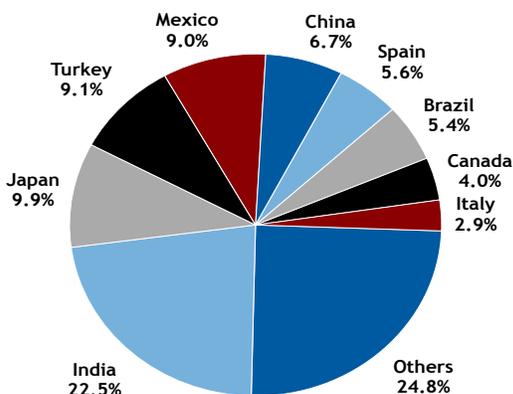
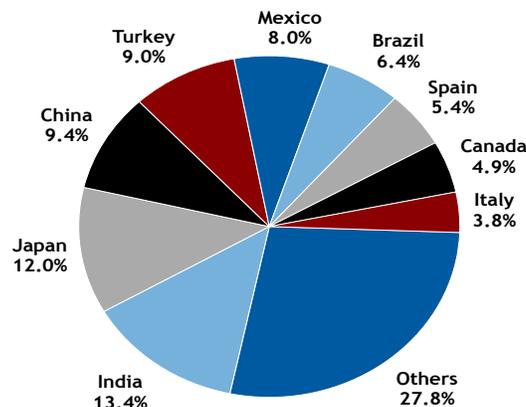


US petroleum coke exports, 2016



US petroleum coke exports, 2015



## India dominates US coke demand in 2016

US coke exports to most countries slipped in 2016, despite an almost 8pc rise in total shipments, as a surge in Indian demand absorbed the majority of US supply.

US coke exports to India jumped to 8.65mn t in 2016 from 4.77mn t in 2015, an 81pc increase and a record annual total to a single country. This was 24pc higher than the previous record of 6.97mn t shipped to China in 2013, according to US Census data.

Total US petroleum coke exports increased by 7.8pc to 38.4mn t, also a record high.

The increase was likely in part a result of higher coke production, which rose by about 5pc in the first 11 months, according to the latest data from the US Energy Information Administration. But the strong Indian demand also drew from stockpiles that had built following the weak market in 2015.

Exports to India increased on the year in every month of 2016 except November. Indian buyers began heavily seeking coke in February of last year as its discount to imported coal on a heat-adjusted basis approached 50pc. An increase in taxes on coal that did not apply to coke also played a role, with the tax change announced in late February and taking effect at the beginning of the fiscal year in April.

The largest year-over-year increases came from April to August, with imports climbing to more than 200pc of prior-year levels in the last two months of that period.

The strong demand from India led to a sharp increase in pricing as buyers competed to capture as much high-sulphur coke as possible.

The higher prices reduced coke's discount back to 20-30pc. This renewed Indian buyers' interest in US coke. Exports to India in December, at just under 560,000t, were more than double November's total and were 30pc higher on the year. Indian demand absorbed the majority of US coke through-out the year, accounting for a 23pc share compared with just 13pc in 2015.

Exports to China fell to 2.6mn t in 2016 from 3.3mn t in 2015, a 28pc decrease. Exports to most other countries also slid from 2015 levels: 11pc to 3.79mn t in Japan, 11pc to 1.55mn t in Canada, and 8pc to 2.09mn t in Brazil.

Exports to Spain, Turkey and Mexico increased from the previous year. Spanish imports of US petroleum coke were 12pc higher at 2.14mn t, a result of growing demand from power producers, while Turkey's imports increased 9pc to 3.5mn t on higher cement demand. Mexico's imports jumped by 20pc to 3.45mn t from 2.86mn t in 2015, as the country's local refineries struggled with operational problems.

China was once the largest importer of US coke, with its demand peaking in 2013 at almost 7mn t. But Chinese demand has been falling since then, as slower industrial demand and rising concerns over sulphur emissions reduce interest in US coke. Not just India, but Japan, Turkey and Mexico all purchased more US coke than China in 2016.

Over the past decade, the US exported more than 296.4mn t of coke, with annual totals rising especially in the past five years as more refineries completed coking capacity upgrades. Coke exports in 2012-2016 totalled 173.2mn t.

Demand from most countries other than India and China has remained relatively flat over that period, with a slight drop in demand from most importers.