

**SE** News Stories; Coking **coal** market  
**HD** **Australian, Canadian supplies edging out CAPP coals**

**BY** Hector Forster

**WC** 1,000 words

**PD** 7 August 2014

**SN** Platts SBB Steel Markets Daily

**SC** STEELDLY

**VOL** ISSN: 1935-7354, Volume 8, Issue 154

**LA** English

**CY** © 2014 McGraw-Hill, Inc.

**LP**

Atlantic coking **coal** markets Thursday had further confirmation that prices and qualities of Australian and Canadian coals were preferable to US Central Appalachian coals.

Many Appalachian coals are now in limited supply as production cuts take hold, keeping offers at higher levels for which there is low demand.

**TD**

A Canadian hard coking **coal** cargo offered through a trader was sold at \$95/mt FOB to a Northwest European steel mill for first-half September loading, according to sources familiar with the deal. The 18% volatile matter specified brand with 60% CSR, 8.4% ash and around 0.5% sulfur was selected due to its price over offers of 20-25% VM Australian brands and blends pitched at higher levels, a person involved in the tender said Thursday.

An industry contact said the Canadian brand might exhibit high wall pressure characteristics based on his PSI pressure data.

The **sale** into a Northern European port for 60,000 mt loaded at Roberts Bank will be considered as a trial, as it's the first time the brand is being utilized, according to the source, who was not familiar with the **coal's** wall pressure exertion.

Freight from British Columbia was said to have been fixed at under \$18/mt, while reference Panamax rates from Queensland to Rotterdam are similar, assessed at \$18.55/mt by Platts on Thursday for Gladstone loadings.

The cargo size was based on limits on maximum draft through the Panama Canal.

The market otherwise was quiet, with one Brazilian mill the only known participant active via open tender, but looking for an October cargo. A large Atlantic buyer was said to have utilized an Australian trader for several spot cargoes in July.

Another mill may still be in the market for some September interest out of Australia, but this could not be confirmed. There was no need for CAPP coals expressed, and no new negotiations for Alabama-based coals confirmed.

ArcelorMittal was heard looking for a **coal** cargo to Gijon, Spain, from Mobile, Alabama.

Some further interest for fourth-quarter loadings was also expressed by a miner, but some said they have allocated tonnage already. A trader believed it too early to be concluding deals.

It was too early to say if a spot cargo of good-quality US could be offered for later this year, a miner said.

One miner expected a premium to be imposed on any October cargoes offered from Australia to cover the risk of what the spot market in **China** may do, at what level the next benchmark will settle and the resultant requirements from contract customers.

As BHP Billiton's **coal operations**, Canada's Teck and others pursued growth in volumes to cut unit costs while US miners contracted, some other Australian miners are still looking to follow suit with expansions.

US prices flat

While Australian spot coking **coal** prices rose to a recent high, the Platts US low-vol hard coking **coal** assessment, based on good quality CAPP low-vol specified on 58% CSR and 1.5% MMR at 18% volatile matter, remained at \$114.25/mt FOB US East Coast.

Platts assessed US high-vol A at \$112.25/mt FOB USEC and high-vol **B** based on 34% VM **coal** at \$106/mt FOB USEC, also both unchanged.

Low coke prices in **China** were feared to aid a price drop for Colombian coking coals, as more material seeks export due to more limited possibility for coke exports. **Chinese** 12.5% ash coke may currently be offered at around \$210/mt South European port, said a trader.

The status of a recent tender of 50,000 mt of Colombian mid-vol blend for export to the Black Sea remained uncertain due to recent unrest in Ukraine, with indicative pricing at \$92/mt FOB Buenaventura and \$23/mt for the voyage to Yuzhny in Ukraine.

Ukraine's Metinvest, ISD and other steel producers may be facing difficulties as logistics for their steel raw materials and finished product movements are hit and stall **operations**, according to **company** announcements and sources familiar with the situation.

It's possible the tendered material from Colombia is unloaded at another Black Sea port and redirected. A trader in Colombia said interior trucking and logistics costs to haul **coal** from small mines deep inland to the main Pacific port were going up.

Domestic prices for low-vol coals were said to have been relatively expensive due to scarcity and demand from local cokeries, limiting price falls for mid-vol blends to export.

Australian PCI talked down

As Russian sanctions widen and counter measures blocking EU trade are seen, Russian PCI supplies remain a hot topic.

However, for now, Australian PCI replacements could remain elusive for European buyers, despite relatively low Panamax rates to Europe. Steelmakers having weaned themselves off Australian material are reluctant to go back and depend on PCI with longer **lead** times, said a PCI producer.

Many Europeans buy Russian PCI on a delivered basis at ARA ports in smaller parcels, aiding cashflow at a time of considerable pressure on cash utilization at steel groups.

The PCI producer in Australia did not have any inquiries of note in Europe. Some Australian PCI may have improved competitiveness with Russian supplies, but "longer-term the market may quickly turn, the mills won't risk this," he said.

He expected more thermal **coal** grades and US coals to be injected into furnaces should Russian PCI be disrupted.

There was not enough growth in PCI in Europe for Australian material to regain market share despite some new developments, he added. Salzgitter of Germany will be in the market for PCI in the first quarter of 2015, and Voestalpine will boost its PCI needs at its two units in Austria.

A Russian supplier selling PCI into Asia and Europe reported no unusual requests from customers and steady volume since the start of the year.

Hector Forster

**RE** austr : Australia | cana : Canada | col : Colombia | apacz : Asia Pacific | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | lamz : Latin America | namz : North America | samz : South America

**IPD** Demand

**PUB** The McGraw-Hill Companies, Inc.

**AN** Document STEELDLY20140821ea870000x