

# Outlook and Challenges for International Coal Market in 2020

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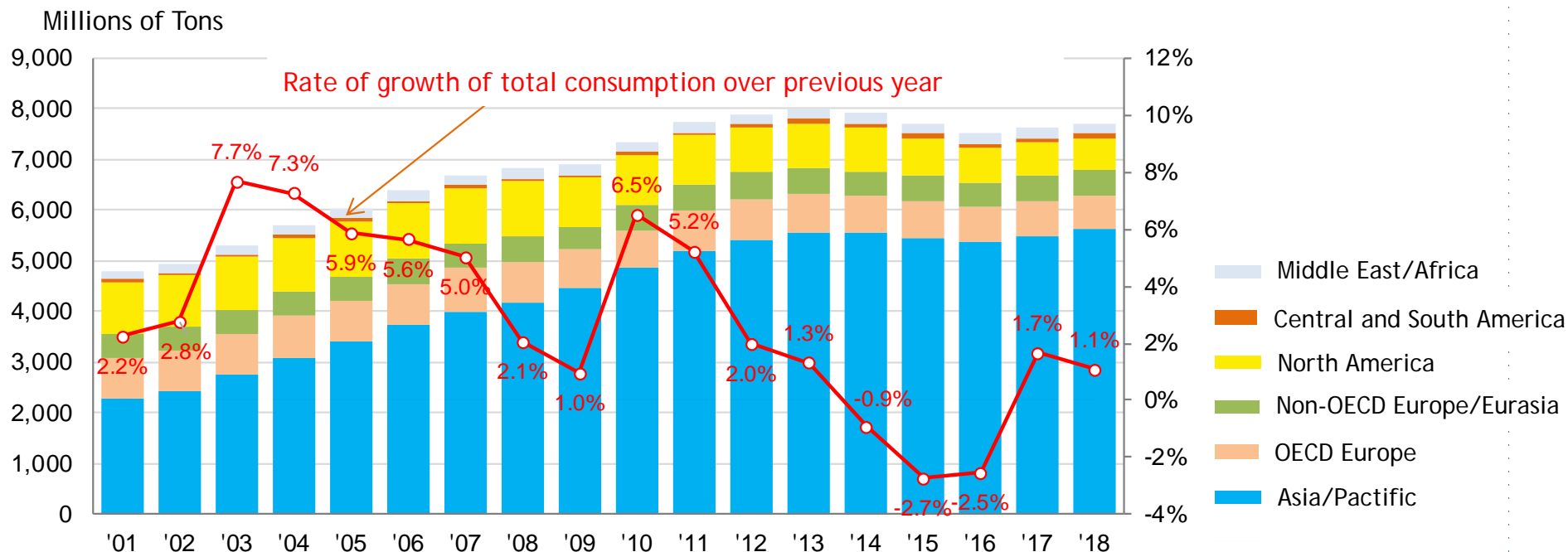
# Points of the Report

- ✓ An increase in world coal consumption and imports is expected in 2020, primarily centered around India, ASEAN nations, and Asia.
- ✓ There were large decreases in spot coal prices during 2019 for both steam coal and coking coal. This levelled out, before trending slowly upwards. At present:
  - ✓ Spot steam coal prices (FOB price at Newcastle Port, Australia) were around \$67/ton
  - ✓ Spot coking coal prices (Australian premium hard coking coal FOB price) were around \$135/ton
- ✓ Spot steam coal prices for 2020 are forecast to fluctuate at around \$70/ton due to seasonal factors, with spot coking coal prices expected to be between \$140 - \$150/ton

# Global Coal Consumption Trends

- Global coal consumption increased again from 2017 onwards.
- This is largely centered around the Asia Pacific, with OECD Europe and North America seeing ongoing declines.
- An increase in coal consumption amounts is expected in 2020, primarily centered around India, ASEAN nations, and Asia.

## Trends in Per-Region Coal Consumption Amounts

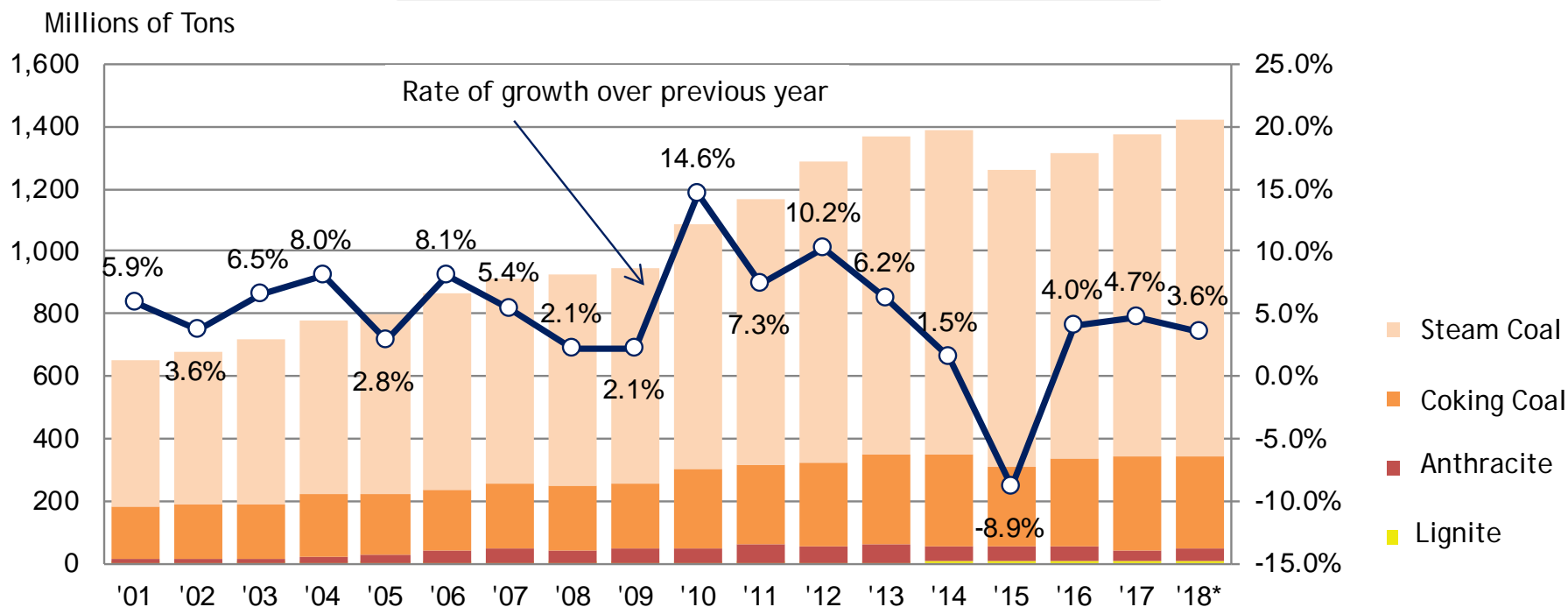


Note: Data for 2018 is preliminary  
Source: IEA Coal Information 2019

# Global Coal Trade

- Global coal trade decreased sharply in 2015, before increasing once more.
- Steam coal saw a gradual increase, with coking coal increasing until 2017, before becoming flat in 2018.
- Although growth rates went down in 2019, an increase is forecast for coal trade in 2020 for both steam and coking coal.

## Trends in Coal Trading Amounts Per-Type



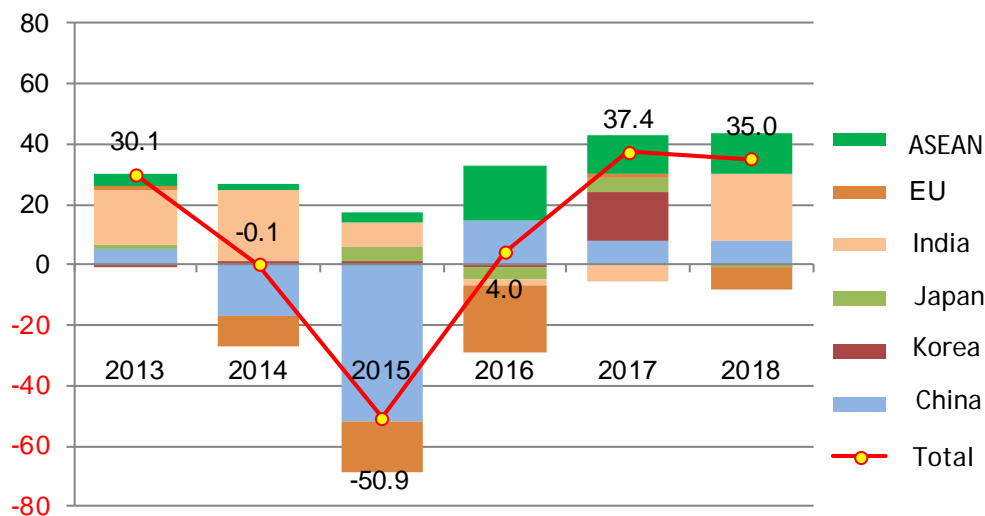
Note: Data on import trading amounts for 2018 is preliminary  
Source: IEA Coal Information 2019

# Steam Coal Imports by Major Import Countries (Regions)

- China: Saw another increase from 2016 (left chart). This was followed by a reduced rate of increase from 2019 (right chart).
- India: Increased by 22.6 million tons in 2018, with increases continuing in 2019.
- Korea: Increased by 16.5 million tons in 2017 but decreased in 2019.
- Japan: Imported a record amount of 114 million tons in 2017, but this decreased in 2019.
- ASEAN nations have seen increases of over 10 million tons every year since 2016. This increase continued in 2019.
- By comparison, amounts have declined in the EU since 2013. This decrease continued in 2019.

## Year-On-Year Imports Changes

Millions of Tons

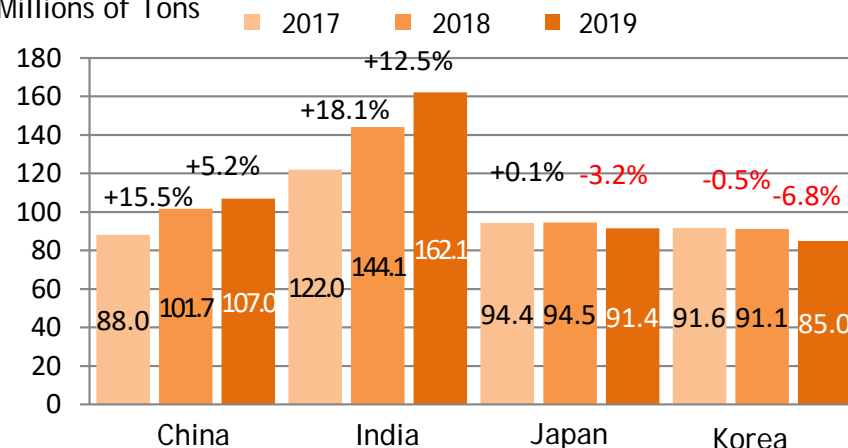


Note: ASEAN Represents Thailand, Malaysia, Vietnam, and the Philippines. EU data for 2018 is estimated by IEEJ.

Source: Trade statistics of each country, TEX report, EUROSTAT

## Imports by Major Asian Import Countries (Jan. - Oct.)

Millions of Tons



Source: Trade statistics of each country, TEX report

# Monthly Steam Coal Import Amounts for China and India

IEEJ : February 2020 © IEEJ 2020

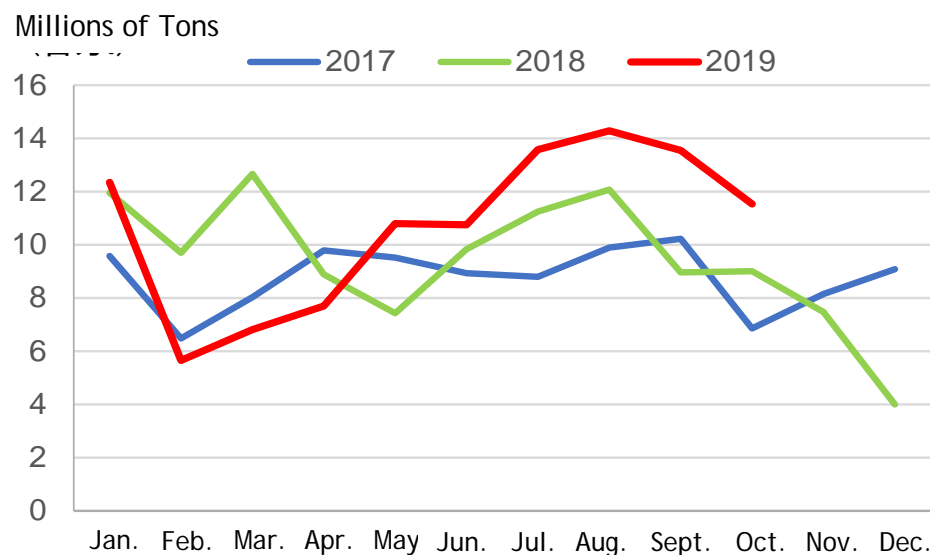
## China

- Import amounts for February, March, and April of 2019 were lower than the previous year, but exceeded it in the following months. The totals for January to October showed an increase of 5.25 million tons year-over-year.

## India

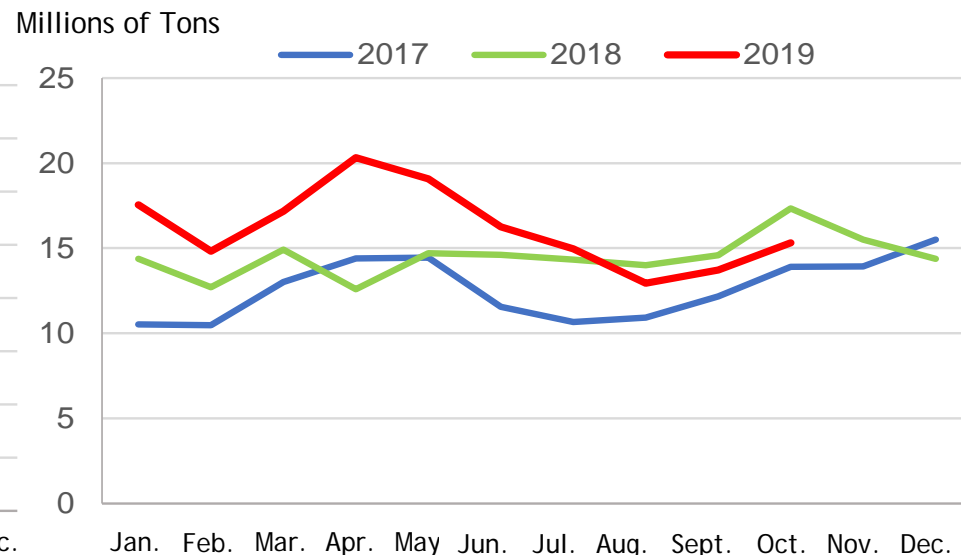
- Amounts from January to July exceeded the previous year but were lower from August onwards.
- The total for January to October was 162.13 million tons imported (an increase of 18 million tons year-over-year).

### China



Source: TEX report

### India



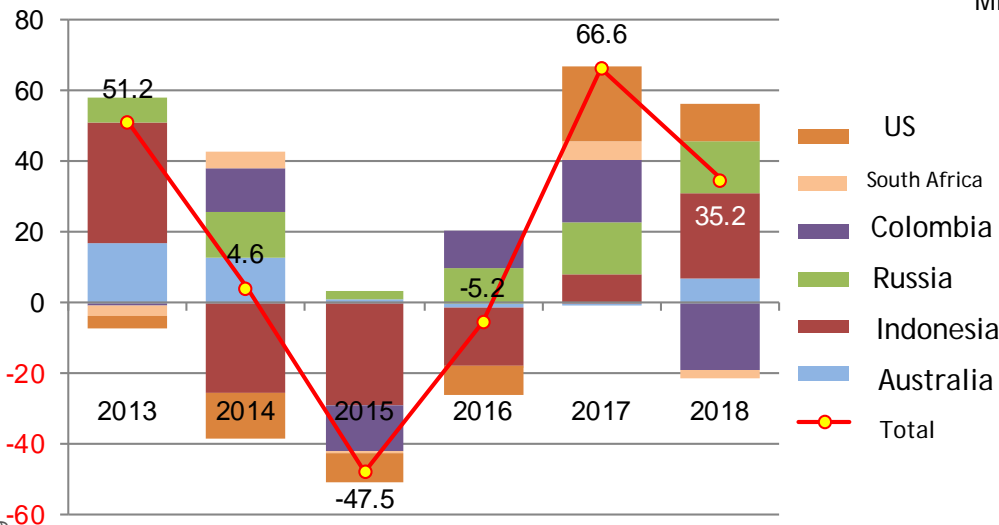
Source: Trade Statistics for India

# Steam Coal Exports by Major Export Countries

- Indonesia saw a 3-year long decrease from 2014 but saw increases again from 2017.
- Russia saw increases from 2016, with the US seeing increases from 2017.
- Increases were seen in Colombia in 2016/2017, with a decrease in 2018.
- Indonesia and Australia saw year-over-year increases for 2019. On the other hand, both the US and Colombia saw decreases.

## Year-On-Year Export Changes

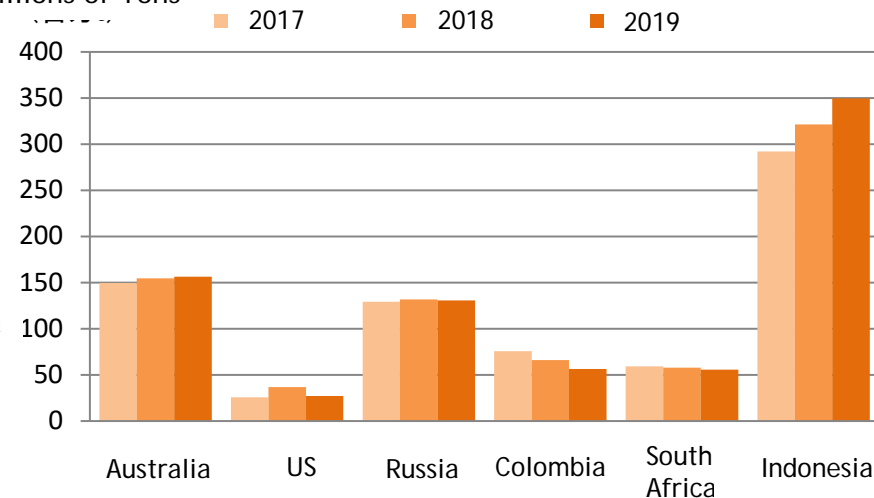
Millions of Tons



Source: TEX report

## Major Export Countries' Steam Coal Export Amounts (Jan. - Sept.)

Millions of Tons



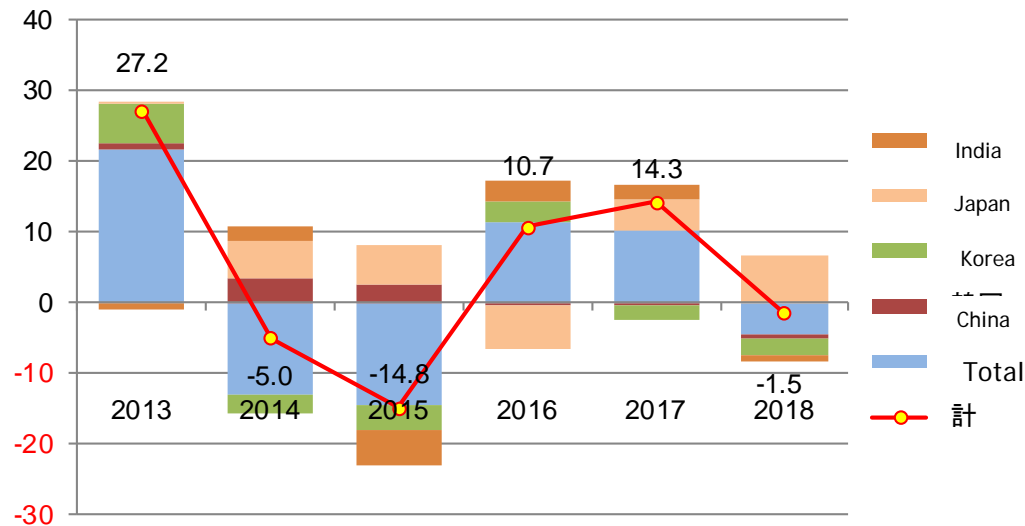
Source: TEX report, IHS etc.

# Coking Coal Imports by Major Import Countries (Regions)

- China saw decreases in both 2014 and 2015, increases in 2016 and 2017, and a further decrease in 2018.
- India saw a decrease in 2016 but saw increases from 2017,18.
- Although there was a large increase in China in 2019, India saw its increase stop, with Japan and Korea remaining almost flat.

## Year-On-Year Coking Coal Import Changes

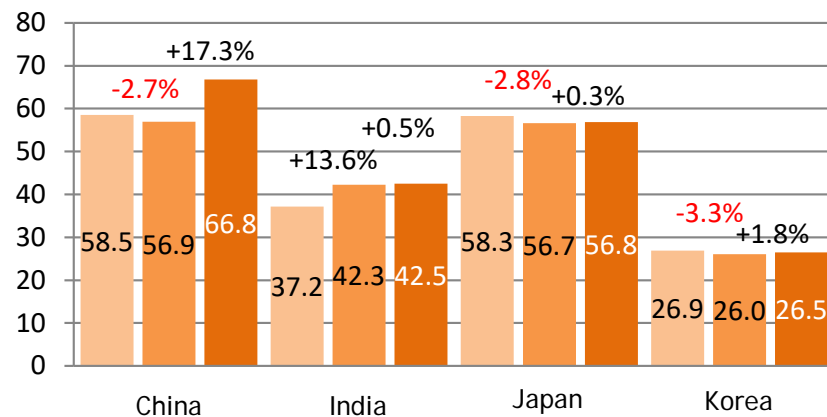
Millions of Tons



Source: Trade statistics of each country, TEX report, EUROSTAT

## Imports by Major Asian Import Countries (Jan. - Oct.)

Millions of Tons 2017 2018 2019



Source: Trade statistics of each country, TEX report



# Monthly Coking Coal Import Amounts for China and India

## China

- Import amounts for 2019 tended to exceed the previous year. The totals for January to October showed an increase of 9.9 million tons year-over-year.

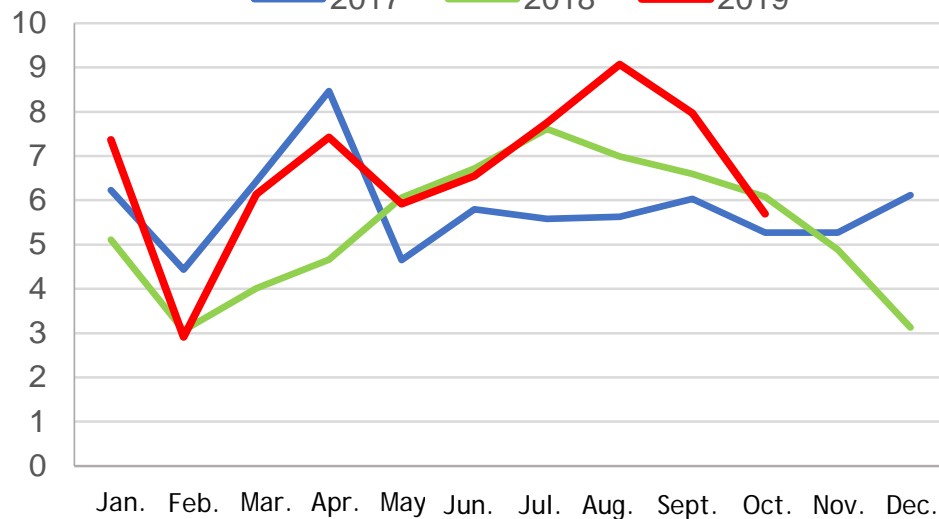
## India

- Import amounts for 2019 saw some fluctuations but stayed at almost the same level as the previous year. The totals for January to October showed an increase of 210,000 tons year-over-year.

### China

Millions of Tons

— 2017 — 2018 — 2019

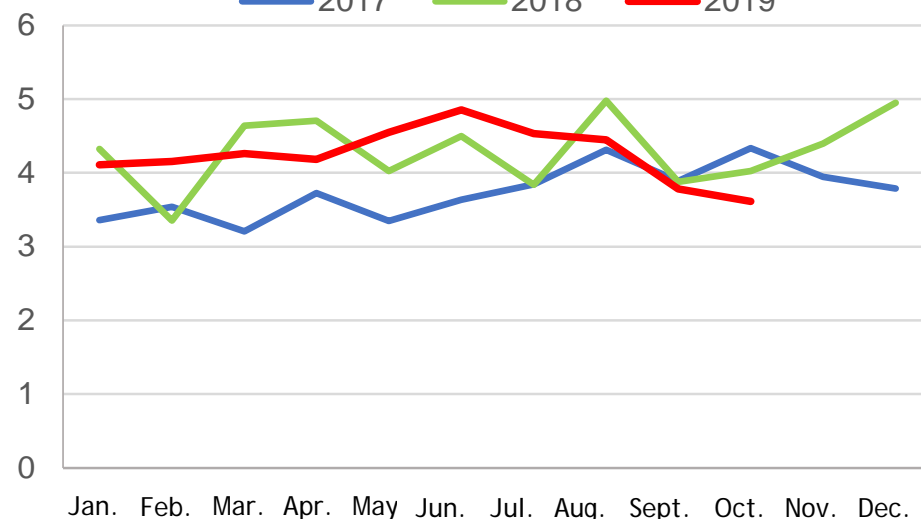


Source: TEX report

### India

Millions of Tons

— 2017 — 2018 — 2019

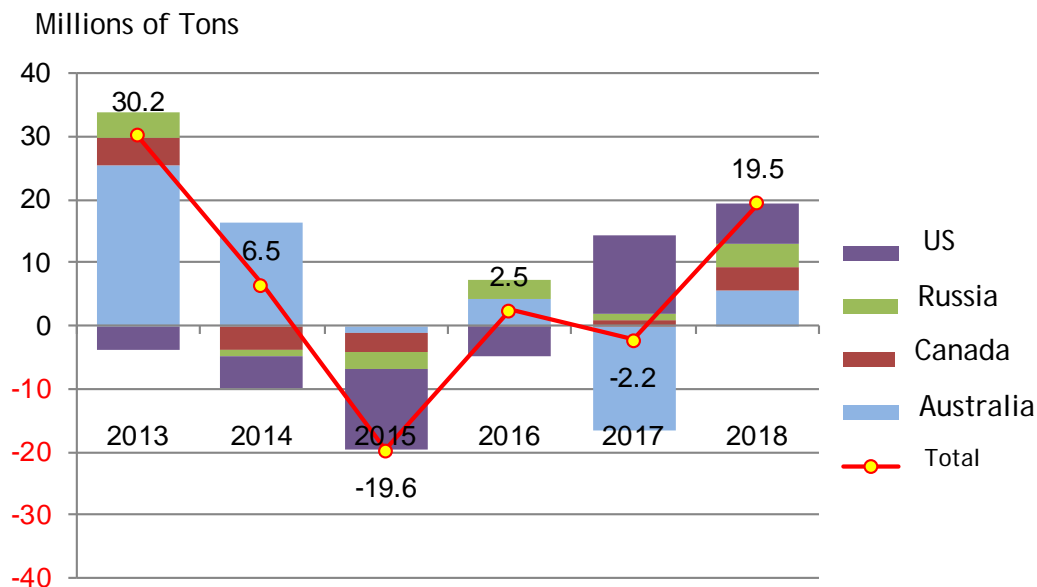


Source: Trade Statistics for India

# Coking Coal Exports by Major Export Countries

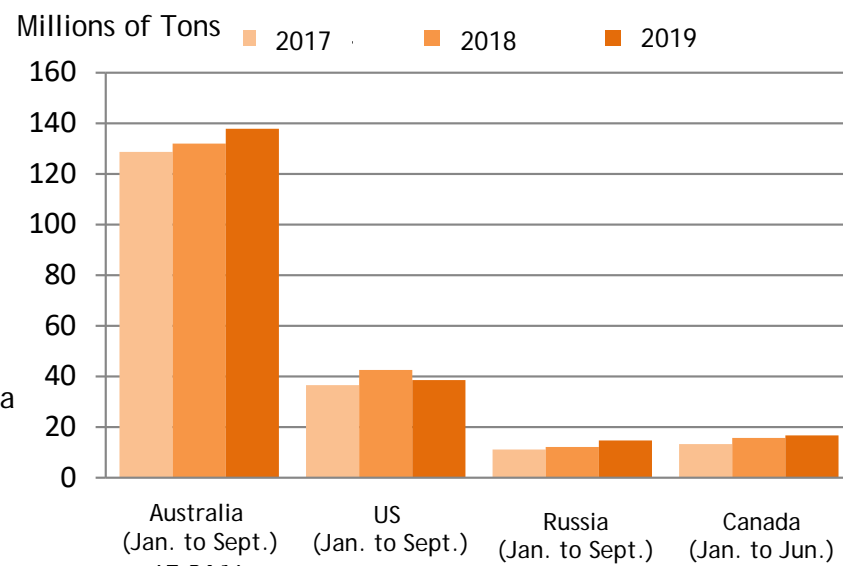
- Australia saw a sharp decrease in 2017, followed by an increase in 2018.
- The US and Canada saw increases in 2017 and 2018, with Russia seeing increases between 2016 and 2018.
- In 2019, Australia, Russia, and Canada saw year-over-year increases in export amounts. The US, however, saw decreases.

## Year-On-Year Coking Coal Export Changes



Source: TEX report

## Coking Coal Exports by Major Export Countries



Source: TEX report, IHS etc.

# 2020 Coal Supply and Demand

## [Steam Coal]

- Import demand for steam coal will increase even as we enter 2020.
  - ✓ Import amounts will continue to increase in India in line with extra consumption.
  - ✓ Increases will be seen in ASEAN nations such as Vietnam, Malaysia, and the Philippines.
  - ✓ In China, international coal prices are comparatively cheap compared to domestic prices, so no decreases in imports are expected. However, it is likely that there will be ongoing import restrictions.
  - ✓ Europe is expected to maintain its ongoing decline.
- Ensuring Availability
  - ✓ During 2020, Australia, Russia, and Colombia will all have excess availability.
  - ✓ In Indonesia, a policy-related cap is expected, but production targets for 2019 are 600 million tons. Production amounts are not expected to decrease substantially in 2020.

## [Coking Coal]

- Import demand for coking coal is expected to be impacted by demand for iron and steel.
- Import amounts will increase in India in line with business recovery.
- In China, international coal prices are comparatively cheap compared to domestic prices, so no decreases in imports are expected. However, it is likely that there will be ongoing import restrictions.
- Ensuring Availability
  - ✓ Suppliers such as Australia and Russia have excess availability.
- There is concern that delayed plans due to price decreases etc. will reduce this availability.

# 2020 Coal Prices

- Trends in spot steam coal prices (FOB price at Newcastle Port, Australia):  
Prices hit a peak of \$123/ton in July 2018 but fell to \$62/ton in August 2019. Current prices are trending at around \$67/ton.  
In 2020 prices are expected to fluctuate at around \$70 a ton, with seasonal factors causing changes of between \$5 - \$10/ton.
- Spot coking coal prices (Australian premium hard coking coal FOB price):  
Prices hit a peak of \$210/ton in May 2019 but fell to below \$130/ton in September. Prices briefly returned to \$150/ton but are currently trending at around \$135/ton.  
Prices are predicted to trend at around \$140 to \$150/ton in 2020.

## Average Yearly Spot Prices for Steam and Coking Coal

	2018 Average	2019 Average Jan. – Oct. Average	2019 Average	2020 Average
Steam Coal Spot Prices	106.30	79.15	77	70
Coking Coal Spot Prices	207.10	184.09	176	146