

SE News
HD Indonesian, Australian thermal **coal** price recovery uncertain: market players

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The slump in Indonesian and Australian thermal **coal** prices will likely continue, with market players attending a major industry gathering in Bali unsure when a recovery will take place.

"There will still be a painful period. It will take time before a price recovery can happen," Hidayat Liu of consulting **firm** McKinsey & Co. told delegates attending the Coaltrans Asia conference Wednesday.

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"We are still seeing this process of mine closing," he said.

Hiro Mizukami, general manager for the fuel **purchase** department of Japan's Hokuriku Electric power utility, said prices would only start their recovery in 2016, citing slowing thermal **coal** import demand growth in **China** as a core reason for the slump.

"It will take one-and-a-half years for the market to feel that kind of change," Mizukami said.

Noor Asihin Surani, senior manager for fuel and strategic planning at Malaysian utility TNB Fuel, said the **coal** appetite of **China** and India will largely determine the pace of the recovery.

"It all depends on the two big brothers," Surani added.

Keisuke Sadamori, director for **energy** markets and security at the International **Energy** Agency, said Tuesday he expected India, as well as the ASEAN countries, to emerge as "engines of growth," replacing **China**.

"Going forward, we see that prices will stay in the low price environment," said Marc Schmidt, a Singapore-based executive of the Boston Consulting Group. "There is a lot of uncertainty."

A Taiwan-based **coal** trader told Platts on the sidelines of the conference he did not expect Australian and Indonesian **coal** prices to recover in Q4, when prices traditionally rebound because of stockpiling for winter demand.

"Some deliveries were postponed in **China**. They will be delivered in Q4. There is an oversupply of **coal** at the moment," the trader said.

He said Australian and Indonesian **coal** prices would continue to be depressed next year, but could not say when a recovery would start.

A Singapore-based **coal** trader said growth in **coal** demand in India would not compensate for the slowdown in **China's coal** import growth.

In a May 23 report, Goldman Sachs forecast **China's** thermal **coal** imports this year at 146 **million** mt, dropping to 125 **million** mt next year.

Goldman forecast India's thermal **coal** imports this year and next at 160 **million** mt and 180 **million** mt, respectively.

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