

SE News
HD **US low-vol disconnecting with Asia spot market**

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US coking **coal** spot prices were broadly steady Wednesday after recent falls, with low-vol in particular currently increasingly disconnected from lower spot pricing seen for Australian origins dominating spot sales in **China**.

A US **mining** source gasped at the **China** trade prices seen in the past days below an equivalent \$110/mt FOB Australia, but said US **coal** prices hadn't followed through, at least not lowering by nearly the same amount.

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Pricing for a Central Appalachian low-vol was last heard around \$123.50/mt FOB agreed a couple of weeks back, and while there was renewed downward pressure, offers had not dropped in line with the \$10-plus fall in spot prices for Australian premium low-vol since the end of February.

"We're not too concerned over the Australian situation," the source remarked.

Spot trade into **China** for CFR basis offers for vessels at ever lower prices has translated into low netback numbers for Australian coals.

These **Chinese** spot market prices increasingly jar with prices for BHP Billiton-Mitsubishi Alliance brands like Saraji, Peak Downs and Goonyella paid by monthly contract-reliant steel mills in the Atlantic.

BHP APRIL SALES

BHP Billiton's April contract pricing for premium Australian low-vols was expected to have been agreed at \$130/mt FOB by regional buyers, a buy-side source said.

Coupled with an earlier expectation that second-quarter benchmark pricing would see settlement broadly in line with the April BHP offers is leading to pronounced two-tier pricing.

"It's quite different for **China** and the Atlantic right now," the source said.

Outside annual volume-agreed sales contracts priced monthly, US low-vol was not proving easily shipped out. There was more reliance on domestic at-the-mine sales. Local sales in Appalachia had seen price erosion too in recent weeks, he said.

Some interest in Europe on spot-based US **coal** sales had not converted into sales for one supplier. US mid-vol blend pricing at \$110-115/mt FOB US East Coast was given as a current indicative range.

Meanwhile, indicative high-vol **B** prices were \$2 lower below a previous sales range, now firmly expected by the miner at under \$110/mt FOB USEC.

Updated price expectations for high-vol A spot were looking weaker than a recently realized export **sale** above \$121/mt FOB, with a midpoint now firmly below \$120/mt FOB. Local sales for a high sulfur, high-vol A below 32% VM were said achieving mid \$90s/st mine.

High quality contract-reliant high-vol A with low sulfur and ash, along with top coking properties, were this week still being discussed for Q2. Some of these may be pricing in the \$120-\$130s, with somewhat higher prices already heard agreed for annual contracts starting April.

China's current low met **coal** import pricing seems to have shuttered sales possibilities into that market for US coals.

No further spot deals for a low ash CAPP low-vol regularly shipped via Capesizes could be confirmed of late.

Platts US low-vol hard coking **coal** remained at \$119.50/mt FOB USEC, US high-vol A was steady at \$116/mt USEC and the Platts high-vol **B** assessment lost 50 cents to \$107/mt FOB US East Coast.

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CO bkhlpl : BHP Billiton Ltd | bltplc : BHP Billiton PLC

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