

No. 15 (November 2013)

Coal Trends

Trends in coal supply, demand and prices as seen from statistics

Reading this year's changes and trends from the record of exports and imports for the period from January to September

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In this issue, we report on market conditions in Australia and South Africa and trends in landed prices in Japan. We also read the latest trends and changes for key nations from the record of coal imports and exports until September this year.

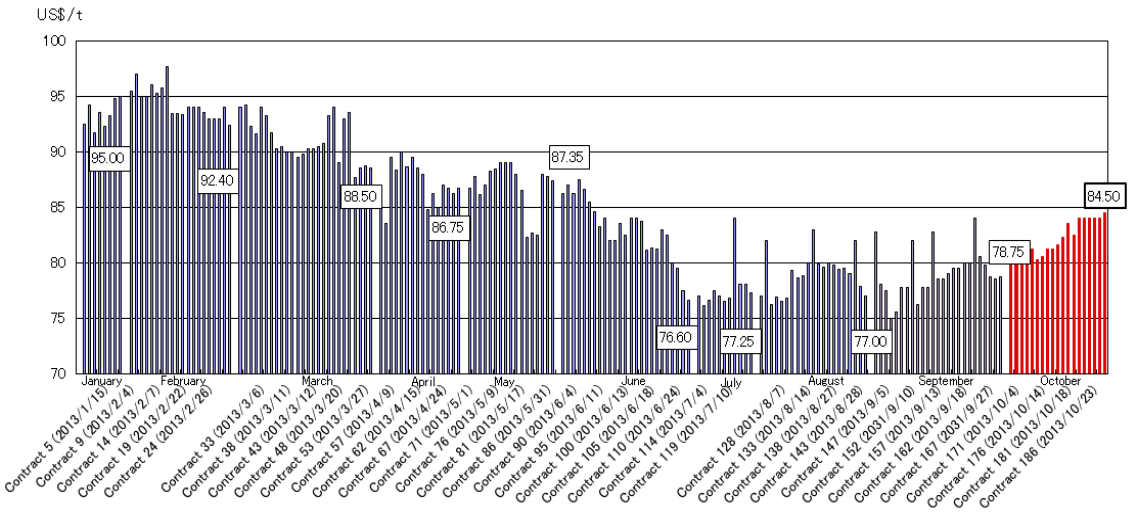
1. Spot prices for Australian and South African coal and landed prices in Japan

(1) Actual trading price trends for Australian and South African thermal coal (Jan-Oct 2013)

- Steady rebound in Australia and rapid expansion in South Africa -

Figure 1 shows contracted actual spot trading prices from January to October in a time-series for Newcastle (NC), Australia.

Figure 1. Contract prices FOB Newcastle (NC), Australia (Jan-Oct 2013, actual)



Source: Prepared using globalCOAL materials

For Newcastle, 19 spot trades were recorded in October 2013. The total number of trades accumulated since January was 188.

The boxed amounts in Figure 1 indicate the final transaction prices for the relevant

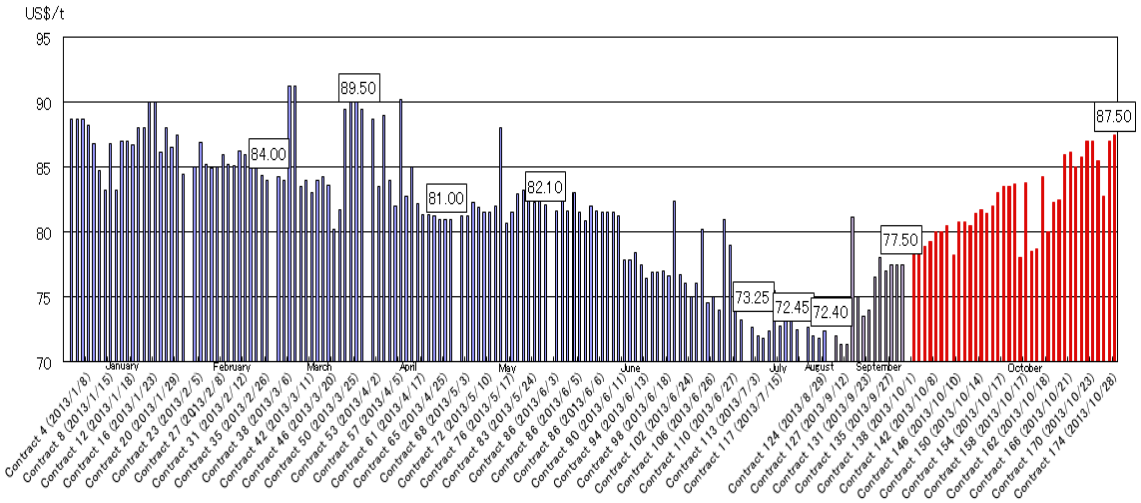
months. The prices have fluctuated at roughly the US$77-78 level from US$76.60 per metric ton in June, to US$77.25 per metric ton in July, to US$77.00 per metric ton in August, to US$78.75 per metric ton in September, but the final transaction for October was US$84.50, which suddenly raised the level by more than US$6 per metric ton. Further, the upward trend continued steadily from the first October transaction of US$80.50 to the final and 19th transaction.

Perhaps the downward trend that had continued over a long period of time has come to an end.

In October, there were 37 contracts for FOB Richards Bay (RB) in South Africa. This is the highest number of contracts for the year.

With nine trades in July, four in August, and 13 trades in September, there had been an ongoing sense that the market conditions lacked vitality, but in October transactions were suddenly revitalized.

Figure 2. Contract prices FOB Richards Bay, South Africa (Jan-Oct 2013, actual)



Source: Prepared using globalCOAL materials

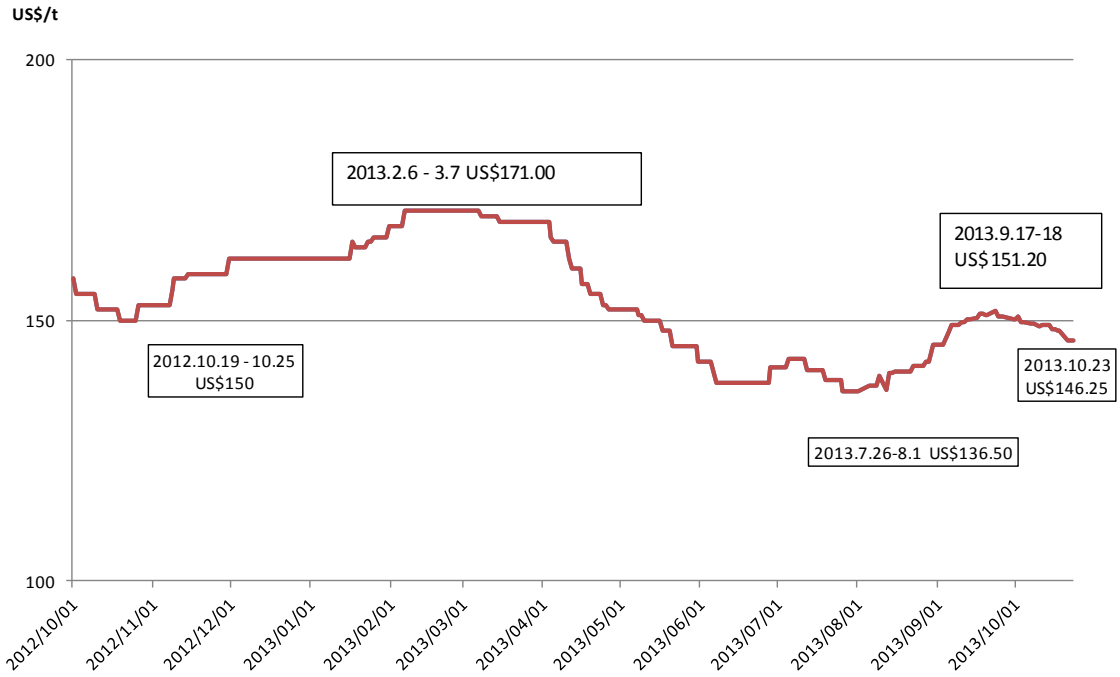
The final transaction price per month was US$73.25 per metric ton in June, US$72.45 per metric ton in July, US$72.40 per metric ton in August, and US$77.50 per metric ton in September, but in October the price suddenly rose to US$87.50 per metric ton. This raised the level by US$10 per metric ton compared to the final transaction price in September, and as much as US$15 compared to August.

Similar to NC, there is a sense that there is little possibility of a substantial decrease.

(2) Coking coal spot index

The figure below shows the indexes for Coking Coal Queensland (CCQ); in other words, the hard coking coal price index for East Coast Australia (Queensland), on a daily basis over a period of one year.

Figure 3. Energy Publishing's CCQ (Coking Coal Queensland) Index
(October 1, 2012 – October 23, 2013)



Source: Energy Publishing

The CCQ Index had bottomed out at US$136.50 per metric ton from late July to early August 2013 before tracking a rising trend for 2.5 months, but as of September 19th, the Index once again started to gently decline and the downward trend has still continued as of October 23rd.

(3) Import price to Japan

- Import prices are continuing to fall -

Table 1 shows changes in import prices for all coal landed in Japan in the odd months for 2013.

If we look at the landed price in dollar terms for total imports, coking coal, thermal coal, and anthracite in September, none have been able to break out of the downward trend.

Whether we look at imports by source, or coking coal by source, or thermal coal by source, there is no change to the downward trend.

Table 1. Japan Landed Imported Coal Prices (February – August 2013)

	Jan 2013 price		Mar 2013 price		May 2013 price		Jul 2013 price		Sep 2013 price	
	JPY/ton	US$/ton	JPY/ton	US$/ton	JPY/ton	US$/ton	JPY/ton	US$/ton	JPY/ton	US$/ton
Total imports	11,819	134.93	12,391	131.70	12,731	127.88	12,116	121.61	11,475	116.06
By coal type										
Coking coal	13,589	155.14	13,841	147.12	14,511	145.77	13,924	139.81	12,675	128.20
Thermal coal	10,477	119.61	11,124	118.23	11,307	113.58	10,719	107.63	10,654	107.76
Anthracite	13,699	156.39	14,780	157.09	15,367	154.36	14,440	144.99	13,802	139.59
By source										
Australia	11,904	135.89	12,462	132.45	12,764	128.21	12,326	123.76	11,678	118.11
Indonesia	9,841	112.34	10,712	113.85	10,517	105.63	9,881	99.21	9,710	98.20
Canada	15,317	174.86	17,296	183.83	15,093	151.61	15,484	155.46	14,550	147.15
China	16,861	192.48	17,627	187.35	17,745	178.25	14,559	146.18	15,575	157.52
USA	16,595	189.45	14,793	157.23	15,529	155.99	14,156	142.13	12,264	124.03
Russia	10,776	123.04	11,626	123.57	12,371	124.25	11,052	110.96	10,705	108.27
South Africa	10,567	120.63	–	–	–	–	–	–	9,611	97.20
New Zealand	–	–	17,741	188.56	–	–	–	–	–	–
Vietnam	12,401	141.57	13,856	147.27	17,099	171.76	17,665	177.36	12,952	130.99
Mongolia	–	–	–	–	–	–	–	–	149,500	1,512.05
Mozambique	–	–	15,053	159.99	18,023	181.05	–	–	–	–
Colombia	9,890	112.90	–	–	–	–	15,651	157.14	10,767	108.89
Coking coal by source										
Australia	14,454	165.16	14,501	154.13	14,876	149.43	14,930	149.91	13,325	134.77
Indonesia	10,133	115.68	11,071	117.67	10,975	110.25	10,482	105.25	10,009	101.24
Canada	17,210	196.47	18,989	201.84	16,643	167.19	16,868	169.37	16,388	165.75
China	–	–	17,599	186.63	17,661	177.41	12,609	126.60	13,312	134.64
USA	18,033	205.87	16,200	172.19	16,836	169.12	16,154	162.20	15,104	152.76
Russia	12,113	138.29	13,214	140.45	14,100	141.64	12,525	125.76	11,550	116.82
New Zealand	–	–	17,741	188.57	–	–	–	–	–	–
Mongolia	–	–	–	–	18,023	181.05	–	–	–	–
Mozambique	–	–	15,054	160.00	–	–	–	–	–	–
Thermal coal by source										
Australia	10,650	121.58	11,430	121.49	11,654	117.09	11,113	111.55	10,971	110.97
Indonesia	9,314	106.33	10,169	108.09	10,134	101.80	8,997	90.33	9,180	92.85
Canada	10,759	122.82	9,252	98.34	10,566	106.14	9,646	96.85	10,205	103.22
China	13,696	156.36	11,649	123.82	–	–	12,284	123.34	11,751	118.86
USA	10,808	123.38	10,438	110.95	10,574	106.22	10,618	106.61	9,131	92.35
Russia	10,089	115.18	10,540	112.38	10,773	108.25	10,041	100.82	10,094	102.09
South Africa	10,568	120.64	–	–	–	–	–	–	9,612	97.22
Colombia	9,891	112.91	–	–	–	–	–	–	10,767	108.90
	US1$=¥87.60		US1$=¥94.08		US1$=¥99.55		US1$=¥99.60		US1$=¥98.87	

Source: Prepared using Trade Statistics of Japan Monthly Reports

2. Record of imports for key nations: Reading trends and changes for the year (Jan-Sept)

(1) Importing countries

(1) - 1 Japan

Table 2. Imports to Japan (Gross Volume)

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	89,783	86,245	3,538
Indonesia	27,288	27,295	-7
Russia	8,913	9,056	-143
Canada	7,533	7,629	-96
USA	4,897	4,592	305
China	1,552	2,840	-1,288
Vietnam	654	848	-194
South Africa	466	352	114
Colombia	207	59	148
Other	298	343	-45
Total	141,591	139,259	2,332

Source: Trade Statistics, Ministry of Finance

- Imports have increased by 2.33 million metric tons.
- There has been a large-scale decrease in imports from China. Australia seems to have covered the drop in Chinese imports.
- There have been no major changes in imports from other sources than Australia and China.
  - It appears that Australia alone is responsible for the increase in imports (2.33 million metric tons) and for covering the decline in imports from China (1.29 million metric tons).

Table 3. Imports to Japan (Thermal Coal)

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	58,239	56,574	1,665
Indonesia	11,363	13,762	-2,399
Russia	5,632	5,747	-115
Canada	1,903	1,835	68
USA	1,371	399	972
South Africa	466	352	114
China	438	1,352	-914
Colombia	148	59	89
Other	2	0	2
Total	79,562	80,080	-518

Source: Trade Statistics, Ministry of Finance

- Imports of thermal coal have declined by 520,000 metric tons.
- The volume of imports from Indonesia has declined by 2.4 million metric tons. The expansion in imports from Australia and the United States (total of 2.64 million metric tons) offset the decline from Indonesia.

Table 4. Imports to Japan (Coking Coal)

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	30,164	28,733	1,431
Indonesia	15,924	13,532	2,392
Russia	2,101	1,593	508
Canada	5,630	5,793	-163
USA	3,526	4,155	-629
China	289	482	-193
Mozambique	192	76	116
Other	162	268	-106
Total	57,988	54,632	3,356

Source: Trade Statistics, Ministry of Finance

- Imports of coking coal have expanded by 3.36 million metric tons.
- The Indonesian source has expanded by 2.39 million metric tons. We are doubtful because imports of thermal coal from Indonesia have decreased by nearly the same amount, or 2.40 million metric tons, and we wonder if there is a mistake in the statistics.
- Coking coal from Australian source is also expanding steadily.

(1) - 2 China

Table 5. Imports to China

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	63,090	39,211	23,879
Indonesia	50,776	46,658	4,118
Russia	20,499	15,057	5,442
North Korea	12,063	9,428	2,635
Mongolia	11,110	14,591	-3,481
Vietnam	9,710	12,307	-2,597
South Africa	9,281	11,706	-2,425
Canada	9,185	5,741	3,444
USA	7,697	7,468	229
Other	2,201	3,400	-1,199
Total	195,612	165,567	30,045

Source: TEX Report, etc.

- Imports in the period from January to September have already increased by 30 million metric tons compared to the same period in the preceding year.
- Australia accounts for 80% of the increase in imports. Australia has rapidly become the largest source of imports.
- Incidentally, since just over 60% of the increase in Indonesian exports is heading to India (See Table 10), there is an emerging segregation where high-grade coal is going from Australia to China, and medium to low-grade coal from Indonesia to India.
- Russia and Canada have also significantly increased exports.
- There is a big decline for Mongolia, Vietnam and South Africa. We might conjecture that the slump in Mongolia may reflect the slump in demand for coking coal, or that Mongolia has been squeezed out by the expansion of coking coal imports from Australia. We are not sure how to interpret the reasons for the large decline in Vietnam and South Africa.

(1) - 3 South Korea

Table 6. Imports to South Korea

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	37,108	33,788	3,320
Indonesia	27,940	27,553	387
Russia	11,761	9,459	2,302
Canada	9,975	9,660	315
USA	4,499	4,827	-328
China	2,258	3,054	-796
Other	1,685	6,251	-4,566
Total	95,226	94,592	634

Source: TEX Report, etc.

- No major changes in import volumes compared to the same period in the previous year.
- It is of note that imports have increased by 3.32 million metric tons from Australia, and by 2.30 million metric tons from Russia.
- The names of the countries included in the Other category are not visible, but South Africa has suddenly dropped from 2.75 million metric tons to 170,000 metric tons. Colombia has also dropped from 1.94 million metric tons to 320,000 metric tons. We are not sure how to interpret the reasons for the significant decline for the two countries. Exports from Colombia declined by 10.50 million metric tons in the period from January to July. We wonder if this has had an impact on the drop in imports to South Korea.

(1) - 4 Taiwan

Table 7.Imports to Taiwan

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Australia	16,079	14,069	2,010
Indonesia	9858	9,347	511
South Africa	4,253	4,595	-342
Russia	2,316	2,211	105
China	738	952	-214
Other	89	740	-651
Total	33,333	31,914	1,419

Source: TEX Report, etc.

- Here as well, imports from Australia have increased by 2.01 million metric tons. This figure is larger than the volume of increased imports (1.40 million metric tons). Has

Australian coal expelled coal from South Africa and other countries?

(2) Exporting countries

(2) - 1 Australia

Table 8. Exports from Australia (Gross Volume)

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Japan	90,103	85,876	4,227
China	62,110	38,303	23,807
South Korea	36,233	33,524	2,709
India	24,827	23,406	1,421
Taiwan	20,177	18,085	2,092
Netherlands	4,947	3,433	1,514
Thailand	2,937	2,720	217
Malaysia	2,771	5,741	-2,970
Other	15,534	16,330	-796
Total	259,639	227,418	32,221

Source: TEX Report, etc.

- The volume of exports has increased by 32.22 million metric tons in the period from January to September alone.
- 74% of the increase in exports is for China.
- The volume of exports to Japan, South Korea, Taiwan and other coal-importing countries in Asia is also rising steadily.

Table 9. Exports from Australia (Thermal Coal)

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Japan	59,470	55,963	3,507
China	30,759	22,927	7,832
South Korea	23,778	21,380	2,398
India	1,264	1,029	235
Taiwan	13,301	11,942	1,359
Thailand	2,938	2,720	218
Malaysia	2,771	2,323	448
Other	2,580	4,357	-1,777
Total	136,861	122,641	14,220

Source: TEX Report, etc.

- The increase in exports of thermal coal is large at 14.22 million metric ton. This figure accounts for 44% of the total amount of export growth.

- The increase in exports of thermal coal to China is large at 7.83 million metric tons. However, thermal coal accounts for 33% of the total increase in exports to China. The speed of the increase in exports of coking coal is remarkable.

(2) - 2 Indonesia

Table 10. Exports from Indonesia

Unit: 1,000 tons

	Jan-June 2013	Jan-June 2013	2013-2012
India	62,704	42,521	20,183
China	46,636	37,504	9,132
Japan	19,525	16,448	3,077
South Korea	18,526	18,389	137
Taiwan	13,579	14,246	-667
Malaysia	8,923	8,284	639
Philippines	7,162	5,541	1,621
Thailand	6,823	7,426	-603
Hong Kong	6,423	6,279	144
Other	6,537	7,516	-979
Total	196,838	164,154	32,684

Source: TEX Report, etc.

- There is no data from July to September 2013. But if we simply extend the period January-June to cover January-September, the volume of exports for the period from January to September 2013 is about 295 million metric tons. As of now, Indonesia has surpassed Australia and remains the world's largest exporting country in 2013.
- Exports to India have increased by 20 million metric tons, and a little over 9 million metric tons to China. Exports to Japan have also risen by 3.07 million metric tons.
- It is noteworthy that many Asian countries including Taiwan, Malaysia, the Philippines, Thailand, and Hong Kong are covered.

(2) – 3 Russia

Table 11. Exports from Russia

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
China	19,521	13,722	5,799
UK	18,068	14,350	3,718
South Korea	10,989	8,525	2,464
Japan	9,079	8,751	328
Ukraine	7,695	8,355	-660
Other	39,765	39,594	171
Total	105,117	93,297	11,820

Source: TEX Report, etc.

- Exports have increased by 11.82 million metric tons with 8.26 million metric tons heading to China and South Korea. One factor might be that Russia is motivated to expand on the Asian markets.

(2) – 4 USA

Table 12. Exports from USA

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Netherlands	9,036	9,157	-121
UK	8,695	7,825	870
China	6,629	7,566	-937
Brazil	6,067	5,488	579
South Korea	5,784	6,722	-938
Italy	4,913	6,537	-1,624
Canada	4,672	5,155	-483
Japan	3,860	3,853	7
Germany	3,451	3,233	218
India	2,685	4,682	-1,997
Turkey	3,182	4,093	-911
Other	22,540	24,370	-1,830
Total	81,514	88,681	-7,167

Source: TEX Report, etc.

- Exports have decreased by 7.16 million metric tons.
- The reason for the decrease in exports is probably that in the period from January to June 2013, in-country consumption increased by 36.20 million short tons (approx. 32.80 million metric tons) compared to the same period in the previous year due to the decline

in the relative price compared to natural gas prices.

(2) – 5 South Africa/Colombia

Table 13. Exports from South Africa

Unit: 1,000 tons

	Jan-Sept 2013	Jan-Sept 2012	2013-2012
Gross exports	49,945	49,450	495

Source: TEX Report, etc.

・ Exports have hardly changed compared to the same period last year.

Table 14. Exports from Colombia

Unit: 1,000 tons

	Jan-July 2013	Jan-July 2012	2013-2012
Gross exports	38,980	49,489	-10,509

Source: TEX Report, etc.

• The volume of exports has shrunk by 10.50 million metric tons compared to the previous year. A major reason is the impact of prolonged strikes.

(To be continued in the next issue)

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