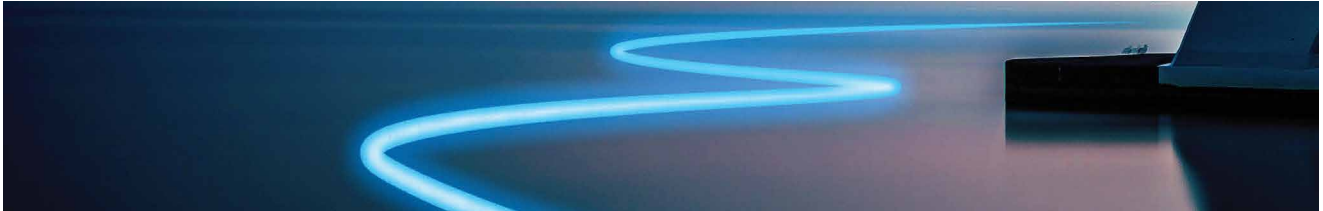


# Argus Seaborne Coal Outlook

Incorporating Argus Seaborne Thermal Coal Outlook

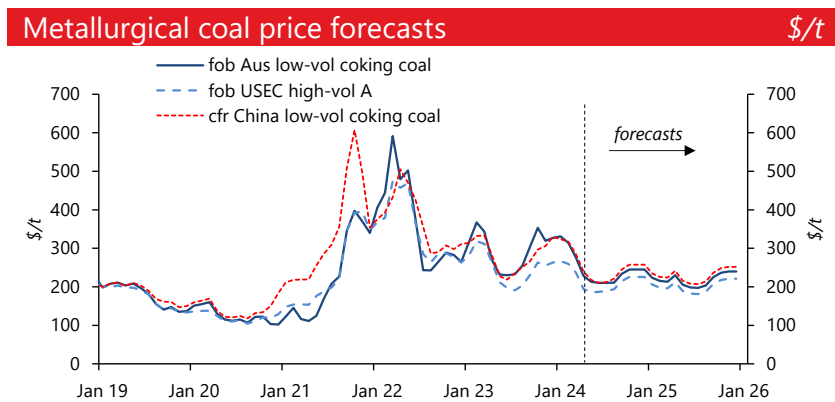
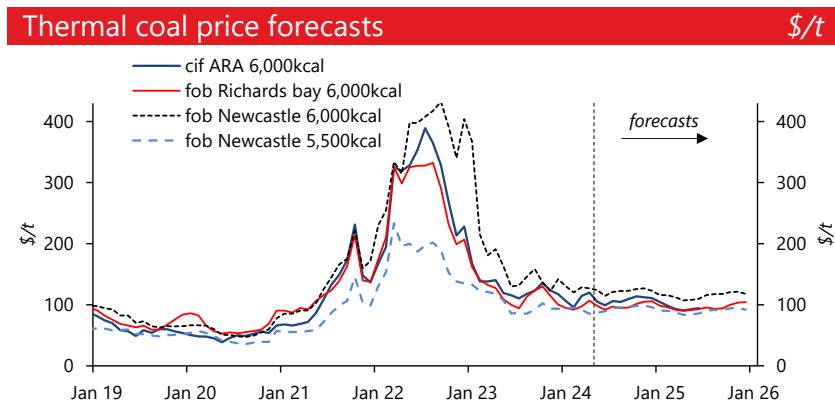


## Near-term outlook

Risk premium may leak out of prices as supply constraints ease, but rising geopolitical risk a concern. Metallurgical prices have fallen sharply, but narrower steel-making margins could limit further declines.

## 12-month outlook

We expect thermal prices to trend lower on soft demand.



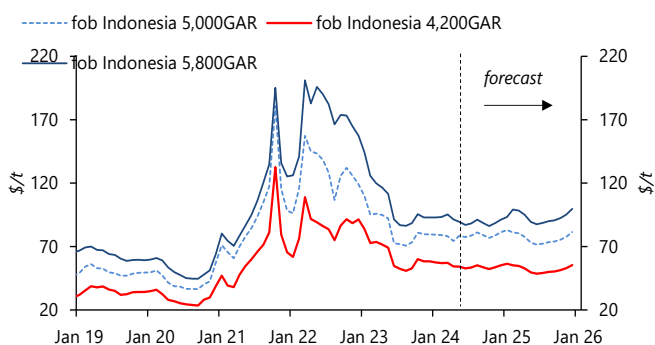
## Contents

Forecasts	
Price forecasts	2
Three point summary	
Thermal coal	3
Metallurgical coal	4
Forecast review	5
Swaps & Spreads	10
Demand and supply	
Thermal coal	12
Metallurgical coal	13
Fundamentals	
Thermal coal	
Exports	16
Regional fundamentals	
China	17
India	18
Europe	19
North Asia & Asean	20
Metallurgical coal	
Exports	21
Regional fundamentals	
China	22
India	23
Other	23
Macro	25

Price forecasts															\$/t	
	Feb	Mar	±	Apr	May	Jun	1Q24	2Q24	3Q24	4Q24	1Q25	2022	2023	2024	2025	2026
<b>Thermal coal</b>																
6,000kcal																
cif ARA	95.8	114.4	19%	120.0	105.0	99.1	105.4	108.0	106.8	112.4	98.7	289.9	129.0	108.2	100.0	99.0
fob Newcastle	120.4	128.8	7%	127.0	124.0	114.6	126.4	121.9	122.2	125.1	114.6	360.1	173.7	123.9	115.0	114.0
fob Richards Bay	91.9	97.3	6%	107.0	98.0	92.0	94.7	99.0	95.9	104.2	95.6	270.8	120.6	98.4	96.0	93.5
fob Puerto Bolivar	84.8	96.1	13%	94.0	93.0	91.1	90.8	92.7	98.8	104.4	90.7	278.8	113.9	96.7	92.0	91.0
5,500kcal																
fob Newcastle	95.1	91.8	-4%	85.5	87.0	89.4	93.5	87.3	95.3	97.6	89.4	176.1	103.4	93.4	89.7	88.9
fob Richards Bay	81.1	89.7	11%	93.0	86.7	81.4	84.5	87.0	84.8	92.2	84.6	168.5	116.1	105.6	102.5	102.5
cfr South China	107.8	107.5	0%	99.9	102.2	102.2	107.5	101.4	106.3	107.1	104.2	168.5	116.1	104.4	101.0	101.7
cfr India	96.5	105.6	9%	106.0	101.7	96.4	100.6	101.4	99.8	107.2	99.6	203.7	116.1	102.3	100.0	97.7
fob Indonesia																
5,800 GAR	93.3	95.4	2%	91.4	89.4	87.0	93.9	89.3	89.4	88.6	97.0	171.2	104.4	90.3	93.3	94.0
5,000 GAR	79.0	78.2	-1%	74.3	78.6	77.5	78.9	76.8	79.6	78.9	81.5	127.8	84.8	78.5	76.8	76.8
4,200 GAR	57.0	57.2	0%	54.3	54.2	52.7	57.2	53.7	54.2	53.7	55.4	85.9	63.2	54.7	52.2	52.2
<b>Metallurgical coal</b>																
fob Australia																
premium low-vol	314.5	275.6	-12%	233.0	230.0	230.0	307.0	231.0	224.4	259.9	217.3	365.6	295.9	255.6	219.0	217.4
mid-vol	261.7	232.2	-11%	193.4	190.9	195.5	257.8	193.3	195.3	228.7	191.2	330.1	257.0	218.8	192.7	191.3
PCI spot	173.6	155.0	-11%	135.1	133.4	133.4	171.4	134.0	145.4	181.9	152.1	322.5	227.6	158.2	153.3	152.2
Semi-soft contract	200.0	200.0	0%	200.0	200.0	200.0	200.0	200.0	180.0	170.0	170.0	277.5	216.0	187.5	161.3	162.5
fob USEC																
high-vol A	260.0	237.0	-9%	198.1	200.1	204.7	254.5	201.0	205.0	239.1	199.9	347.9	249.2	224.9	201.5	200.0
high-vol B	221.5	202.5	-9%	168.3	170.1	174.0	218.5	170.8	174.3	203.2	169.9	329.9	230.4	191.7	171.3	170.0
cfr China																
premium low-vol	318.0	284.6	-10%	244.7	234.6	230.0	308.8	236.4	232.7	272.9	228.2	370.9	282.8	262.7	230.0	228.3

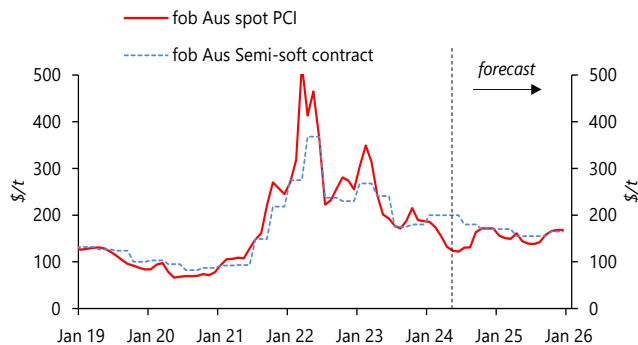
fob Indonesia price forecasts

\$/t



Metallurgical coal price forecasts

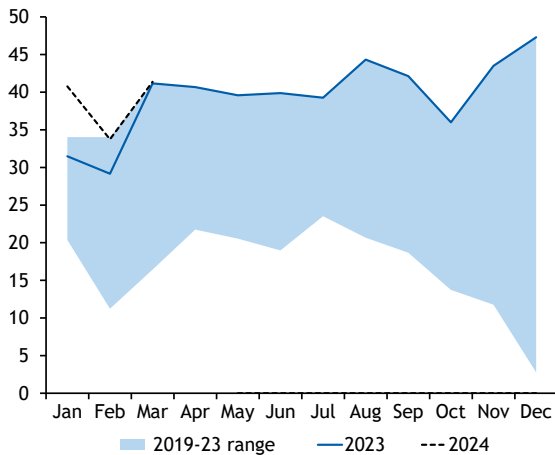
\$/t



## Thermal coal - Key drivers of price forecasts

**China coal imports (all types)**

mn t

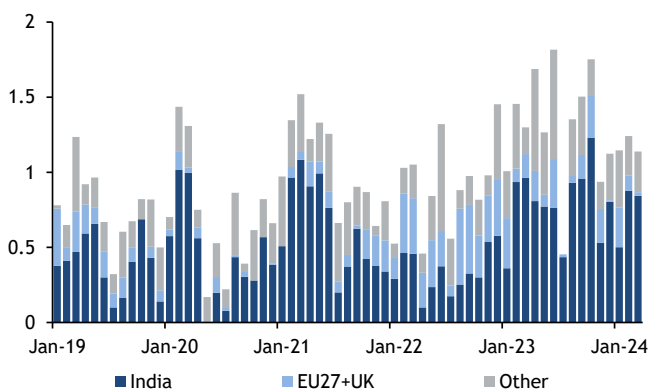


### Chinese imports balance market

Chinese coal imports remain firm, with buyers continuing to absorb Russian supply that is shut out of other markets. China's ability to absorb some Atlantic supply is also helping to keep API 2 prices elevated. Imports could remain firm in the short term as China's domestic production continues to lag year-earlier levels. But inventories are normalising and we expect the pace of imports to drop off in 2H 2024.

**Baltimore thermal coal exports**

mn t

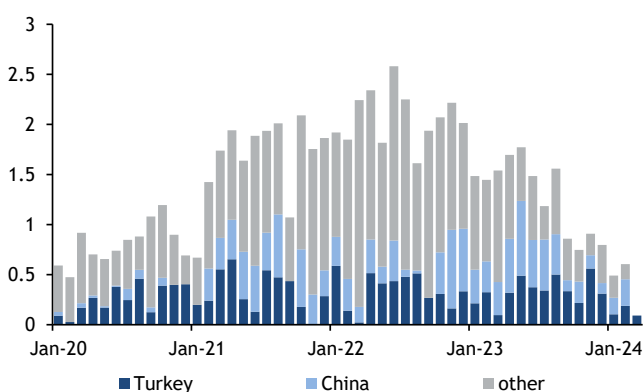


### US supply disruption impacts India

Exports from the US port of Baltimore have ground to a halt after the 26 March bridge collapse. This has helped sustain API 2 prices in early April, although the impact on the Atlantic high-CV balance from the incident is minimal. Most exports from Baltimore are destined for India (see chart), and comprise high sulphur coal, which is thinly demand in many markets, including Europe, at present. Supply from Baltimore is unlikely to normalise until the end of 2Q at the earliest.

**Russian Black Sea exports (large ships)**

mn t

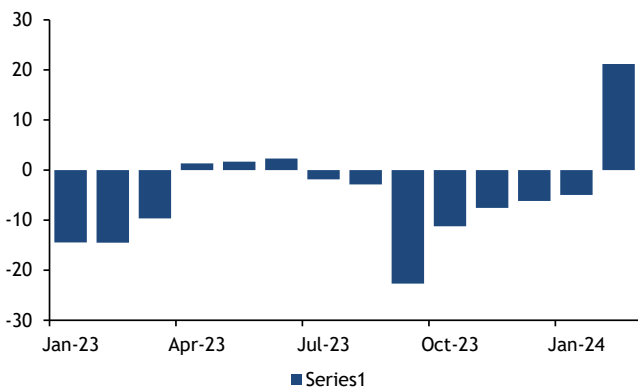


### Russian export contraction bites

Russian coal exports - particularly from the Black Sea - have dropped sharply in recent months (see chart based on Kpler data to the left). Flows from Taman in particular have slumped with suppliers exiting the terminal in an impasse over port charges. We expect flows to pick up in the coming months as this resolves but overall Russian exports should contract significantly in 2024. This cut to Russian supply contraction is helping to balance the global market and sustain prices, for now at least.

## Metallurgical coal - Key drivers of price forecasts

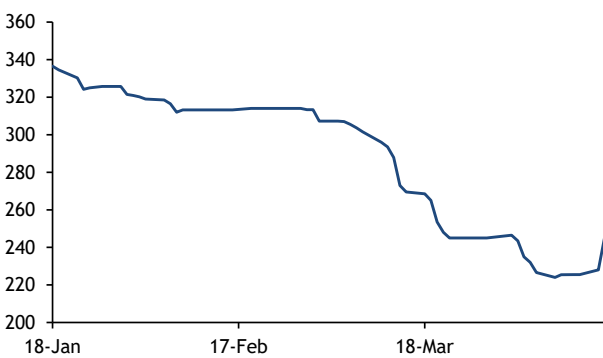
YoY growth in Australian exports *mn t*



### Australian supply normalises

Australian exports grew strongly on the year in February, snapping a long streak of year-on-year monthly drops. Improved supply following a spell of inclement weather improved spot availability and pressured prices.

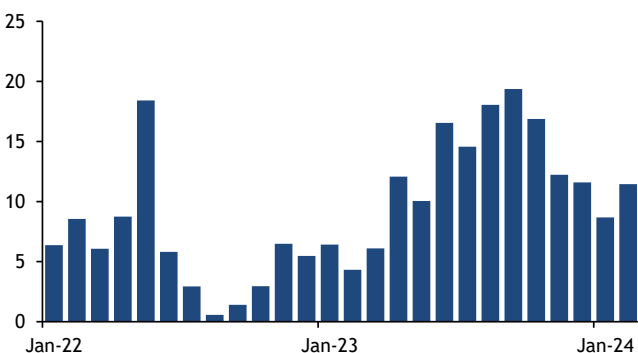
Australian premium hard low-vol fob spot price *\$/t*



### Coking coal spot prices tumble

Australian premium coking coal prices have shed around \$100/t since mid-February on improved supply and softer sentiment in China. But thinner steelmaking margins may stem further downside,

YoY growth in Indian crude steel production *pc*



### Indian elections key for outlook

We expect an uptick in India's infrastructure and construction sector in 2H 2024 following the elections. This should support coking coal import demand.

## Forecast review

### Thermal coal

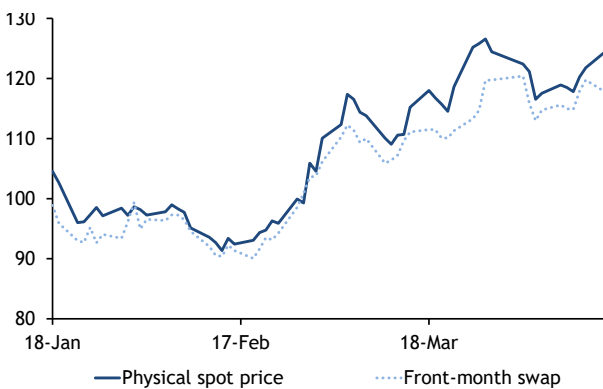
*Baltimore, Russia sanctions, geopolitics lift spot prices*

We have revised upward our 2Q24 Atlantic basin thermal price forecasts to reflect supply risk stemming from the Baltimore bridge collapse in the US. API 2 futures prices have stepped higher since the incident on 26 March, dragging the physical market up in tandem.

A relative tightness in the supply of SCoTA-specification material also appears to be sustaining API 2 physical prices for now, despite thin European spot demand and high inventories at ARA.

#### API 2 prices

\$/t

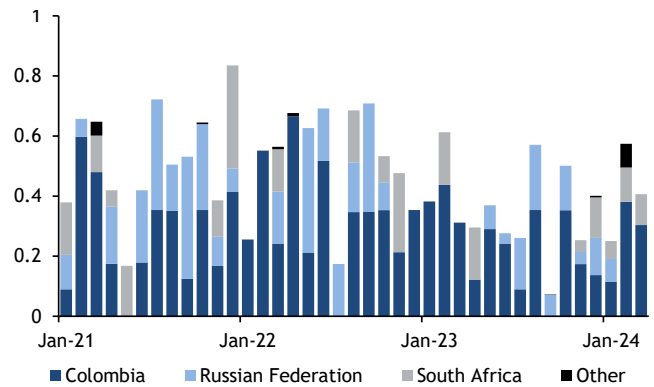


Although API 2 prices have gained ground in the past few weeks, we do not think the Baltimore incident should have a significant impact on the global high-grade, low sulphur coal supply-demand balance. This is because most Baltimore thermal coal exports are high sulphur product destined for Indian industrial users. Affected US suppliers should also be able to re-route some supply via alternative ports, albeit at a higher logistic cost, until shipping channels out of the port are restored. US port authorities have suggested a temporary 11m deep channel may be opened by the end of this month, but this should be insufficient to allow large coal-bearing vessels to depart. Even if a deeper channel is opened by the end of May, the vessel backlog is likely to take some time to clear, meaning coal movements should be constrained into late 2Q/early 3Q.

But we think API 2 prices should drift lower, and below the prevailing financial forward curve once risk surrounding the Baltimore situation, and sanctions on Russian producer

#### Israel thermal coal imports

mn t



Suek, eases. The escalation in tensions between Israel and Iran is an upside risk to the wider energy complex, notably oil, and could cause coal prices to be volatile in the short term. But we expect a minimal impact on the regional coal supply-demand balance from this, as Israel's coal import matrix is already operating at below capacity following a damaged pier at the port of Ashkelon in May 2023 (Israel's 2023 imports were 4.3mn t versus 6.3mn t in 2023). Increased Russian attacks on Ukrainian gas and power infrastructure have contributed to driving up TTF gas prices, and could also keep coal prices higher for longer.

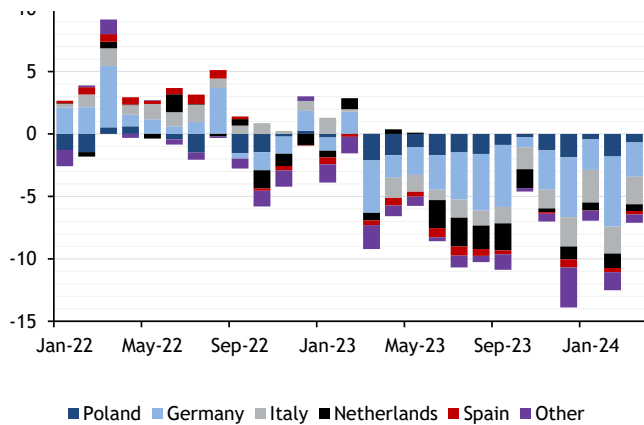
If API 2 prices were to fall to \$90-100/t, this would test the breakeven costs for some South African, US and some Colombian suppliers, and could provide a theoretical floor for prices in the short to mid-term. API 2 prices have not fallen below \$90/t since May 2021.

European imports have finally adjusted lower to track soft coal-fired generation (EU27+UK Jan-March coal imports declined 57pc YoY vs a 35pc decline in coal burn), adding some modest restocking risks to 2H 2024. But this has so far only resulted in a partial draw down of ARA inventories to 5.5mn t as of mid-April. Much of this inventory is likely lower grade, high sulphur material, which may be slightly misleading the market about the health of European coal supply, and contributing to the virtual tightness in the API 2 physical market. But ARA stocks are still close to 2018 levels, when Europe's coal-fired generation capacity and coal burn were significantly higher, indicating a well-supplied market for current requirements.

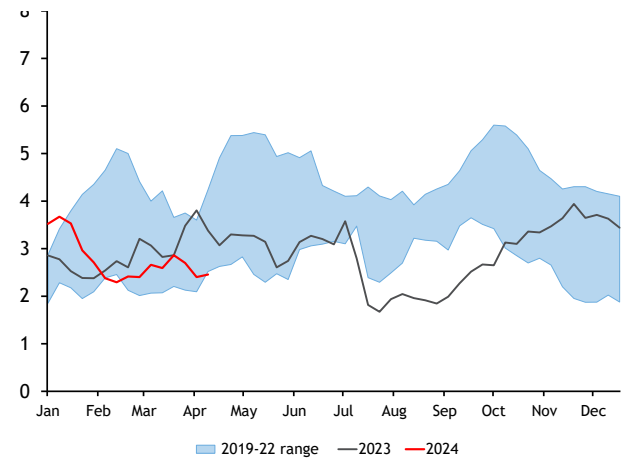
There appears little scope for European coal burn to fall fur-

## Forecast review

**YoY change in European coal-fired generation** **GW**



**RBCT coal stocks** **mn t**



ther, given limited room left for coal-to-gas switching. Of the hard coal plants in Europe which are running, these are either on must-run orders from grid operators, in poorly connected parts of power grids meaning there is little scope for them to turn down, very high efficiency plants which are pricing in versus gas, or where utilities likely locked in their generation margins well in advance.

### API 4 & 6 price forecasts

API 4 prices have also stepped higher in April, tracking API 2, and supported by another train derailment outside of RBCT, which drew terminal inventories down below 2.5mnt in early April. This is significant given annual maintenance on the rail corridor into RBCT will be held on 9-18 July, during which period suppliers will need to load coal from stock at the terminal.

South African suppliers may benefit from the Baltimore disruption by finding some fresh Indian industrial demand. But this is unlikely to provide a major shot-in-the-arm to API 4 and off-specification prices, give Indian end-users may prefer to turn to petroleum coke for replacement cargoes. The apparent abundance of on-the-water high sulphur supply in the Pacific basin and on stock in Europe may also be used to fill any supply shortfall.

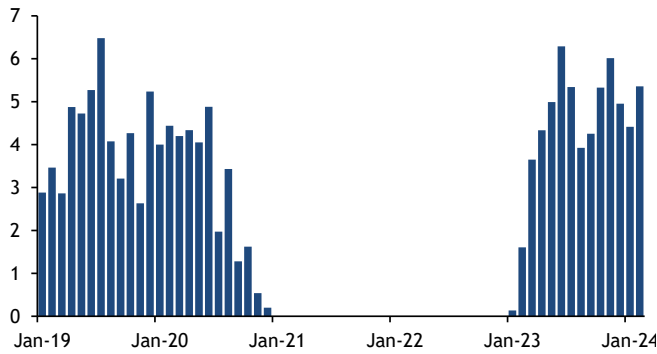
We see support for API 4 prices at around \$90/t fob, given production and breakeven costs reported in recent company results. Longer term, if railings performance into RBCT shows more than the tentative improvement seen in early 2024,

then this could provide greater cost efficiencies for suppliers and enable them to absorb lower prices. But we remain skeptical of a sustained improvement in RBCT railings until late 2024 at the earliest. Even then, until the issue of Transnet's Chinese locomotive supply contracts is resolved, we foresee weekly railings being capped at around 1.3-4mn t/week, compared with prevailing rates of 1-1.1mn t/week and historic levels of 1.6-1.7mn t/week. We have revised down our South African coal export projection for 2024 to 71.5mn t (-1.5mn t YoY) on the assumption that higher-cost trucked exports contract because of lower international prices and authority initiatives to trim truck congestion. This is likely to more than offset an on-year improvement in RBCT exports fed by rail.

We remain bearish on fob Newcastle NAR 6,000 kcal/kg prices in the mid-term versus the futures curve and prevailing spot prices, in part because of soft demand expectations in Japan, South Korea and Taiwan, where firm nuclear and renewables generation among other factors are capping demand. But prices may retain some risk premium until further clarity emerges over annual April 2024 starting term contract negotiations between Australian suppliers and Japanese end-users. Switzerland's Glencore in late-March signed a term deal with a Japanese consumer at \$145/t fob Australia, sources said. But participants do not think this was the closely-watched Glencore-Tohoku Electric Power term deal, which has historically been used as a barometer by other Asia-Pacific consumers including Taiwan, Thailand and the Philippines.

## Forecast review

### Australia thermal coal exports to China mn t



Key upside risks to our Australian price forecasts would include Asia-Pacific buyers showing a more sustained move away from Russian coal procurement because of sanctions. And a continuation of China’s exceptionally strong import performance that has been observed for the past 12 months (Australia exported 50mn t of thermal coal to China in 2023 vs zero in 2022).

Australian exports in 1Q24 rose by 5pc YoY to a four-year high given improved logistics and weather conditions. We have maintained our 2024 export outlook at 205mn, 2.5mn t higher on the year.

Similarly, Indonesian exports have begun the year on a strong note, gaining 6pc on the year in 1Q24 to 132mn t. But we expect this pace to fall off later in the year because of slowing Chinese demand, and we have revised down our Indonesian export projection for 2024 to 515.6mn t.

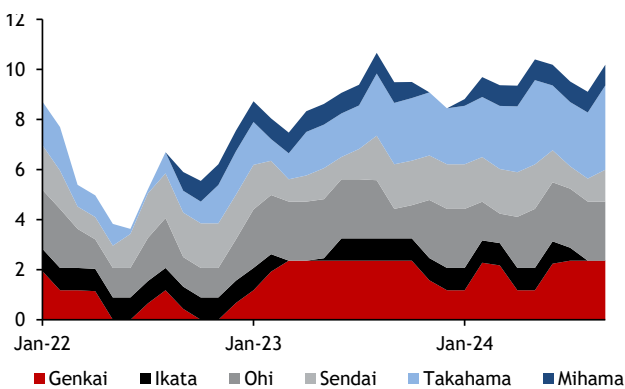
Aggregate imports into Japan, South Korea, Taiwan and Hong Kong were 6.5pc below 2023 levels in 1Q24, a trend we expect to persist for the balance of 2024. Japan has been the key driver behind this trend, given ample stocks and modest winter demand. Heading out of the shoulder season and into the peak summer cooling season, there are some upside risks to the outlook given the Japan meteorological agency is expecting above-average temperatures across most of Japan in June-August. But we expect this to be offset by firmer nuclear generation and renewables penetration. Nuclear availability is expected to grow by 6pc on the year over April-September 2024. Based on forward spot coal and spot and oil-indexed gas prices, we expect coal to hold a similar share versus gas in Japan’s thermal mix for the balance of 2024 versus 2023.

### Russian supply outlook

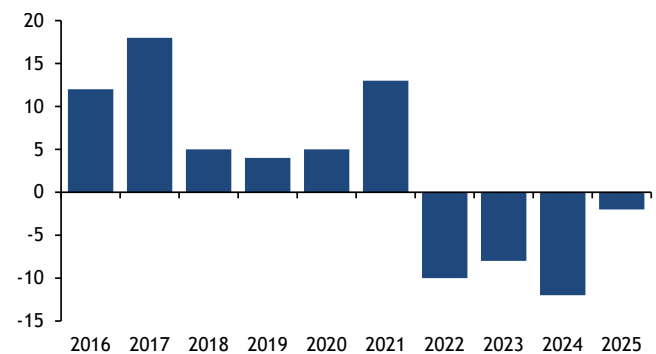
We have revised down our Russian coal export forecast for 2024 to 150mn t, lower by 12mn t YoY.

Russian exporters have had a challenging start to 2024, with exports tracking much lower than 2023 (we estimate Jan-Mar exports at 38.2mn t, -15pc YoY). The seasonal improvement in weather conditions heading out of the Russian winter should provide some respite to logistics, but railings into the Taman port are still extremely low because of disputes over port fees. Kpler vessel data shows zero coal was exported from Taman in March or April-to-date, although it is difficult to track ships in the Black Sea region and this data will not include small ships such as coasters and barges which shuttle across to Turkey.

### Japan nuclear availability and outlook GW



### YoY change in Russian exports incl. outlook mn t



## Forecast review

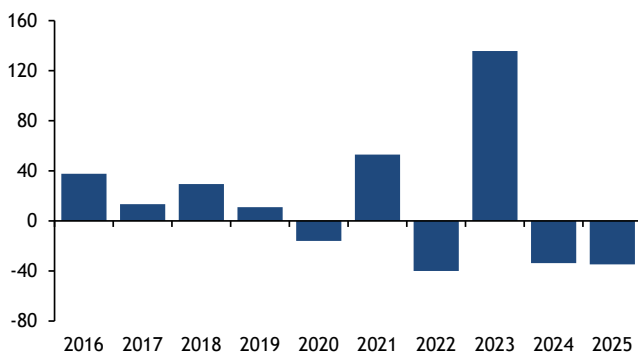
We expect coal railings to Taman to improve in the coming weeks as suppliers and port authorities make headway in the port charges impasse. This should facilitate a partial recovery in Russian supply towards the end of 2Q. But the outlook for sales to Turkey has been dented by the Turkish government banning cement exports to Israel. Turkish cement plants typically import Russian coal to blend with petroleum coke.

The re-introduced export tax on Russian coal (set at 6pc for March and 5.5pc for April) and lower NAR 6,000 kcal/kg fob Vostochny prices of around \$100/t are also pressuring smaller to mid-sized producers' margins. But given logistics costs inform a large chunk of the overall fob cost, there could be some wiggle-room for suppliers to absorb lower price levels and should mitigate any price-led supply contraction.

The fallout from US sanctions on Russia's largest producer Suek, imposed on 23 February, is an additional headwind for Russian supply in the short and long term. We expect some contraction in Russian sales to Korea this year, and likely also to Taiwan. But this could be partly offset by stronger sales into China and India. The outlook for Russia-China flows is highly uncertain given China now imposes import taxes that penalise Russian coal, and it is far from clear that China's breakneck pace of imports will persist. Some traders have also reported difficulties financing Russian coal trades with state-owned Chinese banks.

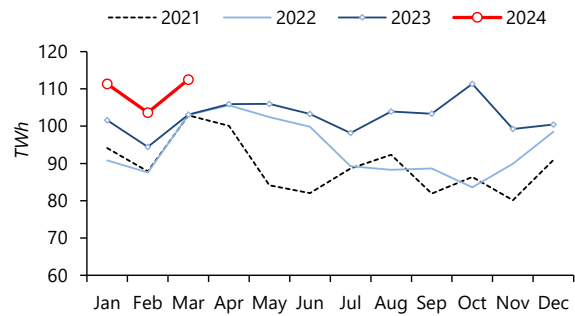
On China, we expect imports to trend lower as the year wears on, given improved stocks and as we think it unlikely that hydro generation will be as weak as last year; low hydro output in 2023 was a key factor behind last year's bumper

### YoY change in China imports incl. outlook mn t



### India coal-fired generation

TWh



Source: CEA

import demand from the power sector. But domestic production has been relatively disappointing in early 2024 (705.2mn t in Jan-Feb, -4pc YoY), and Chinese macro-economic data released for March showed a substantial improvement. This could stop a large reversal in import performance.

Turning to India, we maintain our view of firmer imports in 2024 versus 2023 but note there could be further upside potential given the Indian government continues to implement policies that should support power-sector imported coal burn. However, we have not yet revised upwards our import forecast as early weather data indicate above-average monsoon rainfall (106pc of the long-term average, according to the Indian Meteorological Department), which should support hydro generation and reduce the recourse to thermal output.

The federal power ministry has extended a previous directive to 15 coal-fired utilities that run on imported coal to keep power generation levels high until 15 October, raising the validity from 30 June. The plants have a combined capacity of 17.5GW. The government's push comes as India's meteorological department has forecast higher-than-usual temperatures during the summer season. The hot weather conditions could lift power demand for cooling and air conditioning, and prompt coal-fired utilities to burn more coal, especially as coal-power accounts for more than 85pc of overall generation.

### Metallurgical coal

Australian metallurgical coal prices have fallen sharply in the past month, crushed by waning steel market sentiment following the "Two Sessions" meeting in China in early



## Forecast review

March, that also impacted iron ore pricing. Spot Australian coking coal availability has also improved, with key miners pretty much recovered from weather and mining-related disruptions last year. Australia’s metallurgical coal exports in February rose by 21.2pc on the year to 12.3mn t, according to Australian Bureau of Statistics (ABS) data.

Weak domestic steel demand in China was a key driver behind the recent weakness in coking coal prices, but steel production is responding to the softer demand. China’s crude steel production dropped by 7.8pc on the year in March to 88.3mn t, according to National Bureau of Statistics data. In the absence of domestic demand, Chinese mills continue to boost exports, with more Chinese steel being pushed into proximal Asian markets and far-flung destinations such as Brazil and Chile. China’s March steel exports hit an 8-year high 9.89mn t and strength looks to have continued into April.

Some sources think the market may have been over-sold, but given an abundance of available spot cargoes in the market, other players expect further downside. We maintain our view that prices could fall further in the near-term given the firm spot supply, but expect downside to be limited by improving blast margins in China and elsewhere. Argus’ China fob China HRC spot blast spread averaged \$208/t in 1H April, up from \$194/t in March.

Some improved economic data out of China also supports our view that further high-tier coking coal price downside could be limited. China’s manufacturing purchasing managers index (PMI) rose to 50.8 in March, up by 1.7 percentage points from February, indicating a rebound in manufacturing activities. The index had remained in contraction for five

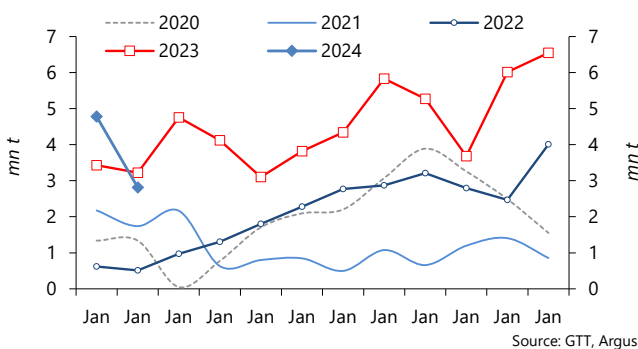
consecutive months before March and had been below 50 — the boundary indicating expansion or contraction — for nine months in the past 12 months, data from the National Bureau of Statistics (NBS) show.

The manufacturing PMI usually picks up in March, as warm weather allows for more construction activities, and employees return to work and factories resume operations after the long lunar new year holiday. But the index’s performance in March still surpassed market expectations, and the extent to which it rebounded was higher than usual.

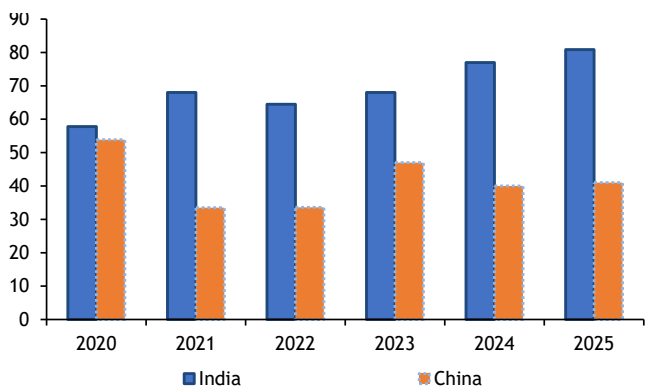
India remains a key driver of global steel growth, and the country produced 11.8mn t in February, up by 11.5pc on the year. We see upside to Indian domestic demand in 2H 2024 following the upcoming elections given anticipated stimulus for new infrastructure projects. And we maintain our forecast of Indian coking coal imports rising by 10mn t to 77mn t in 2024, and further to 80.9mn t in 2025.

US metallurgical coal exports increased to a similar extent to Australian outflows in February, hitting 4.5mn t. But the outlook has been clouded by the Baltimore bridge collapse, which has shut in coking coal exports. Baltimore coking coal exports accounted for around 4mn t, or 10pc, of US supply last year, according to Kpler. We have downgraded our 2024 US metallurgical coal export forecast by 1mn t to 44mn t, on the anticipation that, similar to thermal exports, some shipments will be re-routed and others deferred for loading later in the year, once the bulk of the disruption is cleared. There is little spot demand from steel mills in Europe for replacement cargoes given ample term supply from elsewhere and slow European manufacturing activity.

**China coking coal imports from Mongolia** *mn t*



**India and China met. imports incl. outlook** *mn t*



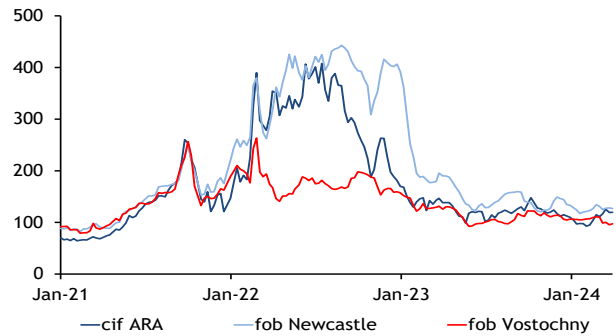
## Swaps and spreads

### Cif ARA prices rise

API 2 prices have risen to converge with fob Newcastle values. Russian prices retain a discount to other origins but this is much narrower than in 2022/early 2023.

NAR 6,000 kcal/kg coal prices

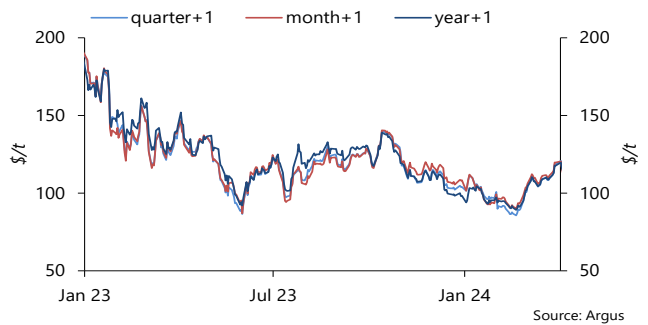
\$/t



### API 2 forward curve flat

The structure of the API 2 financial forward curve remains flat. Liquidity has picked up on lower margin requirements but volumes are focused on the near curve.

API 2 swaps

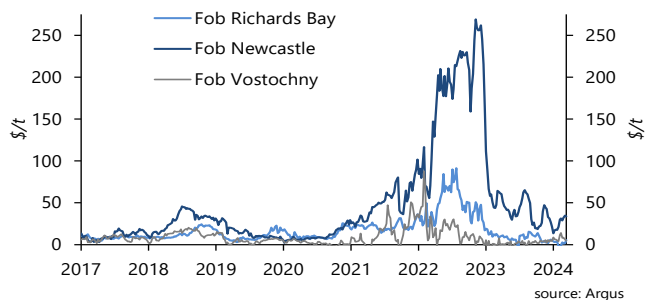


Source: Argus

### Australian diffs stay wider

API 5 discounts remain much wider than equivalent 6,000-5,500 kcal/kg spreads for South African and Russian coals

Energy-adjusted discounts

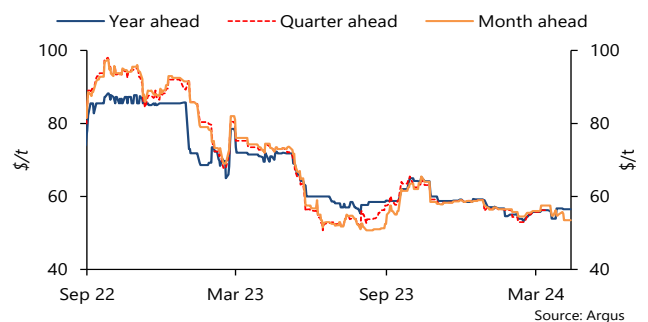


source: Argus

### ICI 4 slips into contango

Indonesian forward prices have slipped into a modest contango, but liquidity beyond the prompt months and quarters remains sparse

ICI 4 Swaps



Source: Argus

## Swaps and spreads

### Premiums come off

Premiums ease in line with lower outright prices

### Curve structure flips

Prompt swaps are now at a discount to the forward market on softer spot market fundamentals

### PCI now greater proportion

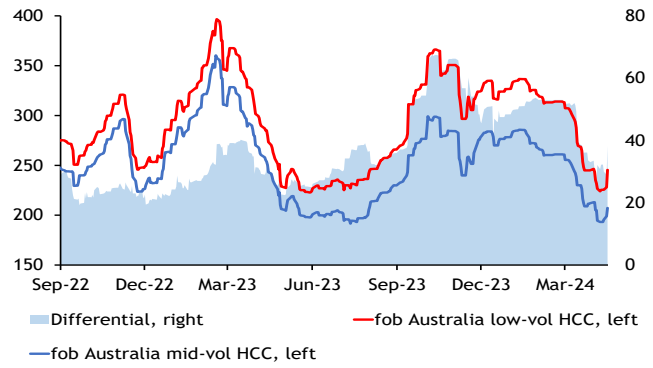
PCI discounts rise above 60pc

### USEC prices fall

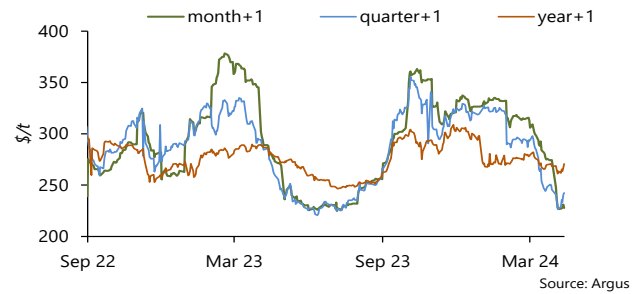
Prices track Australian values downwards

### low-vol vs mid-vol coking coal

\$/t

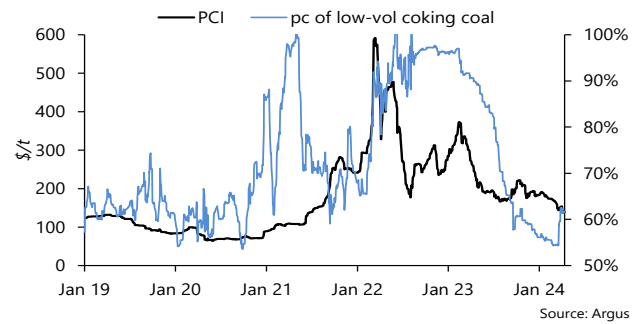


### Coking coal swaps



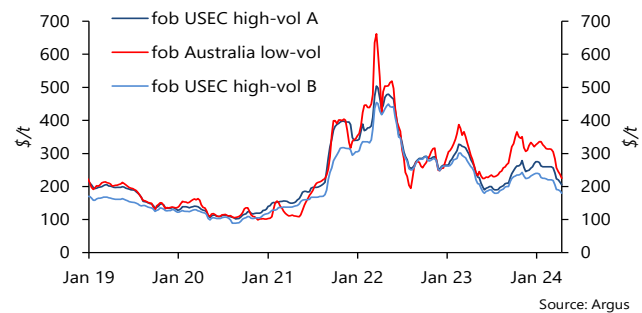
Source: Argus

### PCI prices



Source: Argus

### USEC high-vol A and B

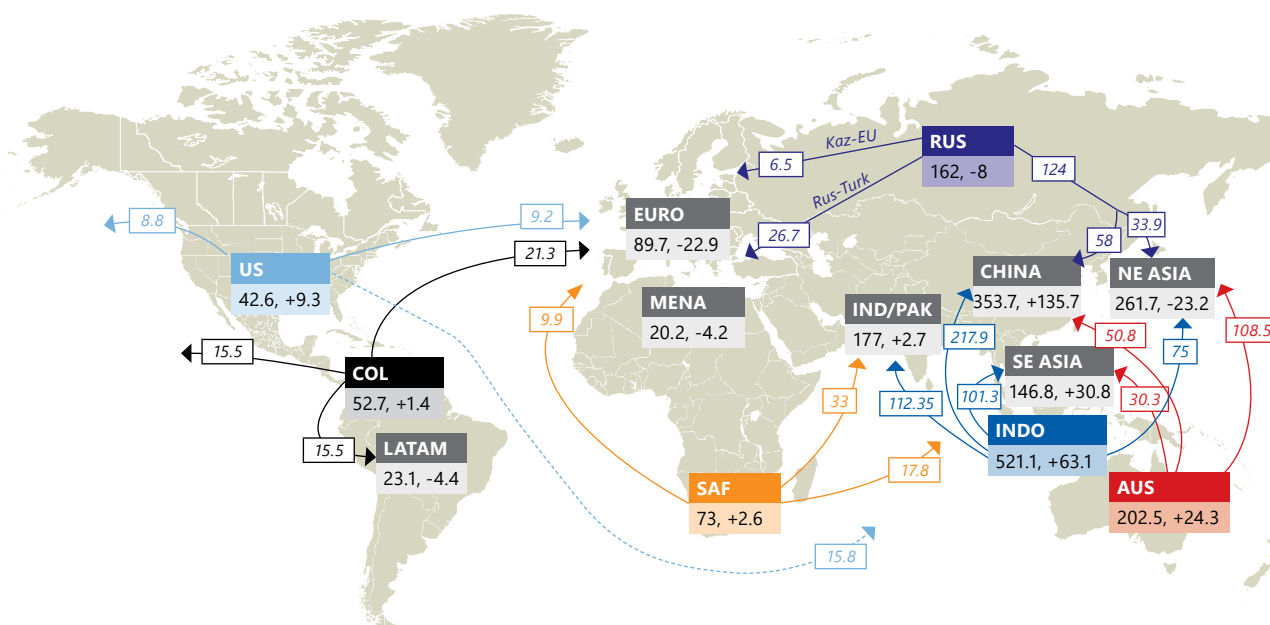


Source: Argus

## Thermal coal demand and supply

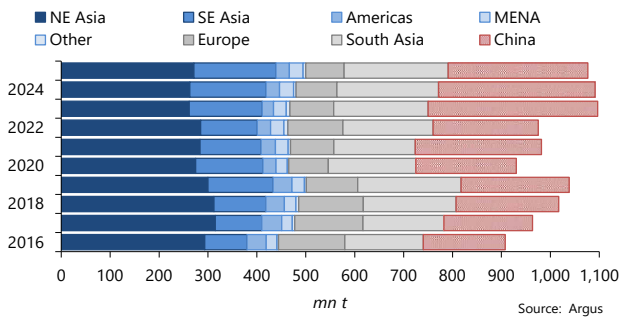
Seaborne thermal coal demand and supply										mn t
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Import Demand</b>	<b>907.4</b>	<b>963.3</b>	<b>1017.2</b>	<b>1038.1</b>	<b>930.8</b>	<b>982.4</b>	<b>975.3</b>	<b>1095.2</b>	<b>1062.6</b>	<b>1058.5</b>
Europe	135.7	139.3	132.0	104.8	81.2	89.1	112.1	89.7	74.5	73.5
Middle East and North Africa	21.5	21.4	23.7	25.5	22.9	25.7	24.4	20.2	22.5	24.5
Americas	39.4	40.7	37.9	38.5	26.6	29.5	27.5	23.1	27.4	27.3
China	167.2	180.6	210.0	221.0	205.0	258.0	218.0	353.7	320.0	285.3
Northeast Asia	293.2	314.9	312.2	300.0	274.6	284.0	284.9	261.7	255.9	271.0
South Asia	160.4	165.9	189.5	211.0	179.4	166.6	184.5	192.6	206.0	213.0
Southeast Asia	86.6	95.3	106.0	133.1	138.0	124.4	116.0	146.8	150.9	158.5
Africa	3.5	5.1	5.9	4.2	3.2	5.0	7.9	7.4	5.4	5.4
<b>Export Supply</b>	<b>902.1</b>	<b>955.6</b>	<b>1013.1</b>	<b>1035.6</b>	<b>937.7</b>	<b>980.5</b>	<b>986.9</b>	<b>1086.4</b>	<b>1062.6</b>	<b>1058.5</b>
Indonesia	365.0	380.0	420.0	450.0	403.0	422.5	458.0	521.1	515.6	514.5
Australia	200.4	200.3	207.7	212.0	199.3	199.1	178.3	202.5	205.0	205.0
South Africa	76.0	82.1	78.9	76.9	73.6	64.9	70.4	73.0	71.5	72.5
Colombia	88.1	83.7	79.7	76.3	52.1	54.5	51.4	52.7	53.0	54.0
Russia	135.0	153.0	158.0	162.0	167.0	180.0	170.0	162.0	150.0	148.0
USA	15.8	37.0	48.1	33.3	22.6	35.0	33.3	42.6	35.0	34.0
China	3.7	3.8	2.8	2.5	0.9	0.3	1.4	1.6	1.0	1.0
Mozambique	2.5	5.0	8.9	8.0	7.0	8.0	9.0	11.0	10.5	10.5
Canada	2.5	2.0	2.0	3.5	4.8	5.4	8.1	7.9	8.0	5.0
Other	13.0	8.7	7.0	11.1	7.3	10.8	7.0	12.0	13.0	14.0

### Thermal coal trade flows 2023

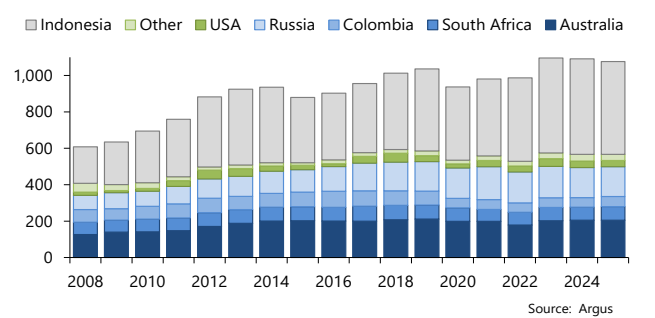


Demand breakdown						mn t					
	2021	2022	2023	2024	2025		2021	2022	2023	2024	2025
<b>Europe</b>	<b>88.7</b>	<b>112.6</b>	<b>89.7</b>	<b>74.5</b>	<b>73.5</b>	<b>Northeast Asia</b>	<b>284.0</b>	<b>284.9</b>	<b>261.7</b>	<b>255.9</b>	<b>271.0</b>
Germany	26.5	29.4	18.1	13.5	14.0	Japan	133.0	135.0	116.9	114.0	130.0
UK	2.6	4.0	1.5	0.6	0.0	Korea	88.0	89.7	83.9	83.9	83.0
Netherlands	4.8	4.8	2.2	2.0	2.0	Taiwan	56.5	54.0	55.1	53.0	53.0
Finland	1.1	2.5	1.0	1.0	1.0	Hong Kong	6.5	6.2	5.8	5.0	5.0
France	4.5	4.0	2.4	2.0	2.0	<b>Southeast Asia</b>	<b>124.4</b>	<b>116.0</b>	<b>146.8</b>	<b>150.9</b>	<b>158.5</b>
Spain	3.5	6.5	4.3	1.5	0.0	Malaysia	36.4	34.0	37.7	37.7	38.0
Portugal	0.0	0.0	0.0	0.0	0.0	Thailand	23.7	21.2	17.9	17.0	16.8
Italy	6.9	9.2	4.6	3.5	4.0	Philippines	30.5	31.0	36.3	37.0	41.0
Turkey	30.4	30.5	33.8	34.0	35.0	Vietnam	28.7	23.1	49.7	54.0	55.0
Other	8.4	21.7	21.8	16.4	15.5	<b>South Asia</b>	<b>166.6</b>	<b>184.5</b>	<b>192.6</b>	<b>206.0</b>	<b>210.5</b>
<b>MENA</b>	<b>25.7</b>	<b>24.4</b>	<b>20.2</b>	<b>22.5</b>	<b>24.5</b>	India	140.0	164.0	172.0	181.0	184.0
Israel	7.2	7.5	4.3	5.0	5.0	Pakistan	18.1	10.3	5.0	9.0	10.0
Morocco	10.9	10.0	10.3	11.0	12.0	Sri Lanka	2.5	2.5	3.0	3.0	3.0
Egypt	3.5	4.5	3.2	4.0	5.0	Bangladesh	6.0	7.7	12.6	13.0	13.5
UAE	4.0	1.9	1.9	2.0	2.0	<b>China</b>					
<b>Americas</b>	<b>29.5</b>	<b>27.5</b>	<b>23.1</b>	<b>27.4</b>	<b>27.3</b>	Domestic coastal	809.0	811.0	813.0	815.0	820.0
Mexico	0.5	1.7	3.8	4.0	4.0	Seaborne thermal	139.0	88.0	190.5	176.0	156.9
US	3.6	4.0	3.0	3.0	3.0	Lignite	119.0	130.0	163.1	144.0	128.4
Chile	11.4	7.5	5.5	5.5	5.0						
Brazil	5.5	5.6	4.0	5.0	5.0						

**Seaborne import demand**



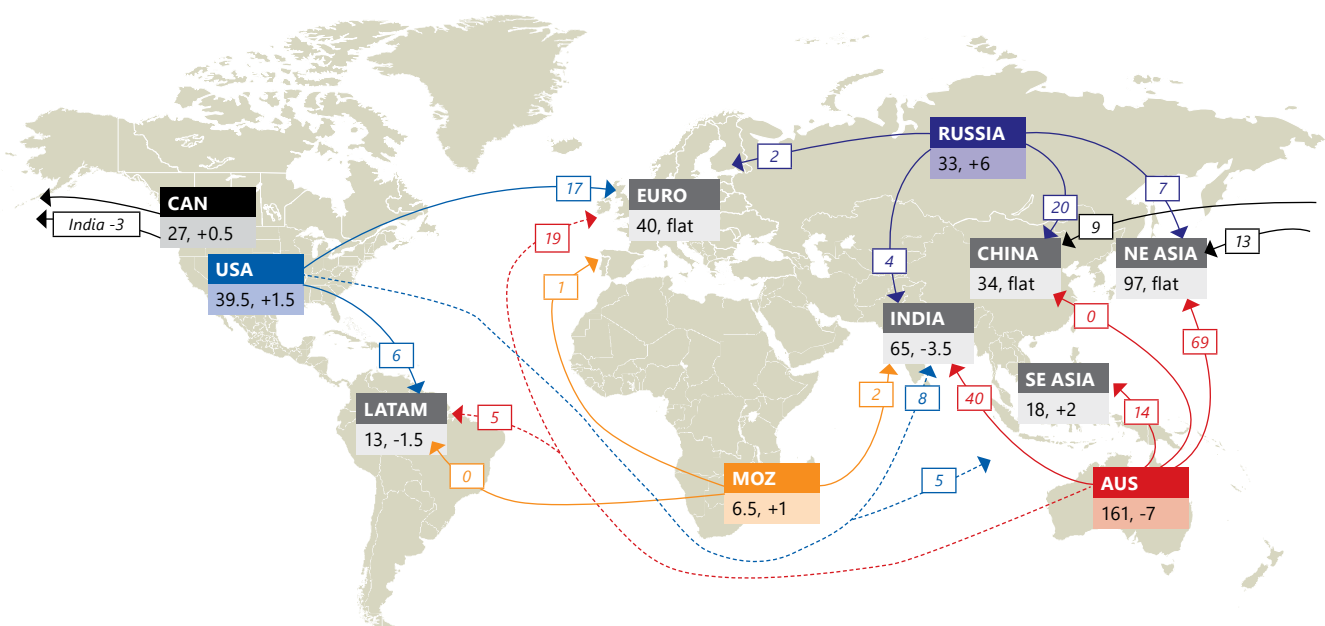
**Seaborne export supply**



## Metallurgical coal demand and supply

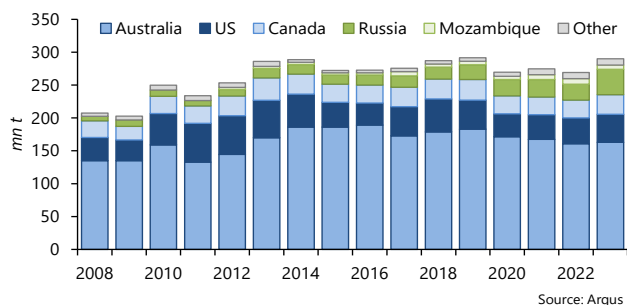
Seaborne Metallurgical coal demand and supply										mn t
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Iron Production growth</b>										
China	1.3%	1.8%	9.3%	3.7%	12.3%	-4.3%	-0.8%	1.0%	-2.0%	-2.0%
India	9.1%	4.9%	8.7%	2.1%	-8.7%	14.6%	2.9%	7.0%	5.0%	5.0%
Europe	-1.9%	2.3%	-2.1%	-5.4%	-12.6%	8.0%	-11.1%	-9.0%	7.0%	8.5%
Latam	-6.7%	6.4%	0.7%	-8.7%	-9.6%	15.2%	-6.3%	-3.6%	0.0%	0.0%
JKT	-1.1%	-1.2%	-0.4%	-1.7%	-12.1%	9.7%	-9.2%	0.0%	0.8%	-2.3%
<b>Import demand</b>	<b>272.1</b>	<b>276.6</b>	<b>289.2</b>	<b>291.4</b>	<b>266.2</b>	<b>275.2</b>	<b>272.8</b>	<b>286.6</b>	<b>292.5</b>	<b>303.0</b>
India	50.4	51.5	59.1	61.6	57.8	68.0	64.5	68.0	77.0	80.9
China	48.8	54.8	49.0	53.9	53.8	33.5	33.6	47.0	40.0	41.0
Asean	5.1	4.8	9.1	11.7	13.4	16.1	18.0	19.0	25.0	33.0
JKT	102.2	94.3	98.0	98.1	86.3	97.7	98.0	96.6	95.0	93.1
Latam	16.2	16.7	16.7	13.4	12.5	14.9	14.0	14.0	14.5	14.0
Europe	44.2	46.7	48.7	44.5	36.0	39.5	40.0	37.0	36.0	36.0
Other	5.2	7.8	8.6	8.2	6.4	5.5	4.7	5.0	5.0	5.0
<b>Export supply</b>	<b>272.5</b>	<b>275.6</b>	<b>287.2</b>	<b>291.3</b>	<b>268.9</b>	<b>272.6</b>	<b>275.2</b>	<b>286.4</b>	<b>292.7</b>	<b>305.0</b>
Australia	189.2	172.8	178.8	183.1	171.4	167.4	160.7	157.0	164.0	170.0
US	33.4	44.4	50.1	44.2	34.8	37.6	39.5	45.0	44.0	45.0
Canada	27.3	29.5	30.3	31.1	27.3	26.6	27.1	30.0	29.0	30.0
Russia	15.2	17.2	18.1	22.4	24.9	26.8	33.0	38.5	38.5	41.0
Mozambique	3.5	6.4	4.6	5.5	4.5	5.5	5.5	6.5	7.5	10.0
Other	3.9	5.2	5.3	5.0	6.0	8.7	9.4	9.4	9.7	9.0

### Metallurgical coal trade flows 2022

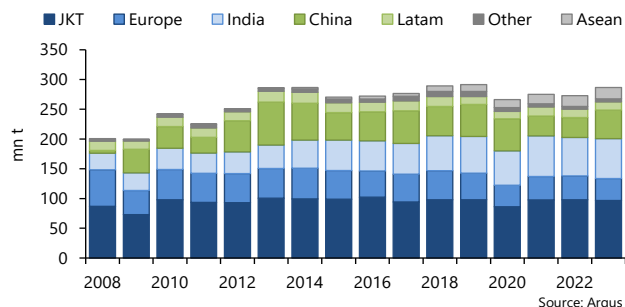


Key suppliers					<i>mn t</i>				
	2019	2020	2021	2022		2019	2020	2021	2022
<b>Australia</b>	<b>183.1</b>	<b>171.4</b>	<b>167.4</b>	<b>160.7</b>	<b>US</b>	<b>44.2</b>	<b>34.8</b>	<b>37.6</b>	<b>39.5</b>
BMA	64.6	61.3	56.6	59.5	Contura	10.0	11.0	12.6	12.6
Stanmore	10.9	10.2	11.4	8.3	Arch	6.0	5.5	6.3	7.1
Anglo American	27.3	20.9	17.4	15.6	Sev.en	7.8	6.5	7.0	7.5
Peabody	11.5	5.1	5.2	5.9	Warrior	7.0	6.5	5.5	5.7
Glencore	14.2	13.2	13.4	11.8	Coronado	7.8	5.1	6.3	6.2
Jellinbah	12.8	12.8	12.5	12.0	Other	28.1	18.1	20.6	20.3
Yancoal	11.7	9.2	10.4	8.2	Domestic consumption	18.7	14.6	17.5	17.2
South 32	5.1	5.1	6.1	5.3	Exports to canada	3.8	3.4	3.2	2.6
Kestrel	5.5	5.5	5.2	5.2					
Sojitz	0.0	1.8	1.5	1.0	<b>Canada</b>	<b>31.1</b>	<b>27.3</b>	<b>26.6</b>	<b>27.1</b>
Realm Resource	2.7	2.7	2.7	2.5	Teck	25.0	21.9	24.0	22.5
Fitzroy	2.0	1.5	1.5	2.2	Conuma Coal	4.6	4.4	4.5	4.5
Coronado	8.5	7.8	7.5	7.0	CST Canada	1.3	0.4	0.3	0.5
Tahmoor	1.6	1.6	1.6	1.6	Exports to US	0.7	0.3	0.6	0.6
Bounty	0.5	0.0	0.0	0.5					
Baralaba	0.4	0.9	0.4	0.9	<b>Russia</b>	<b>20.6</b>	<b>24.9</b>	<b>26.8</b>	<b>33.0</b>
Qcoal	3.6	3.7	4.4	3.7	Mechel	8.9	7.5	5.6	3.0
Whitehaven	4.0	2.5	1.5	1.0	Evraz	7.0	7.8	6.3	5.6
Pembroke	0.0	0.0	0.0	0.0	Sibuglemet	2.2	3.7	2.9	1.8
					Kolmar	2.8	3.2	4.0	5.3
					A-Property Elga	0.0	4.0	7.7	14.6

### Seaborne met coal supply



### Seaborne met coal demand



## Thermal coal - Exports

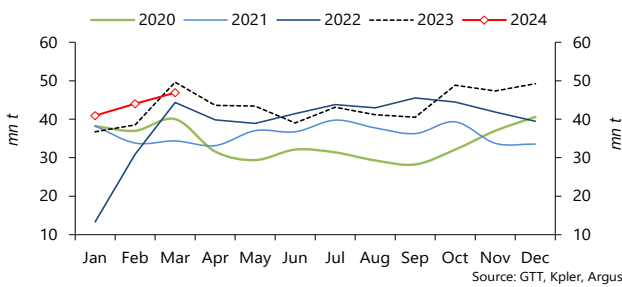
### Patchy performance

Exports have been uneven, with strength from Indonesia and Australia offset by lower outflows from Russia, where sanctions and raling problems cut exports by 15pc in 1Q 2024.

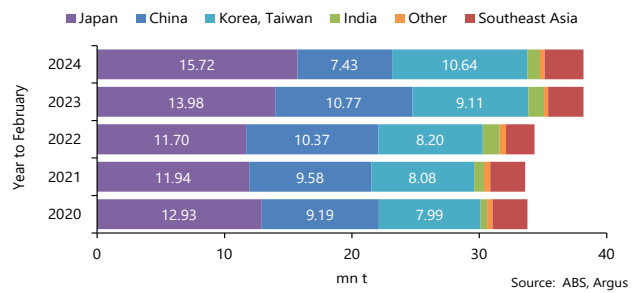
#### Thermal coal exports

Country	mn t	month	YTD ±	Outlook
Indo	46.9	Mar	+5pc	Exports firm but outlook less rosy
Aus	15.5	Mar	+6pc	April set for maintenance
Rus	12.9	Mar	-15pc	Sanctions, Taman contraction affect flow
Col	6	Mar	+7pc	Asian flows boost Drummond exports
Saf	6.7	Mar	+4pc	Railings improvement supports RBCT
US	3.3	Mar	+1pc	Baltimore cut to lower Indian flows

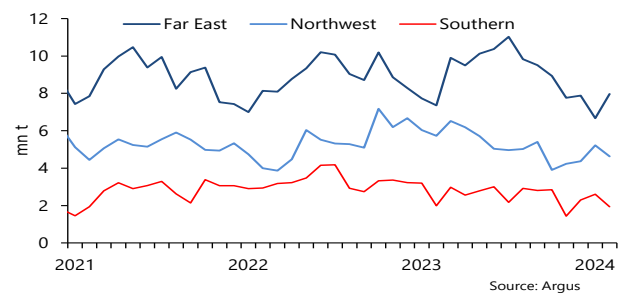
### Indonesian exports



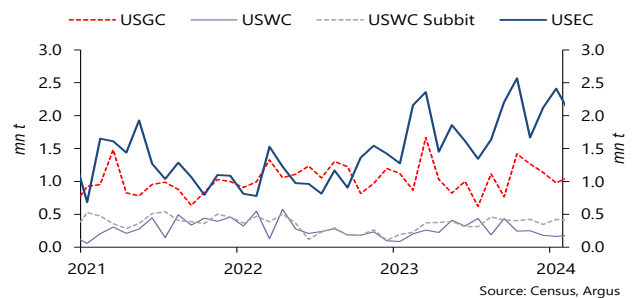
### Australian exports



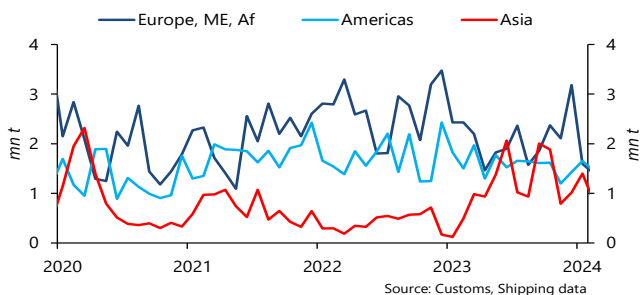
### Russian exports by port



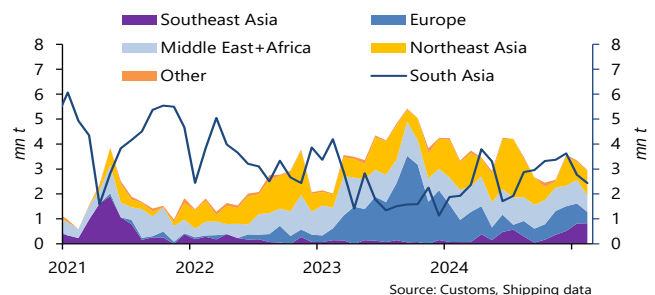
### US exports by port region



### Colombian exports



### South African exports





# Thermal coal - China fundamentals

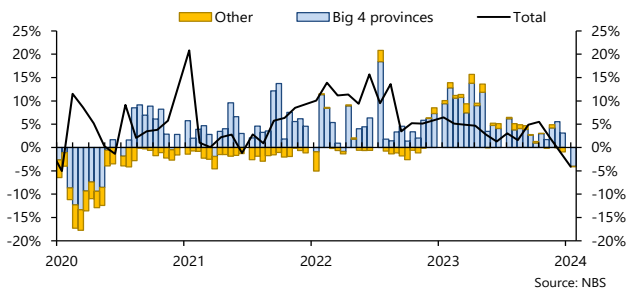
## Production lag

Coal production is tracking lower year-on-year, while thermal generation remains firm, sustaining import demand for now. March macro data was also positive, but we expect improved hydro output and higher stocks to weigh on imports going forward.

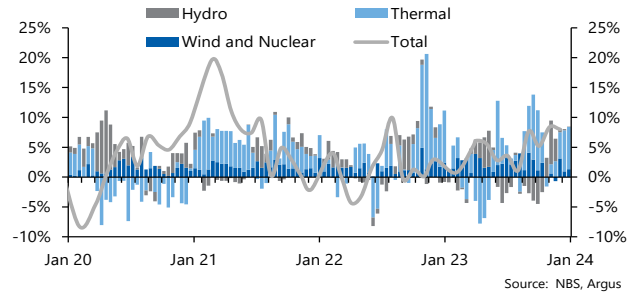
### China fundamentals

Indicator	chg	month	Outlook
Thermal gen	+0.5pc	Mar	Thermal gen is up YoY
Coal output	-4.3pc	Mar	Coal output continues to lag Y-1
Cement output	-1.6pc	Jan/Feb	Cement output slightly down YoY
Stock - key plants, port, mines, <i>days</i>	3.5	Feb	Inventories can cover 38 days' use
Imports - steam, <i>mn t</i>	12.6	Feb	Stong performance continues
Imports - lignite, <i>mn t</i>	12.4	Feb	Imports flat YoY

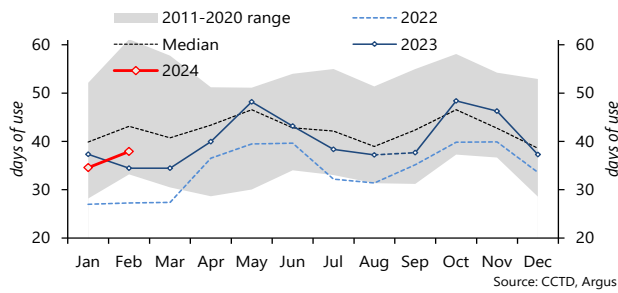
## China coal supply growth



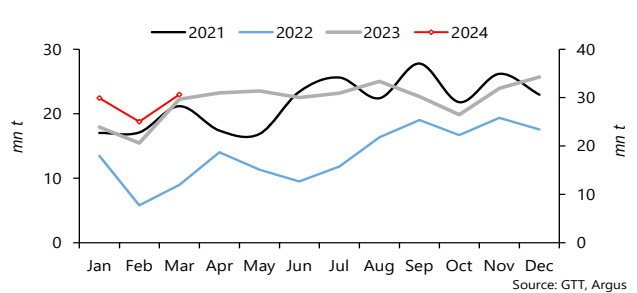
## Power Generation growth and composition



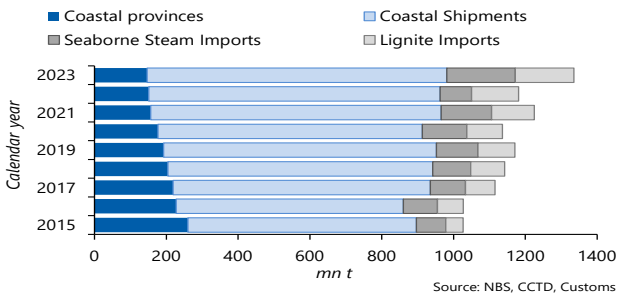
## China Inventory



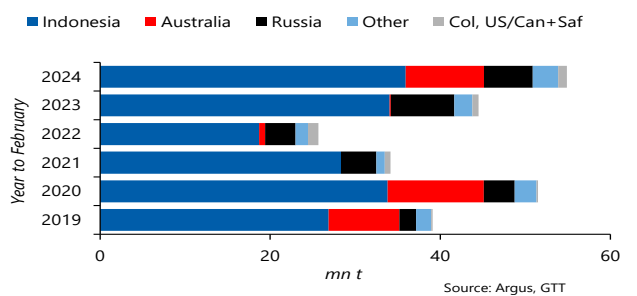
## China steam coal imports



## China coastal supply



## China imports



## Thermal coal - India fundamentals

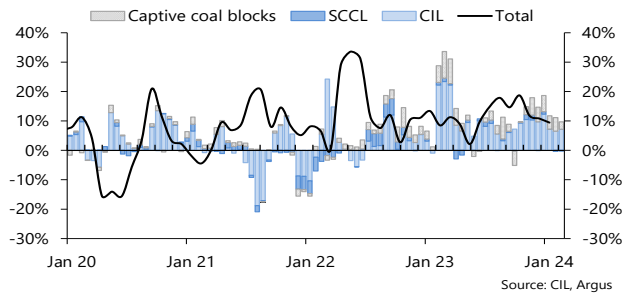
### Strong performance

Coal-fired generation, both based on domestic and imported coal, remains strong. The government continues to push imports and firm industrial demand is also supportive.

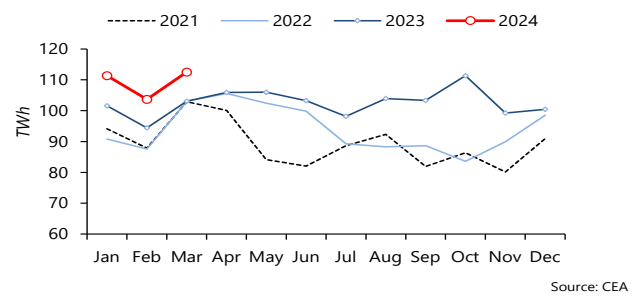
#### India fundamentals

Indicator	chg	month	Outlook
Coal generation	+9.1pc	Mar	Generation at historically high level
Import-coal gen	+128pc	Mar	Import generation improves
Cement output	+5.6pc	Jan	Cement production still strong
Coal production	+9.5pc	Jan	Growth continues
Power plant stocks, days	17.5	Mar	Stocks highest since mid-2020
Imports, mn t	15	Mar	1Q imports up 26pc YoY

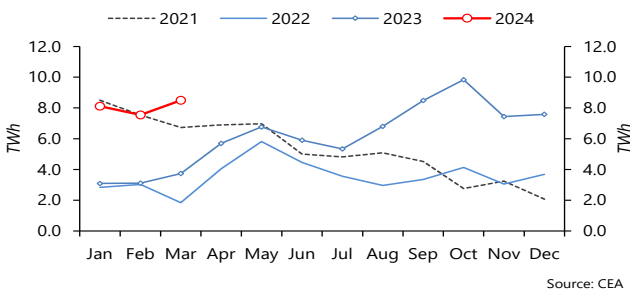
#### India coal production growth



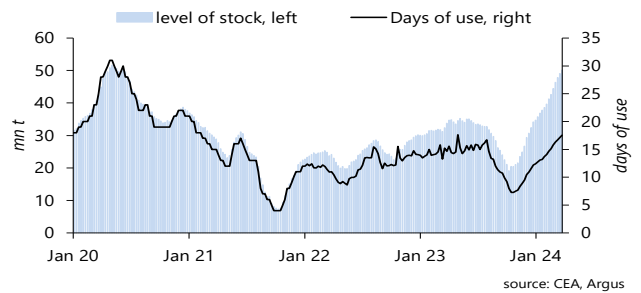
#### India coal generation



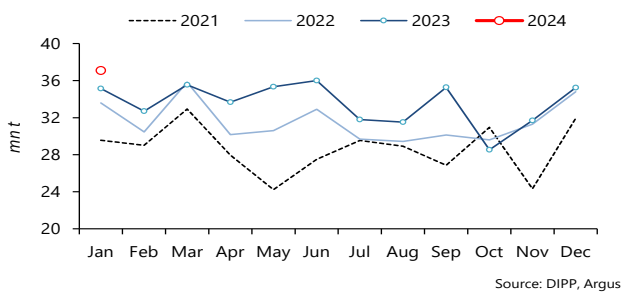
#### India coal-fired generation by import plants



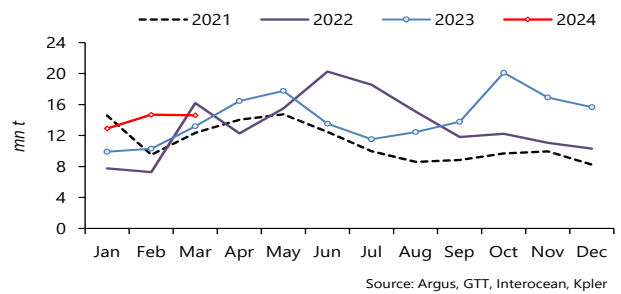
#### India power plant stocks



#### India cement production growth



#### India thermal coal imports



## Thermal coal - Europe fundamentals

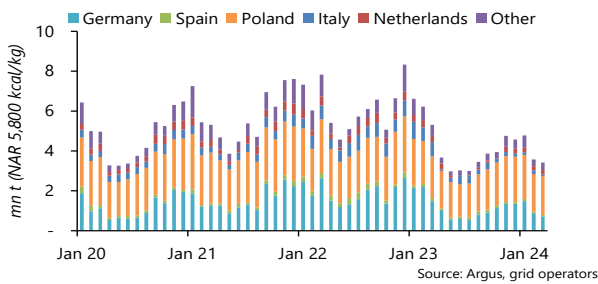
### Demand still soft

Spot demand in Europe remains thin, with coal burn at historically low levels. But imports are tracking lower than consumption, resulting in a draw-down in inventories at ARA. Albeit stocks remain elevated by historic standards.

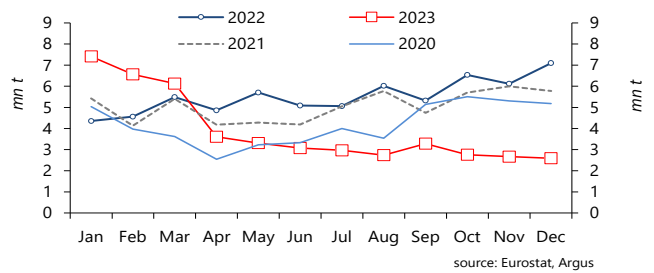
#### Europe fundamentals

Indicator	chg	month	Outlook
Est coal burn	-35pc	Mar	Coal burn remains historically low
Imports, <i>mn t</i>	-61pc	Jan	Imports fall faster than burn
ARA stocks, <i>mn t</i>	5.4	Apr	Stocks trending lower
EU ETS CO2	€72	Apr	Carbon prices rally
TTF (year ahead), MWh	€37	Apr	Forward prices highest since Dec
Nat gas storage	+8pc	Apr	Inventory ends winter very high

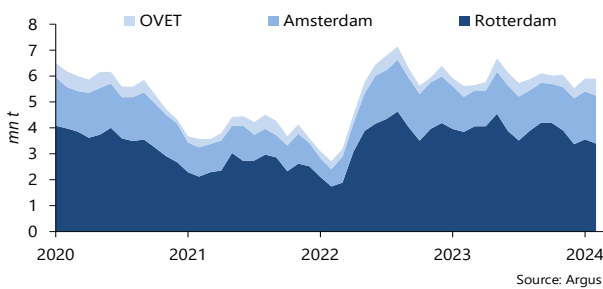
### EU+UK power-sector coal burn



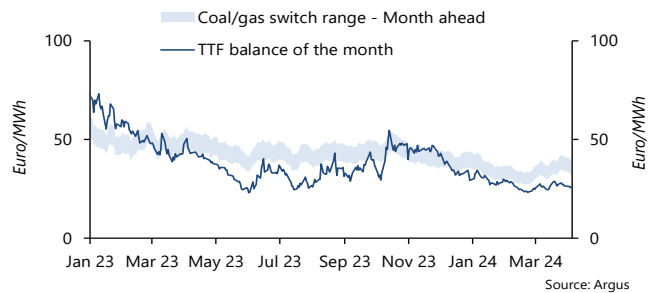
### EU 27 thermal coal imports



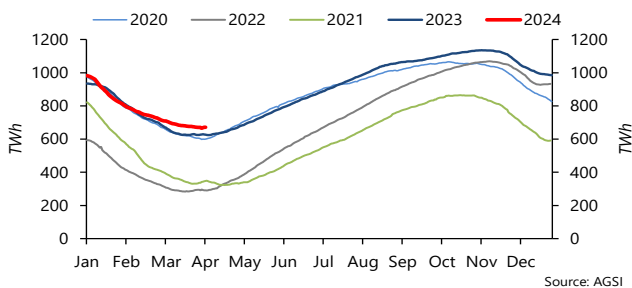
### ARA Stocks



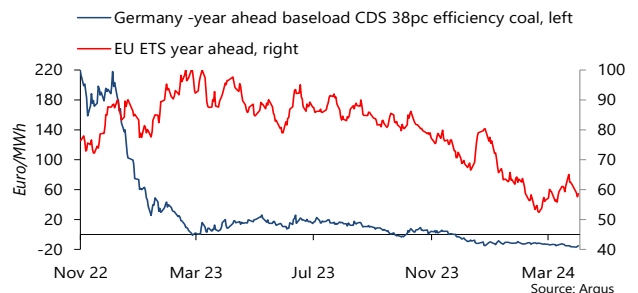
### TTF natural gas and fuel switching price



### European natural gas in storage



### Germany clean dark spread and EU ETS prices



## Thermal coal - North Asia and Asean fundamentals

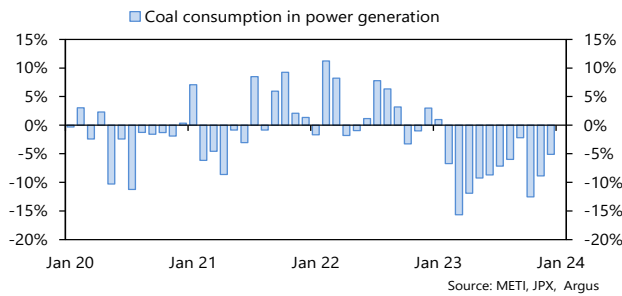
### Coal burn, imports weak

The outlook for regional summer coal burn is clouded by improved nuclear availability and renewables buildouts. But seasonal forecasts suggest above-average temperatures for the peak cooling season, which may support consumption and help to draw down high inventories.

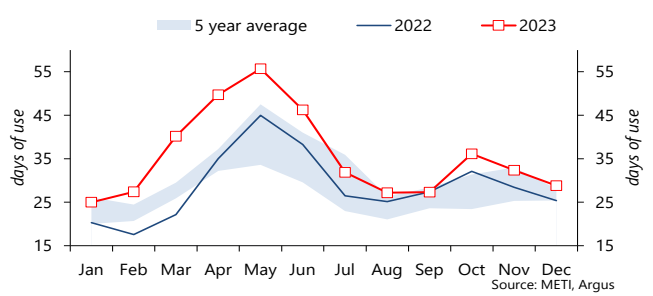
#### Asia Ex fundamentals

Indicator	mn t	mth	Outlook
JKT Coal burn	19	Dec	Coal burn could remain soft
Japan	10.1	Dec	Weather, nukes weigh on demand
Korea	5.2	Feb	Coal burn down 3pc YoY
Taiwan	3	Feb	Coal burn sinks on gas, renewables
JKT imports	2.1	Mar	Imports down 9pc YoY
Asean imports	8.6	Mar	Vietnamese buying drives growth

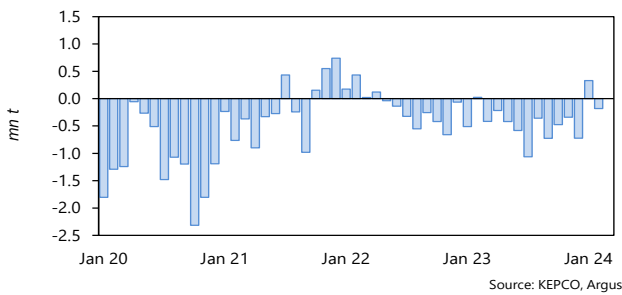
### Japan coal consumption growth



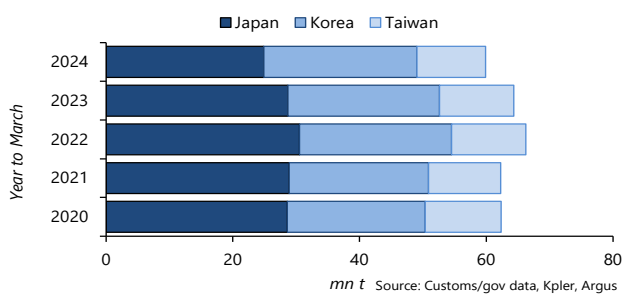
### Japan generator stocks



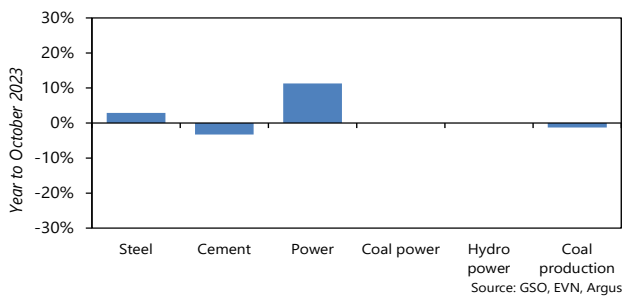
### Korea year-on-year change in big 5 utility coal burn



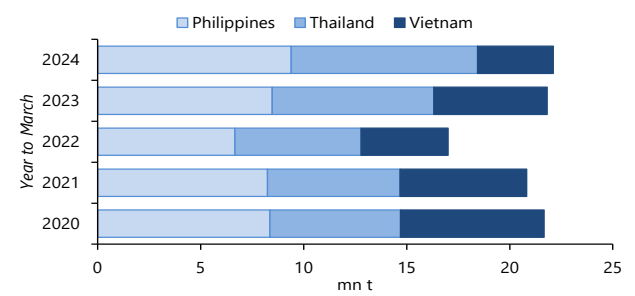
### Japan, Korea, Taiwan thermal coal imports



### Vietnam power and industrial output



### Asean imports



## Metallurgical coal - Exports

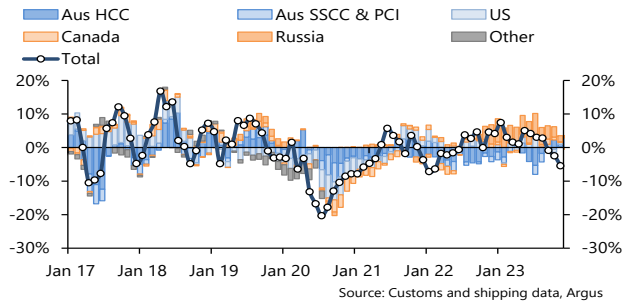
### Better Australian supply

The main story has been the weather-related improvement in Australian exports, which have helped drive the down-move in spot prices.

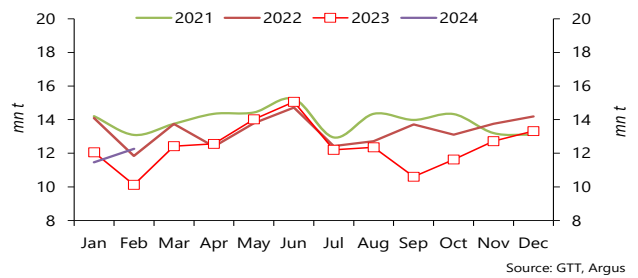
#### Metallurgical coal exports

Country	mn t	month	YTD ±	Outlook
Aus	12.3	Feb	+7pc	Improved weather supports exports
US	4.5	Feb	+11pc	Baltimore disruption dents outlook
Can	2.2	Feb	-8pc	Exports slow from 4Q '23
Rus	2.7	Feb	-5.2pc	Exports lag early 2023
CHN coke	0.8	Dec	-0.1pc	Chinese met coke exports hold steady

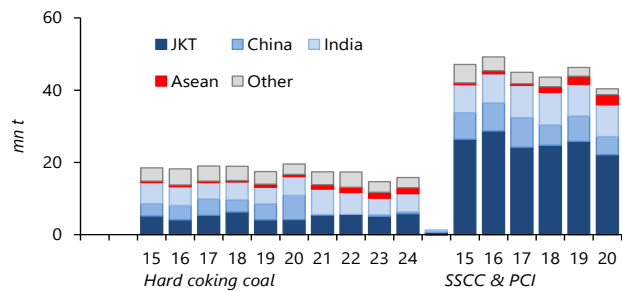
#### Contribution to seaborne supply growth



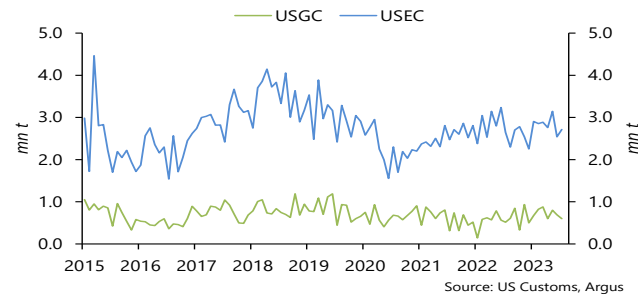
#### Australian met coal exports



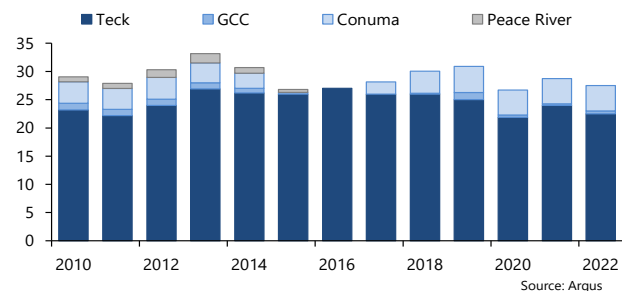
#### Australia met coal exports year to September



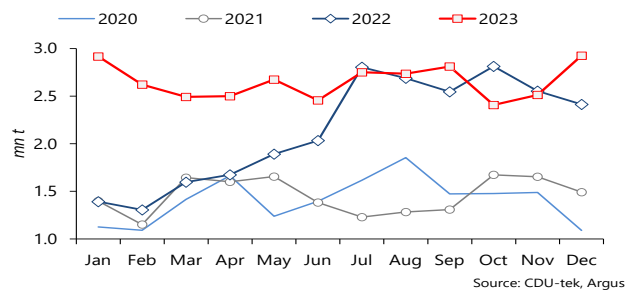
#### US export by port region



#### Canada exports



#### Russian coking coal exports - Non-CIS



## Metallurgical coal - China fundamentals

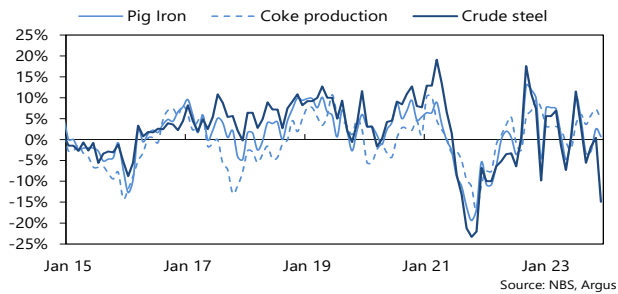
### Mixed signals

A slowdown in Chinese steel demand has pushed volumes into the export market and weighed on metallurgical coal prices. But thinner blast margins and improved economic data suggest a changing picture.

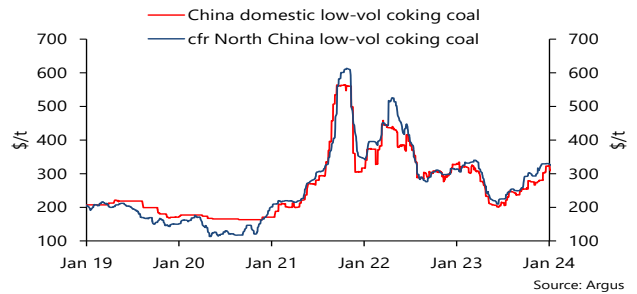
#### China fundamentals

Indicator	pc	month	Outlook
Crude steel	+3.5	Feb	Growth slows vs January
Iron production	+1.2	Feb	Iron production slips from Jan
Coke output	+4.8	Dec	Coke production holds steady
Steel exports, <i>mn t</i>	9.9	Mar	Steel exports at 8-year high
Imports - Seaborne, <i>mn t</i>	4.1	Feb	Imports higher YoY on a YTD basis
Imports - Mongolia, <i>mn t</i>	2.8	Feb	Mongolian imports halve from Jan

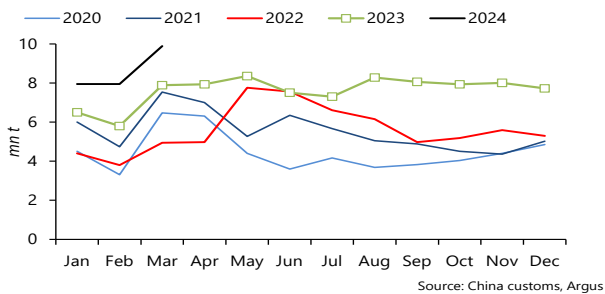
### Crude steel and iron production



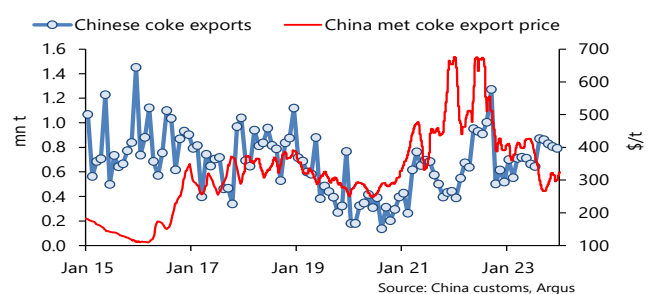
### China domestic and import coking coal prices



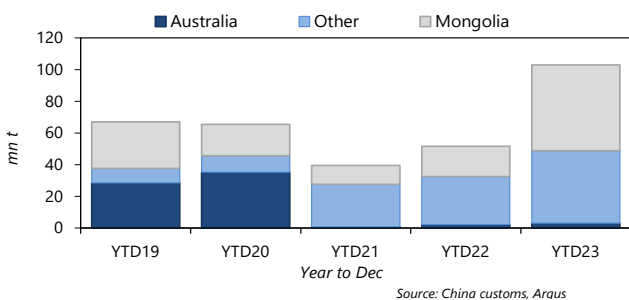
### Steel exports



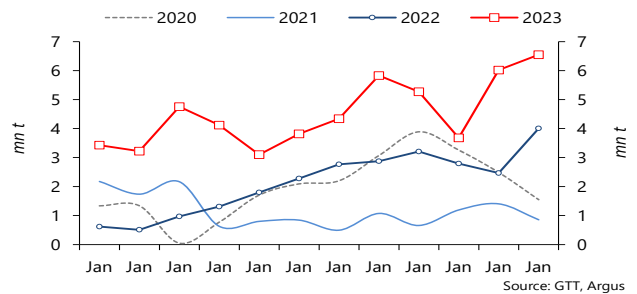
### China metcoke exports and prices



### Met coal imports



### Mongolia exports to China



## Metallurgical coal - India fundamentals

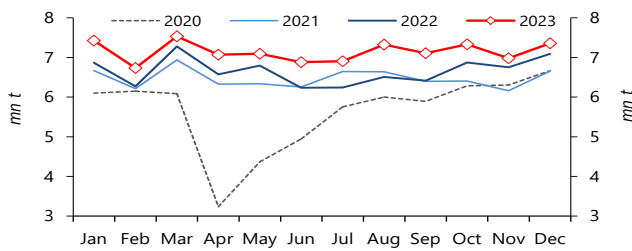
### Post-elections bounce

The Indian market is growing but the pace of growth has been moderated ahead of the elections. We expect this rate to pick up after the elections with new stimulus packages and projects.

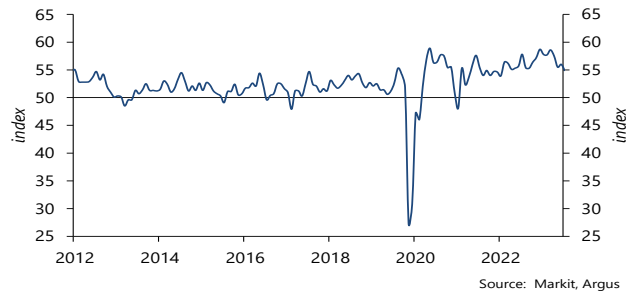
#### India fundamentals

Indicator	pc mth	Outlook
Crude steel	+11.5 Feb	Production remains firm
Iron production	+3.8 Feb	Iron output slightly above last year
DRI production	+18 Feb	DRI output is strong
Imports, <i>mn t</i>	5.6 Mar	Imports grow YoY
Industrial production	+5.7 Feb	Industry growing
PMI	59.1 Mar	Up from 56.9 in Feb

#### India iron production

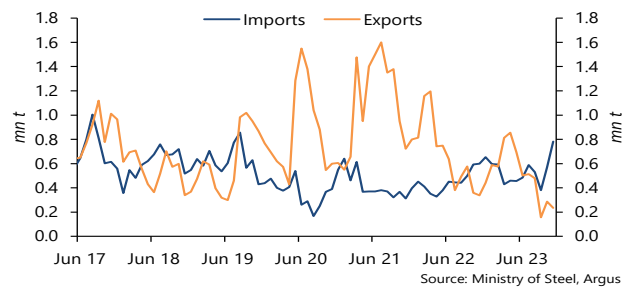


#### India PMI



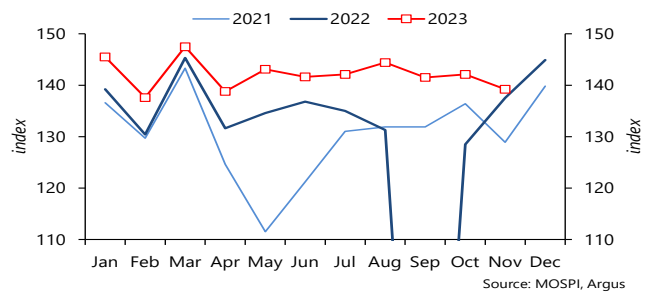
Source: Markit, Argus

#### Steel imports and exports



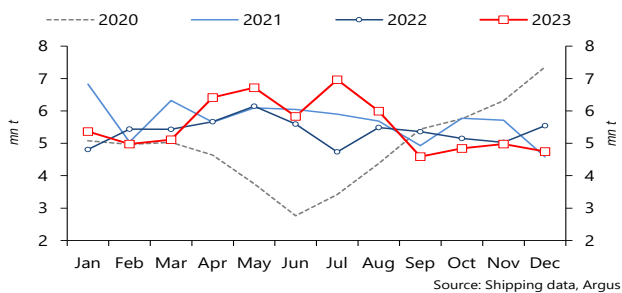
Source: Ministry of Steel, Argus

#### Manufacturing activity



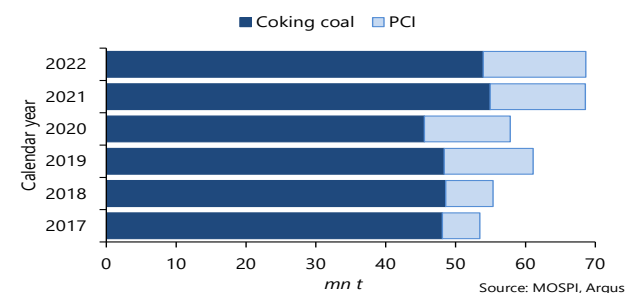
Source: MOSPI, Argus

#### India met coal imports



Source: Shipping data, Argus

#### India PCI and Coking coal



Source: MOSPI, Argus

## Metallurgical coal - Global steel fundamentals

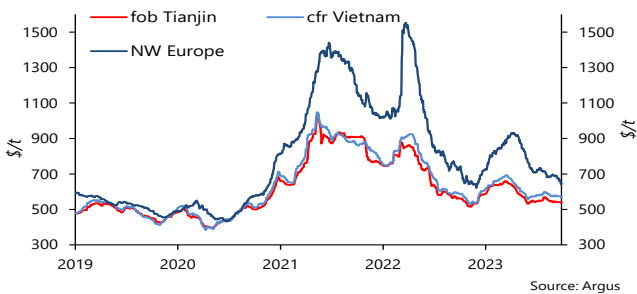
### China boosts exports

Global crude steel production was strong in February but slowed from China. China has boosted exports, with some Latin American steemakers asking for government intervention to curb Asian steel imports.

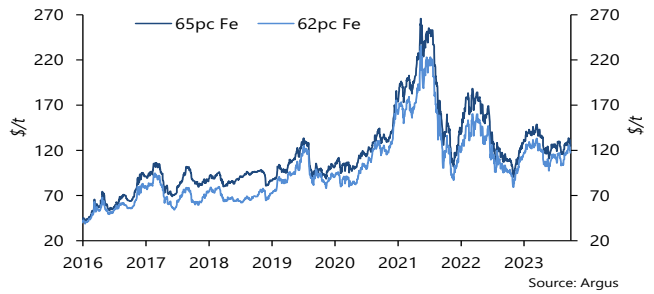
#### Other fundamentals

	pc	month	Outlook
Crude steel	+3.7	Feb	Production down 10mn t from Jan
JKT iron	+2.9	Feb	Output slips from Jan
Europe Iron	+0.3	Feb	European iron output stabilises
Latam Iron	+6.5	Feb	Output flat
Iron ore 62% Fe	\$106/t	Apr	Prices flat to 2H March
HRC	\$526/t	Apr	Prices down from early March

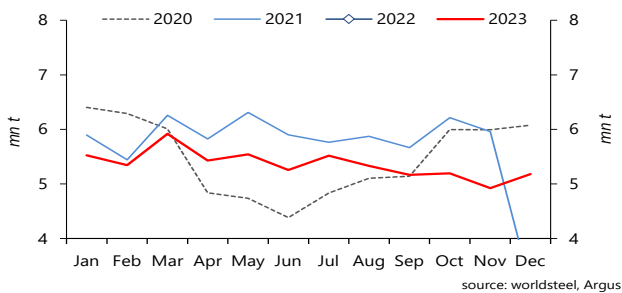
#### HRC Steel prices



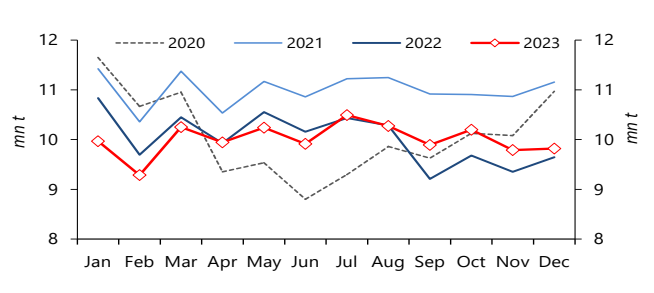
#### Cfr China iron ore prices



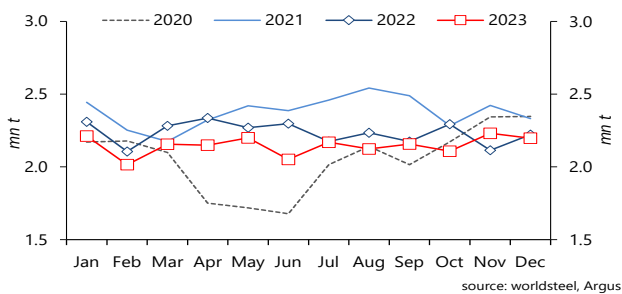
#### Europe iron production



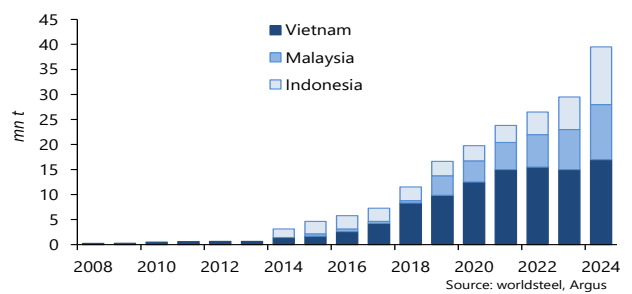
#### Japan, Korea and Taiwan iron production



#### Latam iron production



#### Asean BOF output





## Macro indicators

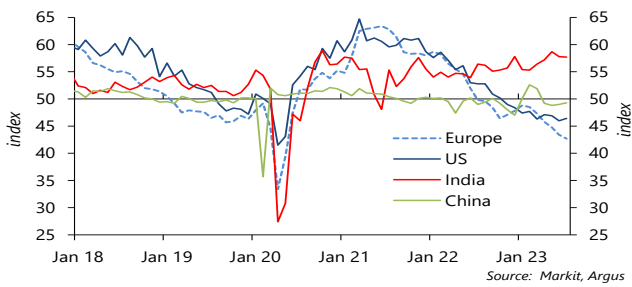
### Chinese growth to stall?

The Chinese economy grew by a better-than-expected 5.3pc in 1Q24, although the country's property crisis remains a concern and some forecasters are predicting slower growth in 2Q24

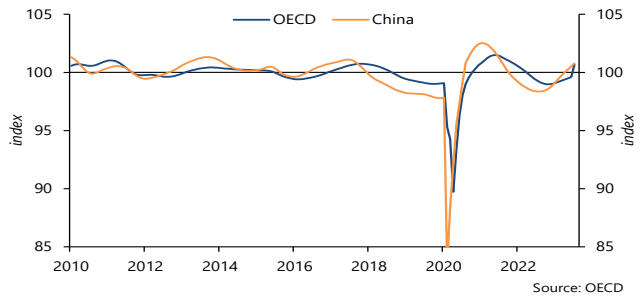
#### Macro fundamentals

	pc	month	Outlook
Global PMI	52.3	Mar	Fifth month of expansion
OECD leading indicators	+1.4	Mar	Above 100 for a fifth month
Global IP	+0.6	Oct	
Global trade	+3	1Q	Trade picks up in 1Q '24
FX trends			USD strength persists
Monetary policy			Eurozone inflation slows; monetary policy loosening could follow

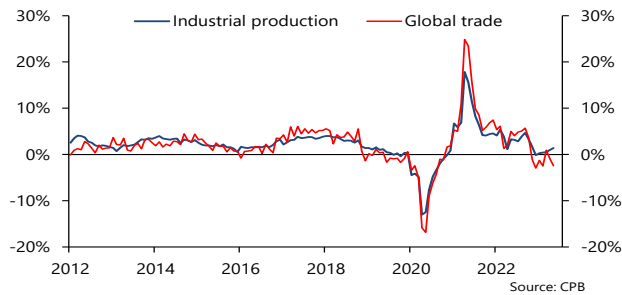
#### PMI Indices



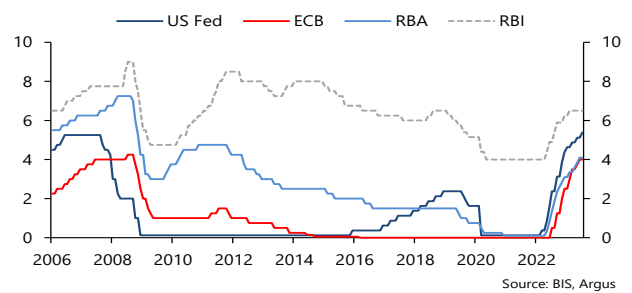
#### OECD Leading indicators



#### Global industrial production and trade



#### Monetary policy rates



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