



# COAL

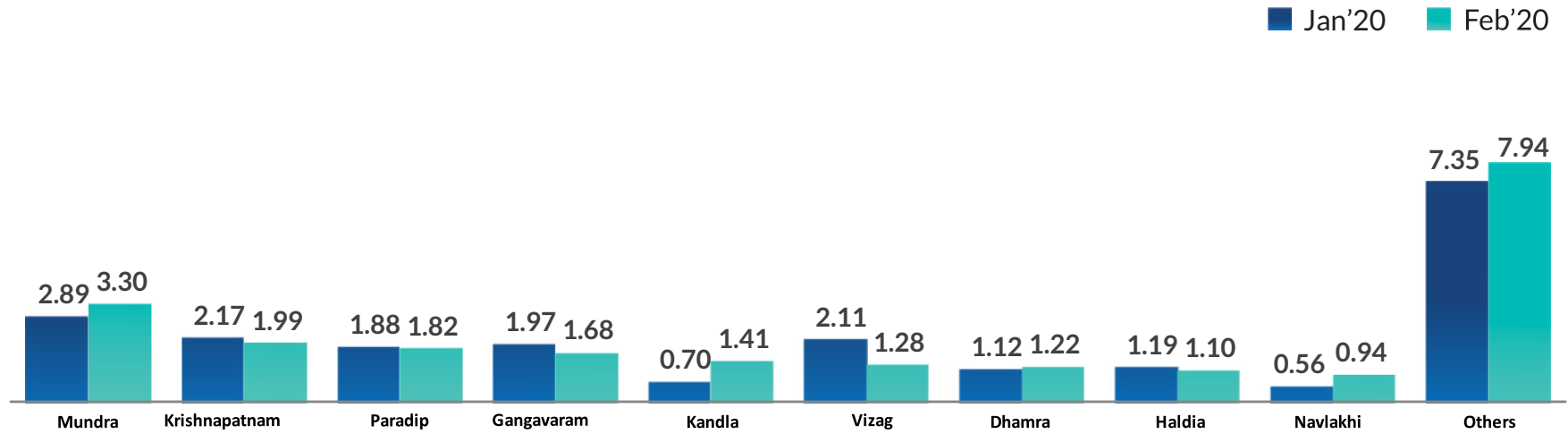
MONTHLY REVIEW MAR' 20

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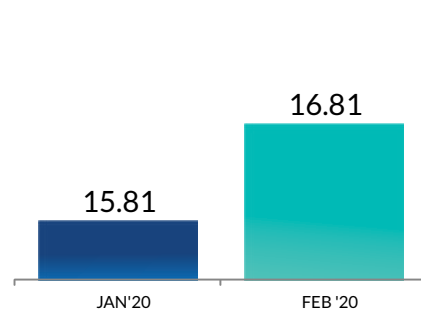


## INDIAN COAL IMPORT

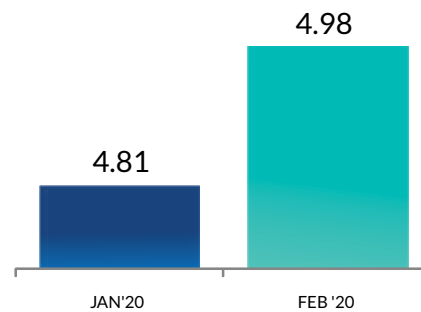
(Qty MnT)



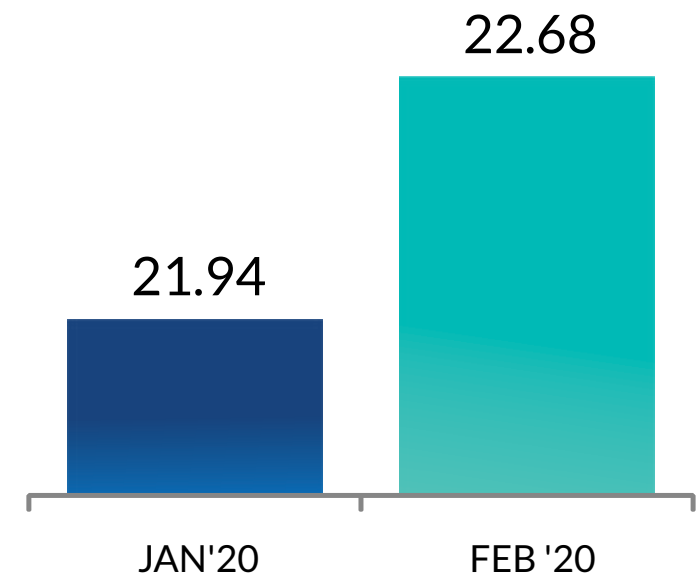
## NON COKING COAL



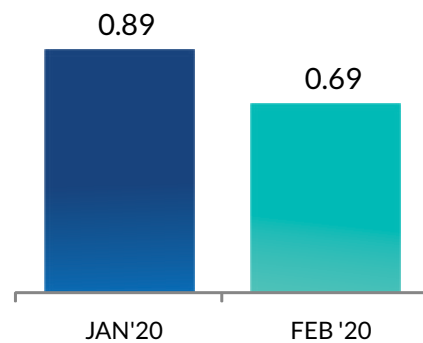
## COKING COAL



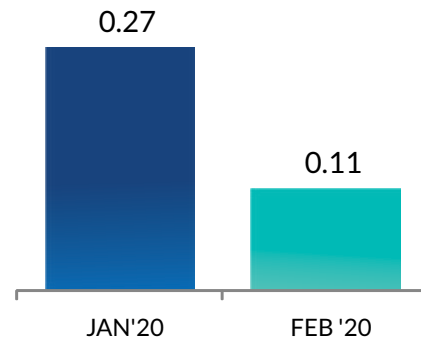
## TOTAL COAL IMPORT



## PET COKE



## MET COKE



COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	FEB'20	JAN'20	M-O-M CHANGES
<b>JSW STEEL</b>	<b>1154787</b>	<b>941400</b>	<b>23%</b>
MORMUGAO	684890	571219	20%
JAIGARH	365897	194990	88%
ENNORE	104000	-	N/A
KRISHNAPATNAM	-	160191	N/A
KANDLA	-	15000	N/A
<b>SAIL</b>	<b>1092894</b>	<b>1056211</b>	<b>3%</b>
HALDIA	412894	396342	4%
VIZAG	283000	268600	5%
DHAMRA	251000	196000	28%
PARADIP	101000	195269	-48%
GANGAVARAM	45000	-	N/A
<b>TATA STEEL</b>	<b>1083516</b>	<b>1006077</b>	<b>8%</b>
PARADIP	491808	360418	36%
DHAMRA	387278	454519	-15%
HALDIA	204430	141140	45%
KOLKATA	-	50000	N/A
<b>JINDAL STEEL &amp; POWER</b>	<b>617789</b>	<b>250528</b>	<b>147%</b>
PARADIP	472266	154288	206%
GANGAVARAM	75023	-	N/A
VIZAG	70500	80240	-12%
GOPALPUR	-	16000	N/A
<b>RINL</b>	<b>235850</b>	<b>525802</b>	<b>-55%</b>
GANGAVARAM	235850	525802	-55%
<b>VEDANTA</b>	<b>80222</b>	<b>102354</b>	<b>-22%</b>
MUNDRA	80222	102354	-22%
<b>BHUSHAN POWER</b>	<b>79250</b>	<b>78381</b>	<b>1%</b>
VIZAG	79250	-	N/A
PARADIP	-	78381	N/A
<b>TRAFIGURA</b>	<b>79121</b>	<b>-</b>	<b>N/A</b>
DHAMRA	79121	-	N/A
<b>JAYASWAL NECO</b>	<b>77155</b>	<b>-</b>	<b>N/A</b>
VIZAG	77155	-	N/A
<b>OTHERS</b>	<b>482821</b>	<b>846061</b>	<b>-43%</b>
<b>Grand Total</b>	<b>4983405</b>	<b>4806814</b>	<b>4%</b>

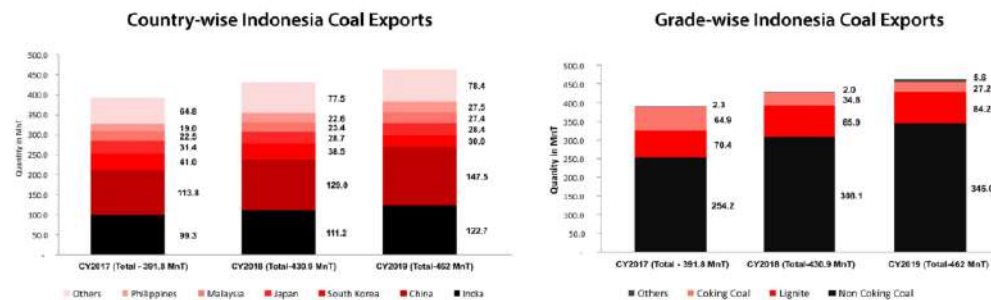
NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	FEB'20	JAN'20	M-o-M
<b>ADANI ENTERPRISES</b>	<b>3474193</b>	<b>3103447</b>	<b>12%</b>
MUNDRA	1530767	712667	115%
HAZIRA	386738	131102	195%
NAVLAKHI	325152	115850	181%
KRISHNAPATNAM	322047	56080	474%
OTHERS	909489	2087748	-56%
<b>COASTAL GUJARAT POWER</b>	<b>1359330</b>	<b>866436</b>	<b>57%</b>
MUNDRA	1359330	866436	57%
<b>AGARWAL COAL</b>	<b>1106778</b>	<b>856565</b>	<b>29%</b>
NAVLAKHI	229250	348976	-34%
DHARAMTAR	162163	-	N/A
TUTICORIN	121291	153000	-21%
KANDLA	107034	60173	78%
OTHERS	487040	294416	65%
<b>SWISS SINGAPORE</b>	<b>1067933</b>	<b>363710</b>	<b>194%</b>
KANDLA	354133	-	N/A
GANGAVARAM	327830	-	N/A
KRISHNAPATNAM	308630	221710	39%
NAVLAKHI	53140	-	N/A
OTHERS	24200	142000	-83%
<b>SEMB CORP GAYATHRI POWER</b>	<b>758401</b>	<b>528648</b>	<b>43%</b>
KRISHNAPATNAM	758401	528648	43%
<b>TATA INTERNATIONAL</b>	<b>517038</b>	<b>449448</b>	<b>15%</b>
GANGAVARAM	325310	164150	98%
PARADIP	75728	-	N/A
TUTICORIN	60500	-	N/A
KANDLA	55500	-	N/A
OTHERS	-	285298	N/A
<b>IL &amp; FS TAMILNADU POWER</b>	<b>516708</b>	<b>219015</b>	<b>136%</b>
KARAIKAL	516708	219015	136%
<b>ESSAR POWER</b>	<b>478664</b>	<b>321522</b>	<b>49%</b>
SALAYA	478664	321522	49%
<b>SARAOGI UDYOG</b>	<b>368795</b>	<b>80000</b>	<b>361%</b>
NAVLAKHI	117015	-	N/A
MAGDALLA	69369	-	N/A
KOLKATA	57350	30000	91%
KANDLA	56800	-	N/A
OTHERS	68261	50000	37%
<b>OTHERS</b>	<b>7162782</b>	<b>9020453</b>	<b>-21%</b>
<b>GRAND TOTAL</b>	<b>16810622</b>	<b>15809244</b>	<b>6%</b>



# INTERNATIONAL

## Covid-19 Lockdown in India May Disrupt Indonesia's Coal Exports

### Indonesia Coal Exports



Source: Indonesia Customs

India is the second-largest market for Indonesian coal exports after China. But now, the Indian government has enforced a total lockdown over its population of 1.3 billion people for 21 days starting Tuesday, 24th March 2020, as a preventative measure aiming to control the spread of the deadly corona virus.

However, India's apparent curfew is likely to disrupt the Indonesian coal export market. It is worthwhile noting that in 2019, Indonesia's coal exports to the Chinese market had an approximate share of 30%, while Indonesia's coal exports to the Indian market contributed 25.8% of Indonesia's total coal exports.

Based on data from Indonesian Customs, the country's coal exports to India have consistently increased over the last three years. In 2017, Indonesia's coal exports to India amounted to 99.3 million tons (MnT). A year later, the figure rose by 12% to 111.2 MnT. Eventually, Indonesia's coal exports increased by 10.3% to 122.7 MnT during

2019. Accordingly, it can be clearly seen that the Indian market plays a pivotal role in Indonesia's coal exports.

Chairman of the Indonesia Mining Institute (IMI) IrwandyArief also stated, lockdown in India will have an impact on the performance of the coal business in Indonesia. However, it is not easy to describe the effect in a short period. The reason is that developments regarding the handling of Covid-19, the length of the lockdown period, as well as the effects on the global market, must also be considered. If after lockdown, Indonesian coal supply can still be accommodated, then the impact on the black gold business in Indonesia can be minimized.

"The length of the lockdown will certainly affect shipments to India", Hendra said. Indonesian coal producer PT Bukit AsamTbk admitted, this condition would have an impact on the export performance of the red plate coal company. However, the company's Corporate Secretary Hadis Surya Palapa claims that the impact has not been felt

significant. Hadis revealed that the coal shipment of Bukit Asam to India carried out through the east coast or east coast area. According to him, the loading ports which were closed were the western and northern parts.

Although not mentioning the details of the volumes sent, the Hadis said that this March, Bukit Asam is still carrying out coal export activities to India. "In March we continued to export cargo to India", he said.

Hadis said, in the midst of conditions like now, it would prioritize domestic sales. Because the domestic coal market and prices are more attractive. "Every time we have an opportunity to increase the domestic portion, we will take advantage of this, including if there are disturbances in India", said Hadis. Indeed, Bukit Asam's domestic sales portion is more dominant than exports. In 2020, the portion of company's coal exports is only in the range of 35% -40% of the total planned sales. This year Bukit Asam plans to produce 30.3 MnT of coal, up about 4% from the realization in 2019 of 29.1 MnT. The state-owned company is targeting to be able to sell 29.9 MnT of coal with details of 21.6 MnT for

the domestic market and 8.3 MnT for the export market.

Meanwhile, the management of PT Bumi Resources Tbk claimed that they were still observing the development of the global and Indian market situation. Director and Corporate Secretary of BumiDileep Srivastava said that his company would take into account the actual situation until next month.

"It's too early to judge or speculate. Let's wait for the situation to develop until next month", he said.

This year, Bumi's production capacity is targeted to reach 90 to 95 MnT. Dileep said, in the last two months, Bumi's coal sales performance was positive. In January and February, the company was able to sell 14.3 MnT of coal. The sales volume grew 7.8% on an annual basis in the same period, from the previous 13.1 MnT. As a result, Dileep ensured that Bumi's coal export performance was still normal in the first quarter period. "Our Q1 export is normal. We hope to maintain this level in March and hopefully in April it can also survive", Dileep said.

## South Africa's RBCT Port Suspends Operations amid Country Lockdown: Sources

With South Africa announcing lockdown for 21 days starting from 26 March till 17 March'2020, a major concern for industry participants is will Richards Bay port (RBCT) – a vital cog in South Africa's logistics and supply chain system for coal will continue its operations amid lockdown.

Now CoalMint has heard from its reliable sources that RBCT will not continue to operate beyond 26 March 2020 citing the increasing risk of COVID-19 in the country. However, having said this, an application has been submitted to the Ministerial Committee to request an exemption for RBCT in order to support the country's Coal Exporting Parties ("CEPS") that would apply for an exemption to

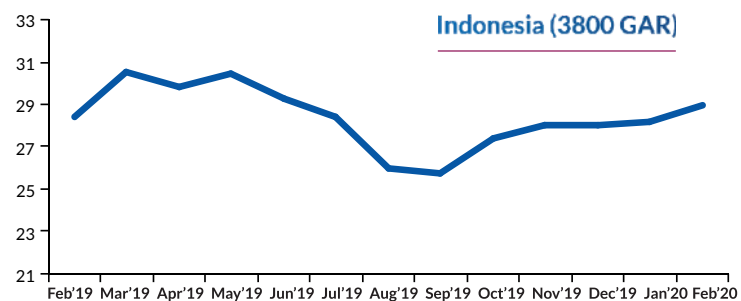
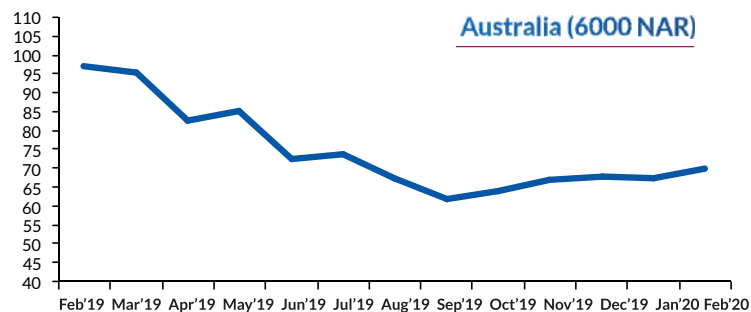
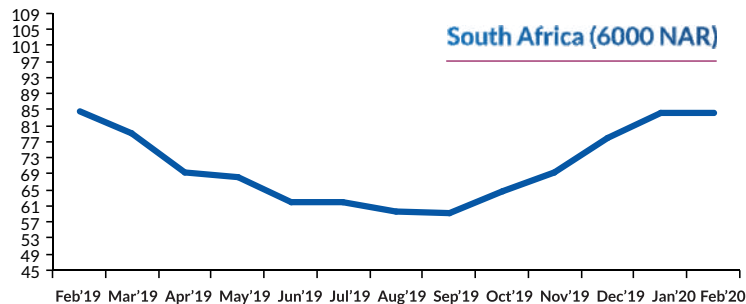
export coal during the lockdown period.

In response to this, the Minister has stated that applications will be considered on a case by case basis. In case exemption be granted to RBCT, critical sections or staff will be engaged accordingly and requested to run RBCT at a reduced rate.

"Although we have submitted the application requesting to grant permission to load the remaining vessels already at the port, we are not sure how long it will take the authorities to process the application and advise the outcome. We are hoping to receive confirmation as soon as possible to run at a reduced capacity, however the plan remains to lockdown at this stage", quoted an exporter based in South Africa.



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



### RBCT port's significance for coal trade

Richards Bay Coal Terminal (Proprietary) Limited (RBCT) is one of the leading coal export terminals in the world. Opened in 1976 with an original capacity of 12 MnT per annum, it has increased its capacity to 91 MnT per annum.

Positioned at one of the world's deep

seaports, RBCT can handle large ships and subsequent large volumes. The 276-hectare site currently boasts a quay 2.2 kilometres long with six berths and four ship loaders, with stockyard capacity of 8.2 MnT. The port is well connected with South Africa's national utility, Transnet, which provides the railway services linking the coal mines to the port, and the shipping coordination of more than 900 ships per annum.

### Will it impact India's coal imports?

With Europe cutting down its coal usage amid environmental concerns in past three years, South Africa has diverted its coal exports via RBCT to Asian countries with India leading the pack.

Now the closure of RBCT port may act as a hindrance for Indian sponge iron manufacturers that are usually dependent on imported coal for the production. However, as per our

analysis India's imported thermal coal demand is quite limited as majority of domestic sponge iron units have suspended their operations amid the ongoing 21 days lockdown in India due to COVID-19. Apart from this the traders and manufacturers in India have enough stock of South African thermal coal at present given the tepid steel demand over past two months with Coronavirus outbreak in China (since Dec'19) that had already impacted the global steel markets.

## Covid-19 Lockdown in India May Disrupt Indonesia's Coal Exports

Chinese metallurgical coke export prices have remained unchanged so far this week, but will expectedly keep weakening throughout the coming weeks, amid dwindling demand from steel mills across the wider European market.

European steel demand has plunged as much of the continent's automotive sector has ceased production in recent days due to the coronavirus outbreak. The automotive industry accounts for 12% of all steel demand. ArcelorMittal (NYSE:MT), the world's largest steelmaker, has declared force majeure on raw materials supplied to its

European steel mills, per media reports. The move has sparked predictions that many steel companies will likely follow suit as the Covid-19 pandemic worsens.

The news comes as the company has announced output cuts to its European production facilities in response to the spread of the novel coronavirus (2019-nCoV) in Europe, including stopping its Asturias blast furnace in Spain and its 2nd blast furnace at Taranto in Italy, and delaying the restart of its Krakow blast furnace in Poland.

Notably, ArcelorMittal has steel plants in 18 different countries which produced 89.8 million metric tons of crude steel in 2019.

In Europe, several other blast furnaces are operating at low levels of productivity, and are thus consuming less met coke, although pulverized coal injection (PCI) rates may remain strong with relatively low prices for PCI maximizing met coke replacement where possible.

## Price Assessments

Chinese metallurgical coke export prices for the 64% CSR and the 62% CSR grades are assessed at around USD 286.00/MT and USD 269.00/MT FOB China respectively. Indian metallurgical coke import prices for the 64% CSR and the 62% CSR grades amount to USD 299.00/MT and USD 282.00/MT

Notwithstanding the grimness of demand outlook for steelmaking raw materials at the world's major economies, Chinese coke-making industries are gradually resuming production work. Accordingly, demand for seaborne coking coal should rise in the second quarter, according to trader sources.

respectively on CNF India basis. Currently, India's domestically produced metallurgical coke prices for the blast furnace grade are hovering at around INR 22,500/MT and between INR 22,500-23,500/MT in the country's east and west coast regions respectively.

## Can imported coal enter India?

Apart from domestic production, India also imports considerable quantity of coal (coking and non-coking) from countries like Indonesia, South Africa, U.S. and Australia. India's total coal imports during Apr'19 to Feb'20 stood at 221.6 MnT, up by 4% y-o-y basis.

Coking coal which is used in steel production is mainly imported from U.S. and Australia whereas thermal coal being used in power

and sponge iron sector is imported majorly from South Africa and Indonesia. Now amid this lockdown, the ports in the west coast of India have been closed whereas ports in the east coast are working without any disruptions. India's majority of coal imports (more than 60%) come at the eastern ports which means that the imports may continue to come to India.

## Global coal suppliers in a limbo

On the supply side, there are increasing reports from around the world of miners either idling output or cutting it back as they try to manage the impact of the coronavirus. While few coal-producing countries have exempted coal operations from lockdown few

have ordered complete halt. Also the ports at various countries have suspended their operations and many are facing manpower shortage resulting which coal export have become a tricky affair.

## India's domestic coal demand under pressure

On the demand side, coking coal demand, which is used in steel manufacturing, is going to be adversely impacted in the coming weeks ahead. This is because, although the steel manufacturers are continuing their production under Essential Service Maintenance Act, its key end users such as automobile majors and white goods units, have shut down their operations whereas majority of construction activities have been

halted, thus affecting the steel demand subsequently. Apart from this sponge iron units that requires thermal coal have also been shut down on the government orders. In case of power sector, the demand for thermal coal will also be affected in the coming weeks ahead as there will be drop in its usage from the industrial sector amid various units suspending their operations.

# DOMESTIC

## India: How COVID-19 is going to impact Coal Demand-Supply Dynamics?

With the rising cases of COVID-19 in India, both Central and State government has decided to lockdown majority of states to contain its spread, thus containing the free movement of people and services in the

country barring essential ones. Let us analyse how the country's coal supply and demand dynamics are being impacted amid this pandemic and Indian states lockdown:

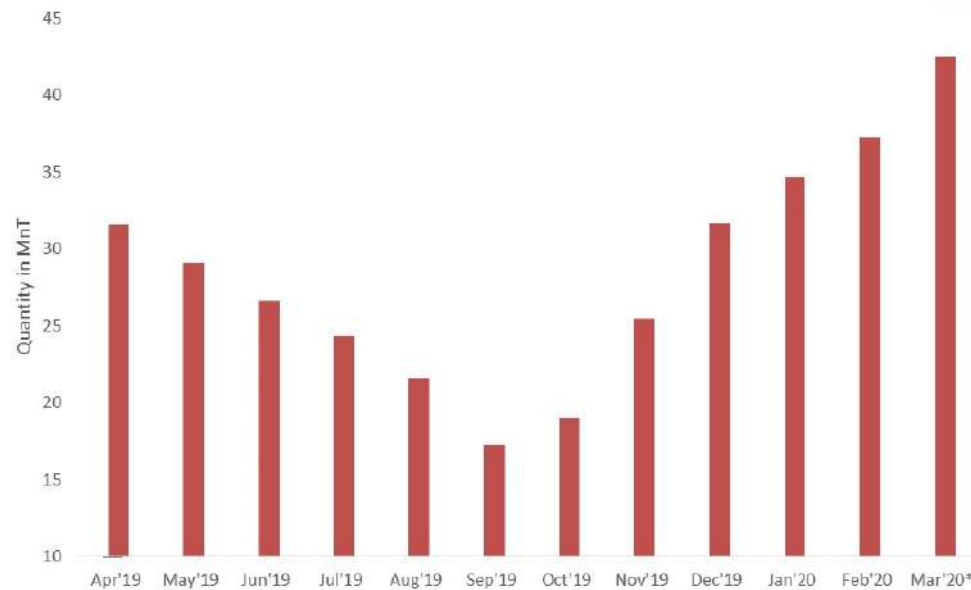
## Domestic coal supplies to remain uninterrupted

Amid the lockdown in India, Ministry of Coal has issued a notice specifying that the coal production and supply has been classified as an essential service under Essential Services Maintenance Act, 1981 and any service or any establishment or undertaking dealing with production, supply, and distribution of coal would continue unhampered. This means that the coal supplies in India especially to the power sector (a key thermal coal consuming sector) would remain uninterrupted in the coming weeks ahead.

CIL- India's biggest coal miner has recorded highest single day output of 3.17 MnT on 20 March in past one year and is trying hard to ramp up its production in order to achieve its annual production target of 610 MnT. As on 23 Mar'2020, India's total coal production stood at around 575.9 MnT, CoalMint has received this information from its reliable sources.

## Rising Coal Stock: A Boon or Curse?

India: Closing Coal Stock at Power Plants



Coal stock available at the thermal power stations have risen to an unprecedented level, where elevated production has helped them to accumulate higher coal volume during the summer season.

Data provided by CEA indicate that coal stock at the power plants (having linkages) has reached 42.49 MnT as on 25 Mar'20, which is enough to produce electricity for 25 days without needing any supply from CIL. Despite the preventive measures taken to

combat COVID-19 country-wide, the miners at CIL have shown no signs of slowing down as the deadline for annual target approaches fast.

Recently, the coal major had attained its highest ever single day output, however, amidst a lower electricity demand, the same promptness has not been seen to lift coal at the plant's end. As on 23 Mar'20, CIL had produced 2.828 MnT, but the dispatch for the day was only recorded at 1.694 MnT.

Notably, only 240 coal rakes were transported against the daily planned target of 310.6 in Mar'20.

The company's production volume has been lagging behind the corresponding dispatch for most part of FY20. However, as a result of the valiant effort made recently, the production has surpassed the total dispatch till date.

The India government has instructed power utilities to ensure uninterrupted operation of generation and transmission units at this crucial time, nevertheless the production cut

enforced by Industrial sector has drastically brought down the electricity requirement. Peak power demand in the country declined by 22% to 127.96 GW on 25 Mar'20 compared to 163.72 GW on 20 Mar'20, showing the impact of lock-down amid COVID-19 outbreak.

This led to the question that whether the tremendous amount of coal is required at a time when the combined stock (at CIL and power houses) has already breached the 100 MnT mark.

CoalMint has listed some of the pros and cons this situation can behold in the near-term.

### Benefits:

(a) Reduction in Imports: The high inventories would put a halt on imports taken by utilities to run their operations.

requirement of the power plants. Now with the utilities equipped with adequate coal, CIL can take this opportunity to elevate supplies to the non-power sector.

(b) Elevated supplies to non-power sector: coal supplies of non-power sector is often overlooked to meet the

Besides, lower rake movement for coal would also facilitate higher movement of other commodities.

### Drawback:

Despite boosting the domestic coal availability, higher coal stock can adversely affect the coal scenario in the country as witnessed few years back.

During 2017-18, higher accumulation coal at pit-head mines had forced CIL to lessen its production in order volume. The plan had back-fired when

sudden outage of hydro power saw thermal plants increasing their consumption to run out of coal. CIL would be hoping that no such case arises this term.

It is difficult to access the lingering effect of COVID-19, but it is likely that the government would take effective measures to balance the supply-demand dynamics.

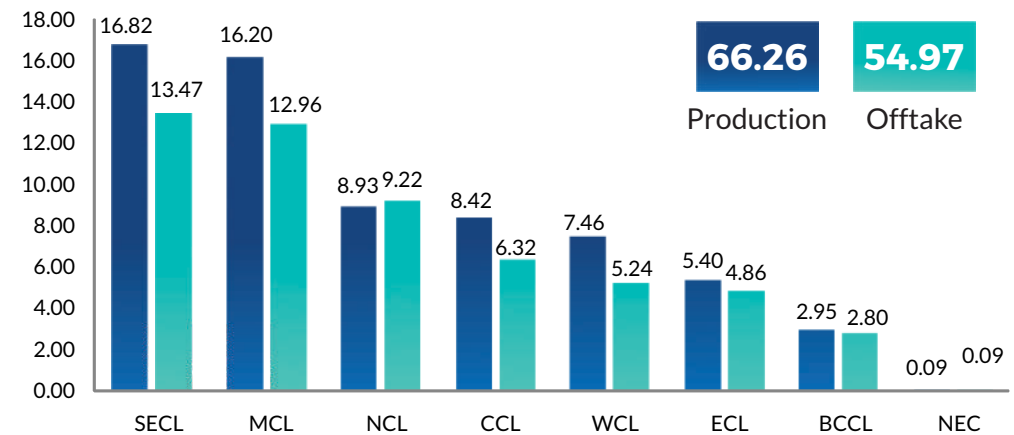
	On-Date	YTD
Coal Production	2.828	575.91
Dispatch	1.694	568.95



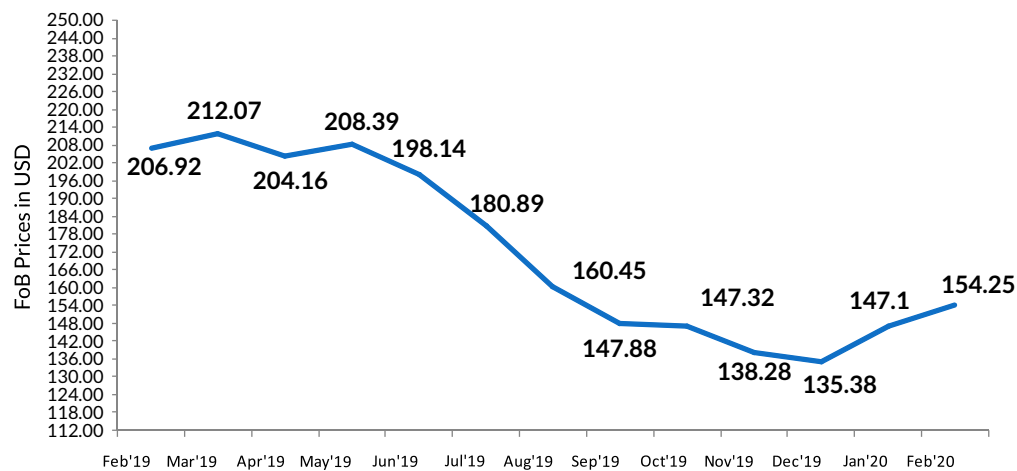
### International Non - Coking Coal Average Prices (CFR India)

Country/Grade		Feb'20	Jan'20	Dec'19
Australia 6000 NAR	▲	83.0	80.69	81.00
South Africa RB2	▼	76.6	82.0	78.0
Indonesia 4200 GAR	▲	45.0	44.2	44.3
Indonesia 3800 GAR	▲	39.0	38.2	38.0

### CIL Performance in February 2020



### Australian Premium HCC Monthly Average Price





## COAL Monthly REVIEW [ Mar 2020]

### Australian Coking Coal Prices

#### What Happened

Australian premium low-volatile (PLV) hard coking coal (HCC) prices inched higher this month amid expectations of a tightness in Chinese domestic and Mongolian coal supplies.

#### What May Happen

At this juncture, near term spot market price expectations remain firm amid Chinese domestic supply tightness following the COVID-19 outbreak while end users expect gradual resumption of domestic coal production and logistics activities.

### Indonesian Coal Prices

#### What Happened

Indonesian thermal coal prices were stable last month, amid subdued Indian buying activity, while the market is now relying on seaborne tenders to support the prevalent bearish sentiment.

#### What may Happen

Indonesia-based traders are anticipating an uptick in demand during the summer restocking period over April-May.

### South African Coal Prices

#### What Happened

South African thermal coal prices have remained under pressure over the last month amid poor demand especially from India and Pakistan which are the two key export destinations for South African thermal coal.

#### What May Happen

South African coal export prices are likely to reduce in line with subdued import demand from top Asian buyers.

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