

HD **THERMAL COAL-European physical front-month prices at two-month low**

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* ARA **coal** for October slides to \$72.75/tonne

* Australian, South African prices edge lower

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LONDON, Sept 17 (Reuters) - Thermal **coal** prices weakened further on Wednesday, with European physical front-month prices at a two-month low as concerns about global oversupply weighed on the market.

European **coal** cargoes for delivery in October to Amsterdam, Rotterdam and Antwerp (ARA) were trading at \$72.75 a tonne by 1454 GMT on the GLOBALcoal platform, down \$1.25 from the previous settlement, and its lowest level since July 18.

ARA cargoes for December were down \$0.70 at \$74.00 a tonne.

Traders said this week's announcement by **China** to ban the import and local **sale** of **coal** with high-ash and sulphur content from next year could increase oversupply globally if Australian high-ash cargoes to the country are not snapped up by other buyers.

In other markets, Brent crude **oil** steadied at around \$99 per barrel, after jumping on Tuesday on hopes the Organization of the Petroleum Exporting Countries would help reduce a global supply glut by cutting output.

German baseload power for delivery in 2015 touched a fresh eight-week low of 34.70 euros per megawatt-hour earlier on Wednesday.

Australian cargoes for delivery in December from the port of Newcastle, an Asian benchmark, edged down by \$0.25 to \$66.00 a tonne, while South African **coal** for October from the port of Richards Bay edged down by \$0.05 to \$67.85.

This week, **China** said it will ban the import and local **sale** of **coal** with high-ash and sulphur content starting from January to tackle air pollution, with tough requirements in major coastal cities set to hit Australian miners.

China is the world's top **coal** importer, accounting for around a quarter of Australia's **coal** exports.

The fear for Australian exporters is that 80 percent of the 54 **million** tonnes of thermal **coal** it exported to **China** in 2013 exceeded the new ash limit, according to consultants Wood Mackenzie.

But BHP Billiton, the world's largest **mining company** and a major exporter of Australian **coal**, said it expects no material impact on its business.

"There is nothing in the information which suggests that Australian **coal** exporters will be disadvantaged and we are confident that we can meet the proposed specifications," Greg Evans, the executive director of the Minerals Council of Australia, said on Tuesday.

(Reporting by Nina Chestney; editing by Susan Thomas)

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