

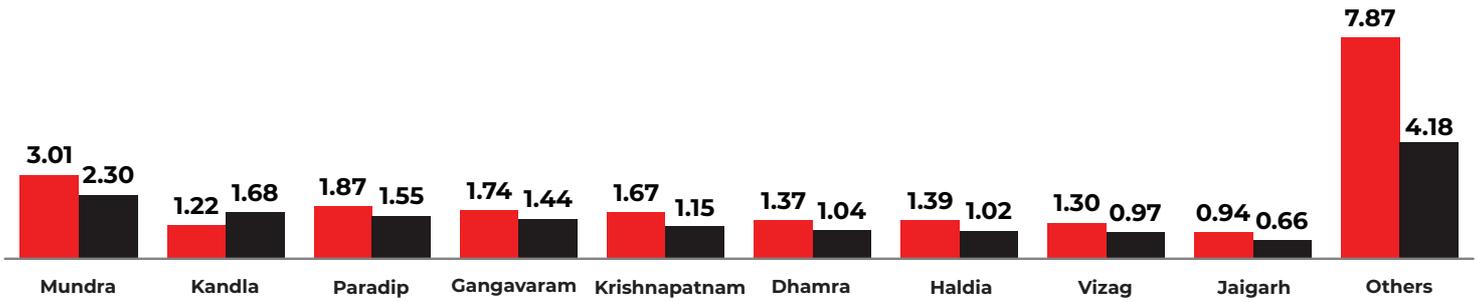
CoalMint<sup>®</sup>

# COAL

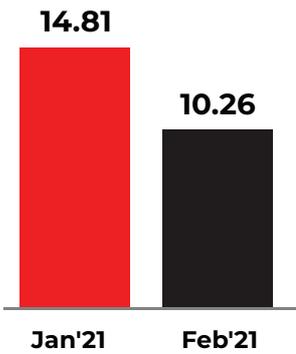
Monthly Review MARCH'21

## Indian Coal Import (Qty MnT)

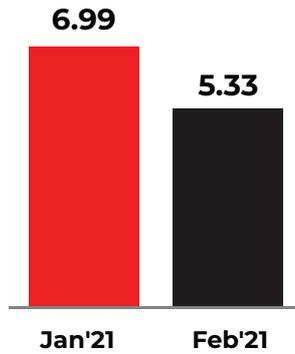
■ JAN'21 ■ FEB'21



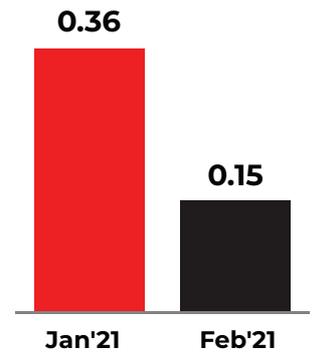
### Non Coking Coal



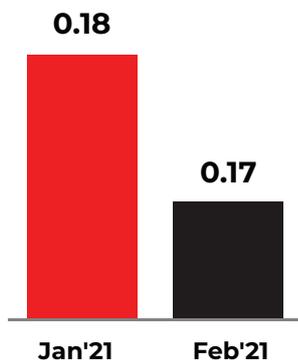
### Coking Coal



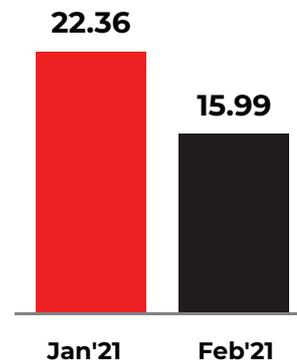
### Pet Coke



### Met Coke



### Total Coal Import



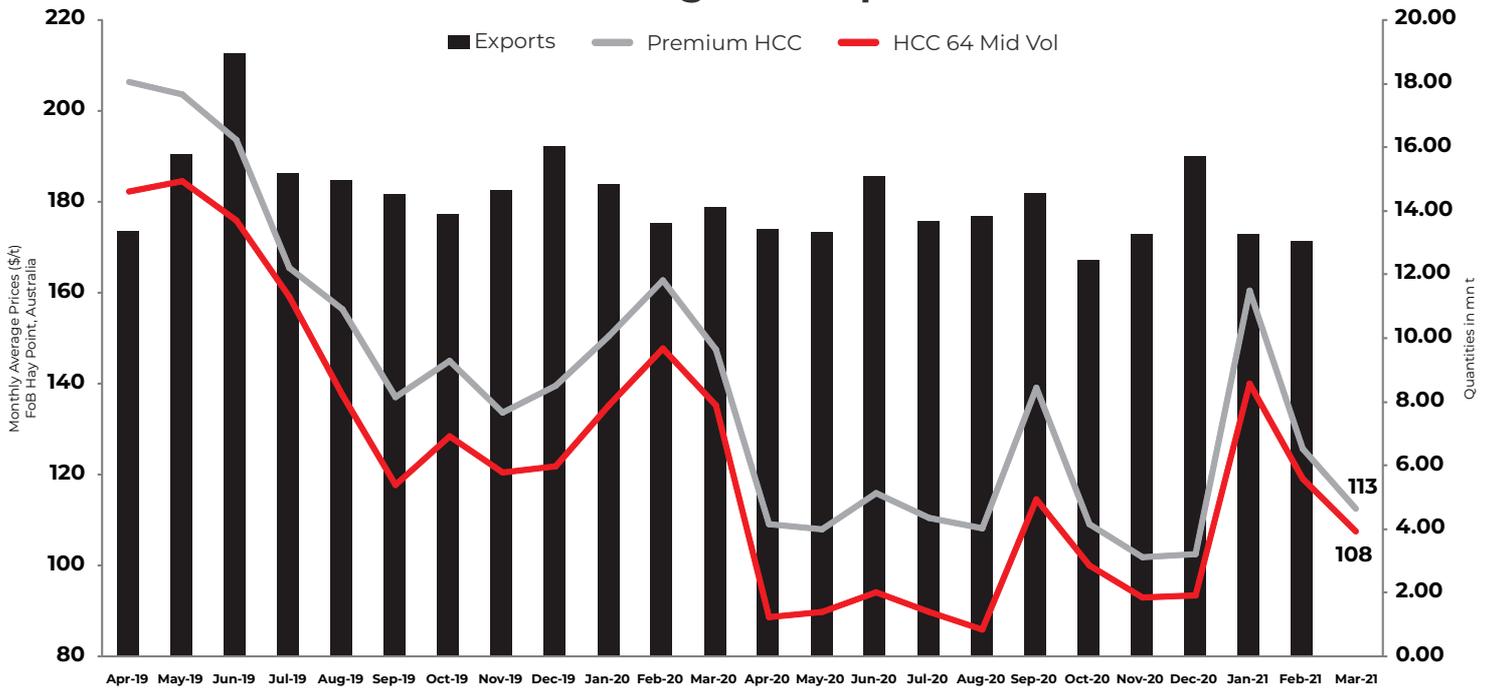
COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	FEB'21	JAN'21	M-O-M CHANGES
<b>SAIL</b>	<b>1744642</b>	<b>1378995</b>	<b>27%</b>
HALDIA	662275	509250	30%
VIZAG	428855	373325	15%
DHAMRA	338580	227500	49%
PARADIP	266832	221290	21%
GANGAVARAM	48100	47630	1%
<b>JSW STEEL</b>	<b>996698</b>	<b>1779840</b>	<b>-44%</b>
MORMUGAO	489933	732168	-33%
JAIGARH	343609	550914	-38%
KRISHNAPATNAM	163156	411958	-60%
ENNORE	-	84800	N/A
<b>RINL</b>	<b>469385</b>	<b>404136</b>	<b>16%</b>
GANGAVARAM	469385	404136	16%
<b>TATA STEEL</b>	<b>469208</b>	<b>1571300</b>	<b>-70%</b>
DHAMRA	207511	822138	-75%
PARADIP	203397	534628	-62%
HALDIA	58300	214534	-73%
<b>JINDAL STEEL &amp; POWER</b>	<b>391384</b>	<b>487398</b>	<b>-20%</b>
PARADIP	311862	328360	-5%
DHAMRA	79522	159038	-50%
<b>JINDAL SAW</b>	<b>165000</b>	<b>-</b>	<b>N/A</b>
MUNDRA	165000	-	N/A
<b>VEDANTA</b>	<b>112886</b>	<b>154256</b>	<b>-27%</b>
MORMUGAO	112886	154256	-27%
<b>TRAFIGURA</b>	<b>111163</b>	<b>-</b>	<b>N/A</b>
HALDIA	57800	-	N/A
PARADIP	53363	-	N/A
<b>CARBON RESOURCES</b>	<b>78971</b>	<b>-</b>	<b>N/A</b>
PARADIP	78971	-	N/A
<b>OTHERS</b>	<b>790682</b>	<b>1209682</b>	<b>-35%</b>
<b>Grand Total</b>	<b>5330019</b>	<b>6985607</b>	<b>-24%</b>

NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	FEB'21	JAN'21	M-O-M CHANGES
<b>ADANI ENTERPRISES</b>	<b>1665766</b>	<b>1670853</b>	<b>0%</b>
KRISHNAPATNAM	409935	213946	92%
GANGAVARAM	386010	144842	167%
HAZIRA	224989	352469	-36%
DHAMRA	158484	157019	1%
OTHERS	486348	802577	-39%
<b>COASTAL GUJARAT POWER</b>	<b>1152643</b>	<b>901114</b>	<b>28%</b>
MUNDRA	1152643	901114	28%
<b>ADANI POWER</b>	<b>846871</b>	<b>1830038</b>	<b>-54%</b>
MUNDRA	846871	1830038	-54%
<b>ULTRATECH CEMENT</b>	<b>545525</b>	<b>398496</b>	<b>37%</b>
GANGAVARAM	193344	83696	131%
KANDLA	170540	126000	35%
KRISHNAPATNAM	126641	128300	-1%
PIPAVA	55000	60500	-9%
<b>JSW ENERGY</b>	<b>528956</b>	<b>583853</b>	<b>-9%</b>
ENNORE	240367	203376	18%
JAIGARH	210192	301205	-30%
VIZAG	78397	79272	-1%
<b>SWISS SINGAPORE</b>	<b>457809</b>	<b>401499</b>	<b>14%</b>
KANDLA	292809	340999	-14%
JAIGARH	108000	25500	324%
NAVLAKHI	57000	-	N/A
DHARAMTAR	-	35000	N/A
<b>SEMB CORP GAYATHRI POWER</b>	<b>370061</b>	<b>666816</b>	<b>-45%</b>
KRISHNAPATNAM	370061	666816	-45%
<b>IMR RESOURCES</b>	<b>349057</b>	<b>730303</b>	<b>-52%</b>
GANGAVARAM	165804	304897	-46%
NAVLAKHI	109500	60500	81%
MANGALORE	73753	-	N/A
OTHERS	-	364906	N/A
<b>ARCELORMITTAL NIPPON STEEL</b>	<b>222383</b>	<b>163205</b>	<b>36%</b>
HAZIRA	222383	163205	36%
<b>OTHERS</b>	<b>4122578</b>	<b>7468118</b>	<b>-45%</b>
<b>GRAND TOTAL</b>	<b>10261649</b>	<b>14814295</b>	<b>-31%</b>

# INTERNATIONAL

## Australian coking coal prices slip on thin trading outside China

Australian Coking Coal Exports & Prices



Australian coking coal prices inched down further this week, with most market participants adopting a wait-and-see attitude amid the recent price volatility seen in the FOB market for premium coking coal.

The spot market saw relatively fewer bids and offers in the ex-China market for Australian premium low-volatile (PLV) hard coking coal (HCC), but buyers stayed out of the market.

An early-April laycan cargo of 45,000 t PLV HCC traded at \$114/t FOB Australia, along with 35,000 t of HCC at \$104.50/t FOB Australia on Tuesday, March 16.

Earlier during the week, two trades were done for 45,000 t each of Australian premium hard coking coal at \$116/t and \$118/t FOB Australia, both with end-April to early-May laycan.

Restocking demand for May-loading cargoes may emerge soon, but April laycan cargoes are still seeing weak buying interest, with firm offers failing to draw demand from buyers. Some market sources, however, are still skeptical about uncertainties over the demand outlook.

Indian coking coal imports subside sharply on limited buying interests

Notably, India's coking coal imports fell by 20% to 4.58 mn t in Feb'21, compared with 5.74 mn t in Jan'21, on decreased shipments from Australia among others.

Meanwhile, the country's coking coal imports from Australia registered a 22.3% reduction in the last month of February to 3.57 mn t.

### Price Assessments

Latest prices for the Premium HCC and the 64 Mid Vol HCC grades are assessed at around \$112.50/t (-4.3% w-o-w) and \$107.50/t (-3.6% w-o-w) FOB Hay Point, Australia.

For Indian buyers, these prices amount to \$135.35/t (-2.3% w-o-w) and \$130.35/t (-1.6% w-o-w) respectively on CNF India basis.

Australia-India dry bulk freight rate is currently assessed at \$22.85/t (+8.8% w-o-w) for delivery by Panamax vessel class.

### Outlook

At present, the outlook for spot buying interest from India appears bleak, as most large steel mills rely on long-term contracts while mid- and small-sized end users are seemingly well stocked for now until May or June as they booked cargoes when PLV HCC FOB prices were at \$100-105/t in early January.

Besides, Indian buyers are mostly refraining from immediate procurement of seaborne coking coal cargoes in hopes that offers could decline further.

Hence, overall demand revival for spot purchases of seaborne coking coal by Indian steel mills would likely take a while and is anticipated to start showing signs of improvement in the latter half of the next quarter at the earliest.

## South African thermal coal prices shoot up on supply pressure

South African RB2 (5500 NAR) grade thermal coal prices in India, which had stagnated for a month at INR 5,500/t, shot up this week to INR 6,100/t. The reason behind the escalation is majorly due to shortage of thermal coal at RBCT port amid disruption of Transnet's rail services, market participants informed CoalMint.

### Transnet troubles

On 2 Feb'21, Transnet had issued a notification announcing force majeure at its rail lines serving the terminal following continuous strong winds and heavy rains caused by the tropical storm Eloise. The notification had further added that heavy rains and high winds resulted in slow loading of vessels due to flooded stockpiles, flooded rail lines impacting offloading and berthing of vessels due to high swells and high wind speeds at the terminal.

Transnet was said to be monitoring the situation in order to minimise any negative impact arising from the force majeure, although no update or timeline for a return to normal services has been provided till date.

While the incident was thought to have limited impact on coal loadings at the terminal, resumption of services seems to be improving at a slower pace than expected resulting in lower stocks at RBCT port and a rise in the index.

## Offers at higher rates

The RB2 price at Gangavaram port is currently assessed at INR 6,200/t (excluding cess and GST), while offers are higher at INR 6,400/t. At the buyers' end, the majority of buyers have stepped back in anticipation of a correction in the market in a few days and also because of availability of cheaper domestic coal.

5500 NAR equivalent grade of domestic coal, although with less FC, is currently available at INR 5,000/t ex-mines in Chhattisgarh, which makes it cheaper by INR 400/t against the imported material (after including all taxes and duties in both variants).

## Importers shy away from bookings

With Adani acquiring a majority stake in Gangavaram port, a majority of the importers have moved to the sidelines and are not making any bookings for South African coal at Gangavaram port. Also, higher freight rates are keeping importers at bay.

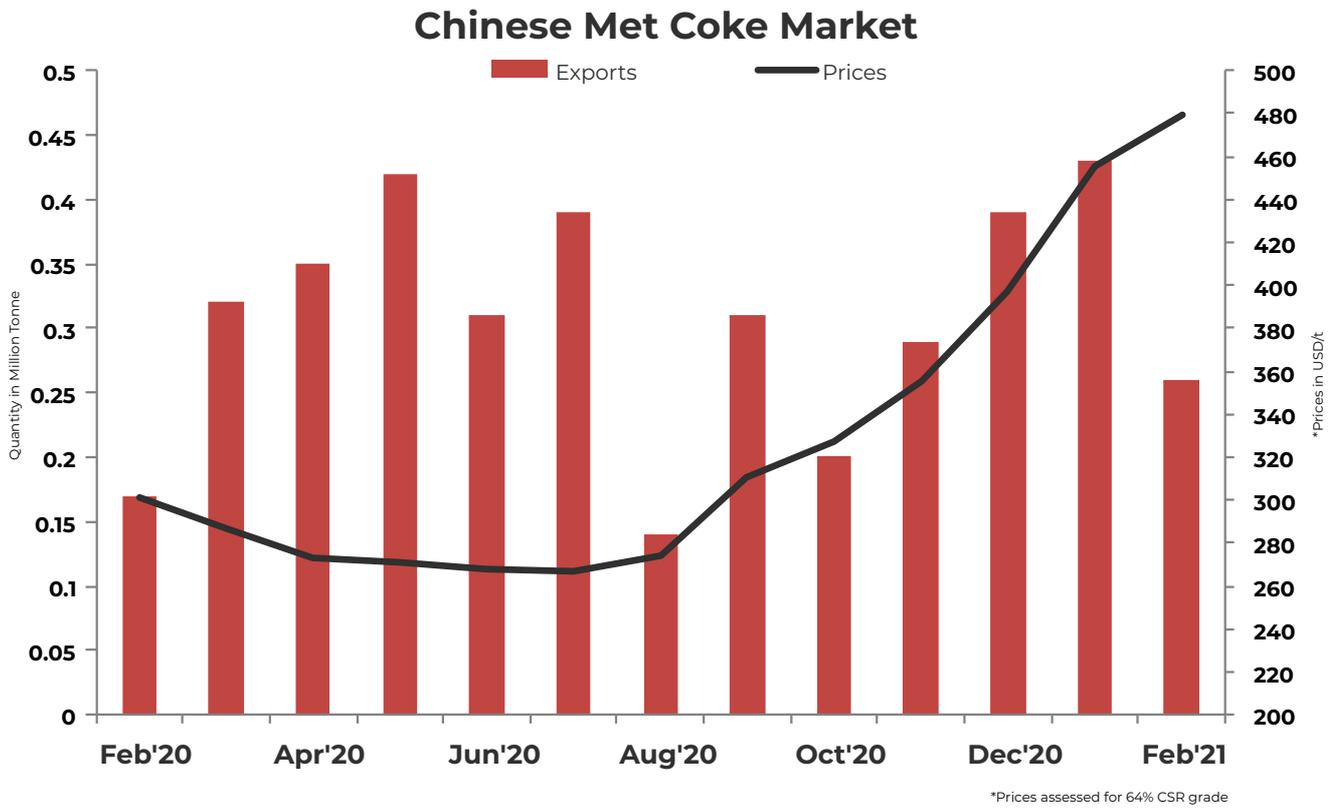
CoalMint's vessel line-up reveals that 0.92 mn t South African coal is expected at Indian ports by 25 Mar'21, with only 0.17 mn t arriving at Gangavaram port too for JSW Energy Ltd.

The discounts for RB2 coal are heard at \$14-15/t whereas for RB3 the discount stands at \$24/t. The freight rate for capesize vessel between RBCT to Gangavaram is assessed at \$13/t and for panamax it is \$21/t.

## What lies ahead?

According to CoalMint analysis, the supply situation is anticipated to remain tight at RBCT port in the coming few days, keeping the index at elevated levels. In India, although domestic coal is available, imported coal is required by sponge iron players for blending purpose. As only a few vessels from South Africa are arriving at Gangavaram port and thermal coal stocks are depleting (down by 6% w-o-w), RB2 portside prices are unlikely to see any correction in the coming days.

## China: Steel mills quickening met coke price cut pace



Chinese steelmakers have quickened the pace in trimming coke procurement prices now that fundamentals have appeared more preferential to them.

The domestic leading producers in North and East areas notified their coke suppliers on March 16 again, or four days after the previous cut, of clipping another CNY 100/tonne (\$15.4/t) off their coke procurement prices.

In one month, the Chinese steel mills have managed to trim their coke procurement price by CNY 500/t in five rounds, with the latest three rounds or CNY 300/t in total accomplished in ten days, and the latest price decrease also dragged down Mysteel's national composite coke price index by CNY 133.9/t on week to CNY 2,367.5/t including the 13% VAT, or down to the level on January 5.

The continuing price cuts after a total of CNY 1,000/t gain since mid-August last year are mainly due to the tilt in the fundamentals, as the commissioning of new coking capacities across China and lower blast-furnace capacity utilization rates especially in Tangshan of North China's Hebei led to notable increases in coke stocks both at the coking plants and the steel mills, market sources shared.

"Steelmaking cost have persisted high though coking cost has declined successively," a steel plant in North China's Shanxi pointed out in its note circulated in the market, defending its decision to ask for lower coke prices on Tuesday, and also on March 16, a second steel mill in Shanxi also attributed the coke price trimming to high coke stocks at the works.

On March 17, leading coke makers in North China's Inner Mongolia surrendered too, agreed on a CNY 100/t cut in domestic coke sales prices, Mysteel's price tracking showed.

By March 11, coke stocks at the 110 Chinese steel mills reached a seven-month high of 4.9 million tonnes or up another 3.3% on week, which can last 15.4 days, or a nearly ten-month high, and the volume at China's 230 independent coking plants grew too by 19.5% on week to 1.2 million tonnes, or a new high since May 21 2020, according to Mysteel's weekly tracking.

"Chinese steel mills have shown rather weary enthusiasm in procuring coke recently, which has propelled coke makers to compromise on prices for sales," said an industrial source in Shanxi, China's largest coking base.

Coke producers in China are ready to give in, as they are conscious of possible further price declines after substantial gains and high margins earlier on, especially for now both logistics and supplies are not in their favour, Mysteel Global noted.

Some blast furnace in Tangshan have resumed operations starting March 15 after the recent severe restrictions, but industrial cargoes transportation on road has yet been back to normal after the sandstorm that swept North and Northwest China on Monday, as reported.

## DOMESTIC

### CIL sets-up roadmap for 1 bn t coal production

In a bid to meet the domestic coal requirement and curtail costlier imports, Coal India Ltd (CIL) has set its sight on completion of prospective projects which have been identified to expedite coal production.

While speaking during the parliament session, Coal Minister Mr. Pralhad Joshi informed that CIL has lined-up 15 Greenfield projects which would be operated by mine developer cum operator mode.

These projects planned for a total targeted capacity of around 158 mn t comprise of 10 open cast mines and rest 5 are underground mines.

It is pertinent to note that the company has aimed to enhance coal production from its present level of 602 mn t to 1000 mn t by FY' 24.

#### Concurrent investment to boost coal supply

In view of the projected enhancement in coal production, CIL has envisaged various infrastructure projects to ensure seamless coal evacuation.

The company is investing in construction of new broad gauge rail lines and railway sidings in order to improve connectivity in major coal producing states viz. Jharkhand, Chhattisgarh and Odisha. At present, the government is working on 14 railway lines for increasing efficiency in coal evacuation.

Besides, in order to minimize manual intervention, First Mile Connectivity (FMC) projects are introduced which comes along with coal handling plants and silos to promote rapid coal loading. The new system also provide additional benefits like sizing of coal and computer aided loading thus reducing wagon idling and a considerable saving in loading time.

The company is planning to commission 35 FMC projects up to FY' 24 which would increase the existing mechanized loading capacity of 151 mn t to 555.5 mn t.

Apart from setting up of new mines, the company has discontinued mining at around 50 coal projects in a phased manner during the past three fiscals, the minister informed while answering to a separate question raised in the parliament.

This comes as part of its strategy to boost domestic output by closing the mines where operations became financially unviable.

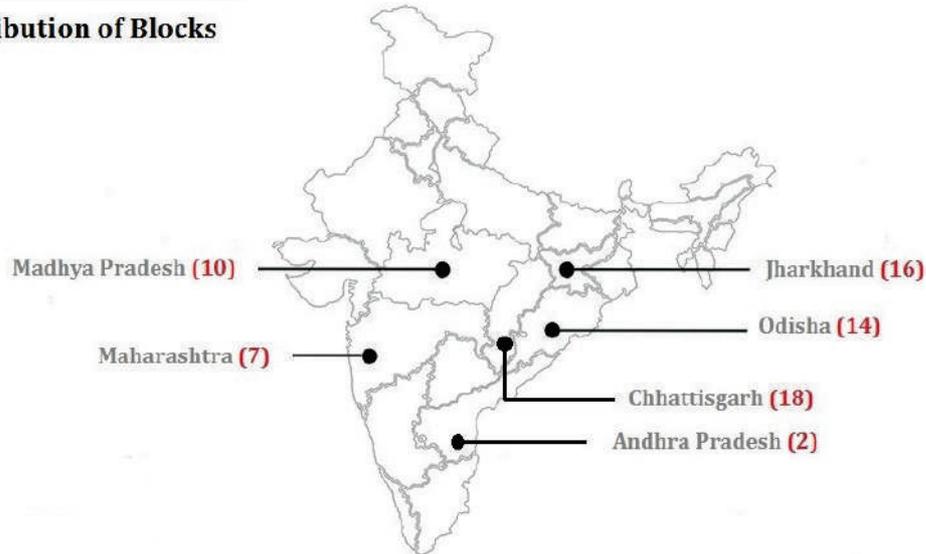
Slump in demand induced by COVID-19 has significantly affected CIL's coal dispatch. However, there remains plenty of scope for improvement as suggested by a recent study carried out by International Energy Agency which claims that India would have the biggest share of energy demand growth at 25% by 2030.

India: Government opens door for sale of coal blocks under second tranche

Commercial Coal Mining Second Tranche



State-wise Distribution of Blocks



Source: CoalMint

After successfully concluding the first tranche of auction for commercial coal mining, the ministry has launched the second round of auction in an event held today.

Expanding the pool of blocks, the nominated authority has offered 67 blocks for sale from 6 different states of the country. Notably, this is the highest number of blocks on offer in a particular tranche after commencement of auction regime since 2014.

However, whole 5 blocks from West Bengal, along with two from Odisha and one from Jharkhand failed to make the final cut, which were earlier proposed for sale in the previous tentative list.

**Adaptation of rolling auction mechanism**

Lauding the efforts of nominated authority for its role in past success of auction, Coal Minister-Mr. Prahlad Joshi informed that the government is moving towards adopting a 'Rolling Auction' mechanism in which a pool of coal blocks would always remain available for auctions.

Although, minimum number of bidders has been kept 2 in the first attempt, the nominated authority would initiate a second attempt for sale of the blocks which had received a single bid. Thereafter, that blocks would be allotted even if only one bid is received.

The unsold blocks would again be considered for sale in subsequent stages thus expediting the auction setup, and also helping bidders in better planning so that they can secure the block of their preference.

No major amendment was introduced regarding the allotment process, except for expanding the lock-in period in case of partially explored blocks which has been revised to a second phase lasting from preparation of geological report till execution of mining lease or order by the central government.

It is pertinent to note that among the list of offered coal blocks, 37 are fully explored while the remaining 30 are partially explored blocks.

## Schedule for Sale

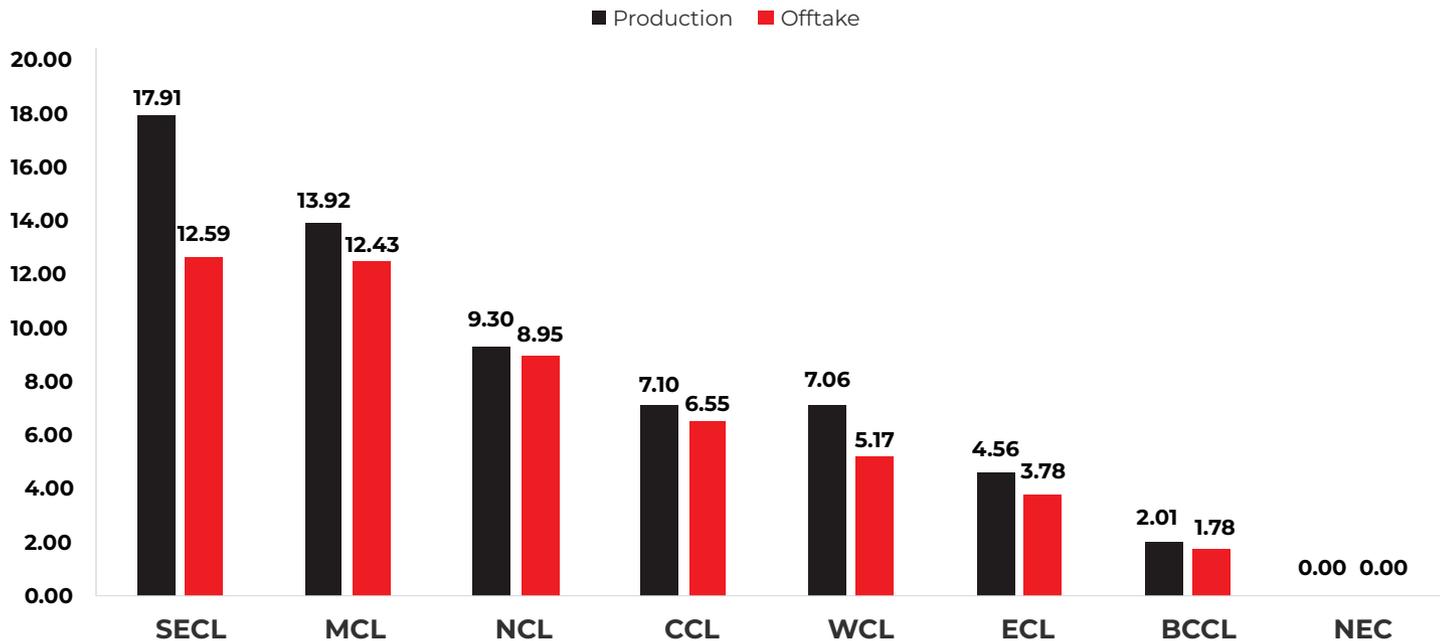
Subsequent to the launch of second tranche, the ministry has invited prospective bidders to take part in the auction process prior to which their concerns and request regarding site visit would be addressed.

The successful bidder would be announced by the first week of Aug '21, after emerging winner in the final round of electronic auction slated to take place in Jun-Jul '21.

*Detailed time-line for auction has been provided below:*

- \*Pre-bid meeting: 15 Apr '21
- \*Last date for registration: 21 May '21
- \*Bid due date: 27 May '21
- \*Opening of technical bid: 28 May '21
- \*Examination of technical bids: 31 May-23 Jun '21
- \*Conduct of electronic auction: 28 Jun-28 Jul '21
- \*Selection of successful bidder: 2 Aug '21

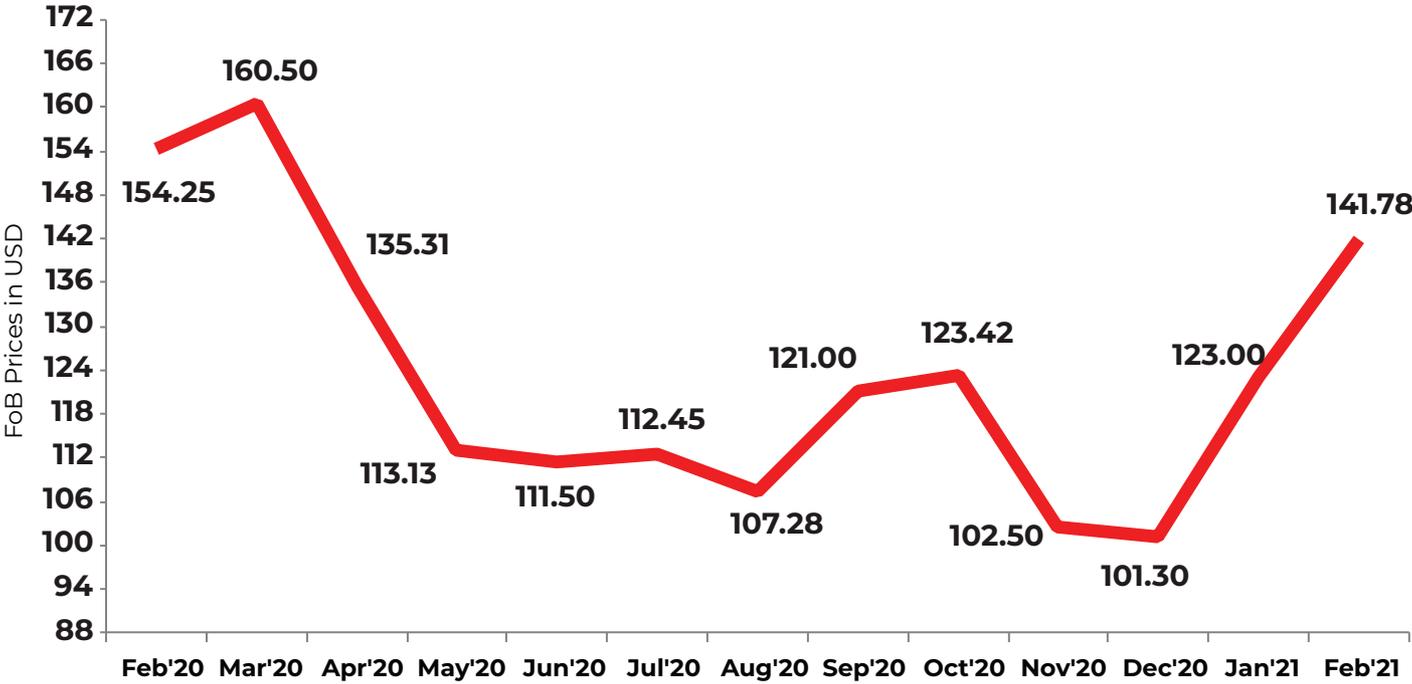
## CIL Performance in February 2021



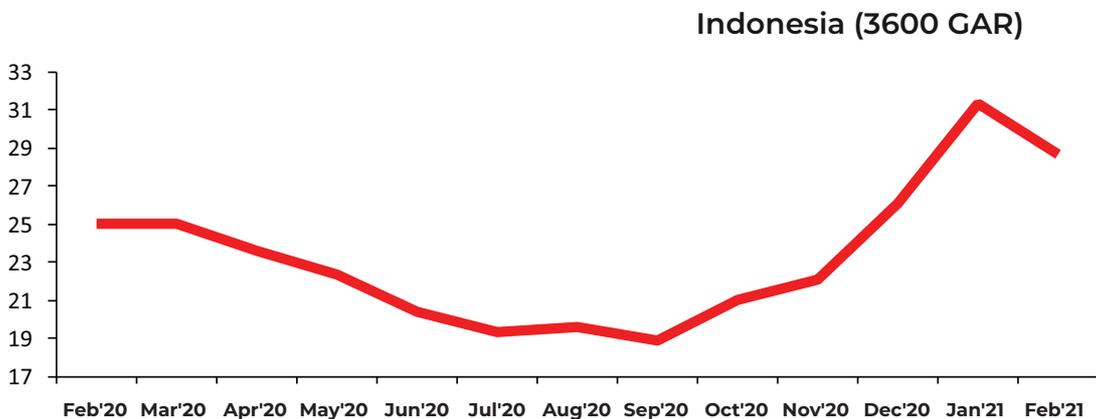
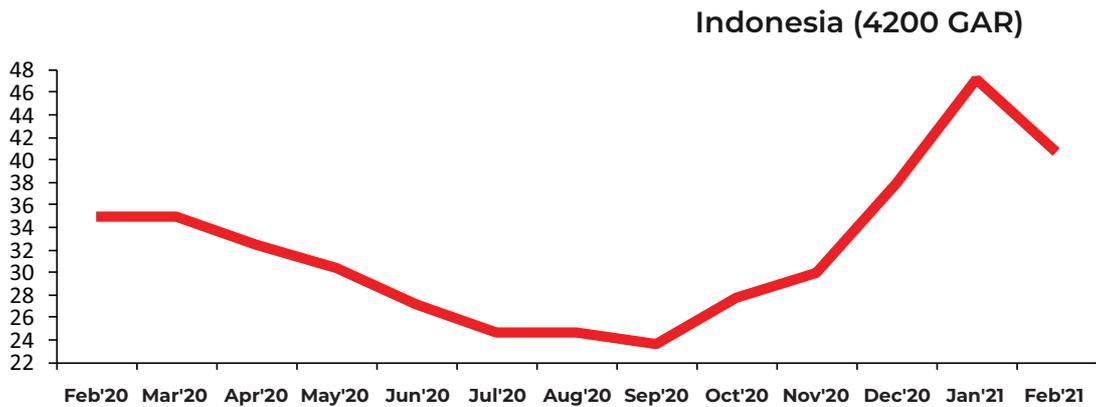
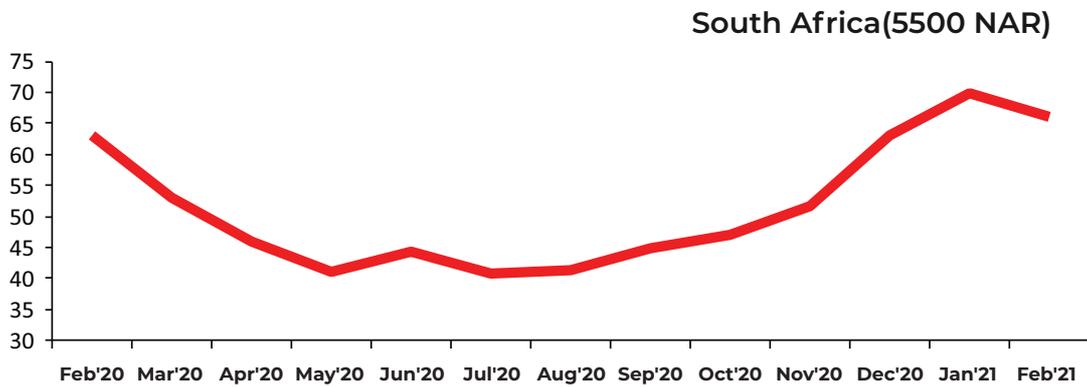
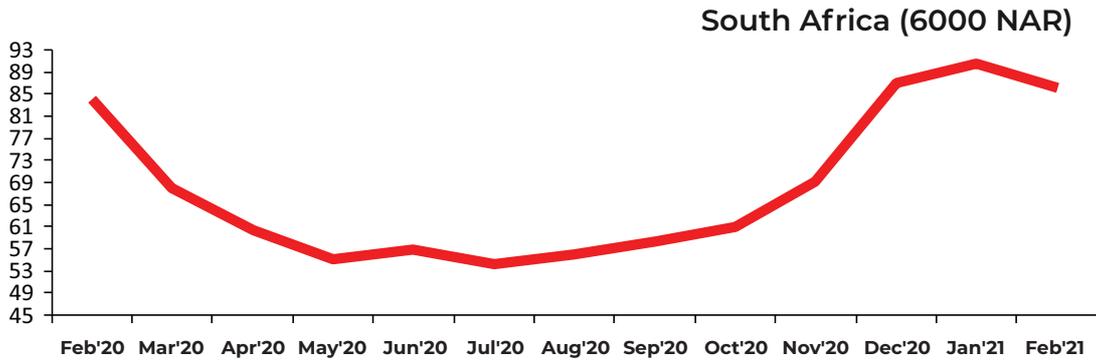
### International Non-Coking Coal Average Prices (CFR India)

Country/Grade		Feb'21	Jan'21	Dec'20
South Africa 6000 NAR	▼	102.0	103.87	98.81
South Africa 5500 NAR	▼	81.9	83.2	75.1
Indonesia 4200 GAR	▼	51.1	57.1	47.6
Indonesia 3600 GAR	▼	40.7	41.5	35.5

### Australian Premium HCC Monthly Average Price



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



## **Coal Market Scan**

### **What Happened**

- Australian coking coal prices remained steady last month as ex-Chinese buyers retreated to the sidelines.
- Indonesian and South African thermal coal prices fell 16% and 3% m-o-m in February amid reduced demand due to Chinese New Year holidays and easing of supply tightness caused at RBCT port's maintenance for over a fortnight in January.

### **What may Happen**

- Australian coking coal prices would remain under pressure due to oversupply until the Chinese import ban is lifted.
- Indonesian prices would correct downward amid ample supply during upcoming summer days and increased availability of domestic coal in China.
- South African prices would remain stable amid lackluster demand from its key importer, India.

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