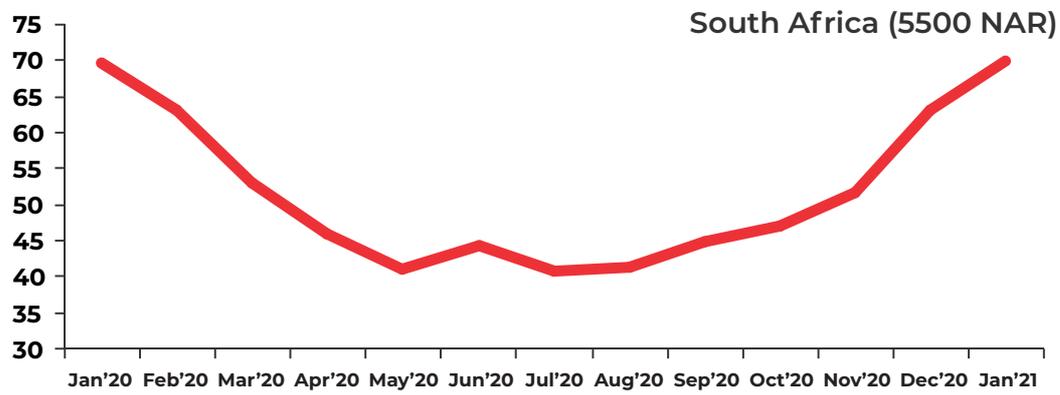
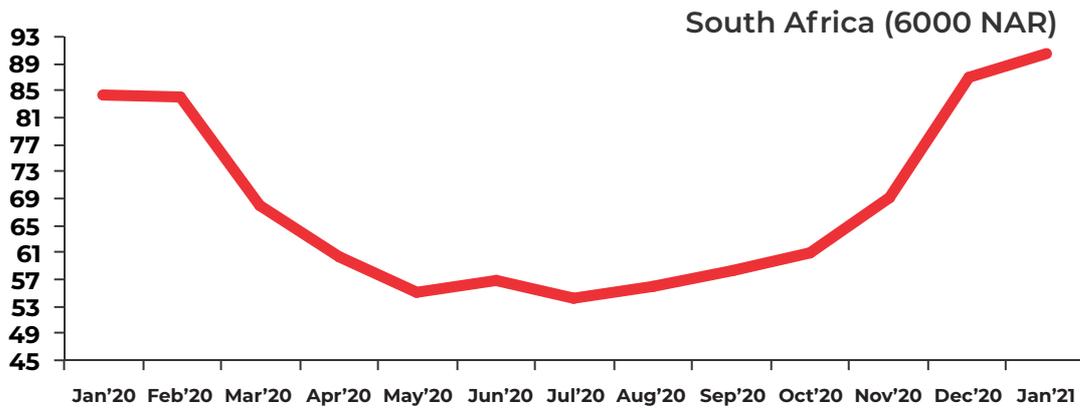
International Non - Coking Coal Average Prices (CFR India)

Country/Grade		Jan'21	Dec'20	Nov'20
South Africa 6000 NAR	▲	103.9	98.81	80.43
South Africa 5500 NAR	▲	83.2	75.1	63.0
Indonesia 4200 GAR	▲	57.1	47.6	37.9
Indonesia 3600 GAR	▲	41.5	35.5	29.9

Australian Premium HCC Monthly Average Price



International Non-Coking Coal FOB Prices (Average)



Coal Market Scan

What Happened

- Australian coking coal prices recovered, after hitting rock bottom in January, amid rising restocking demand and buyers' concerns over potential supply disruptions.
- Indonesian and South African thermal coal prices increased moderately in January amid supply tightness and increased demand from China.

What may Happen

- Near-term price expectations for Australian coking coal remain unclear owing to limited offers from Australian producers and an influx of lower offers from China for resale cargoes.
- Indonesian and South African thermal coal prices are anticipated to fall in February amid tepid demand from India and from China due to Lunar New Year holidays.

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