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Argus Coal Daily International

Coal market prices, news and analysis

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NEWS AND ANALYSIS

S Korean coal-fired output edges lower in 2023

South Korean coal-fired generation fell more sharply than the decline in overall power output last year, weighed down by firm nuclear and renewables output and limited transmission capacity.

The country's coal-fired output averaged 21.3GW last year, falling by 4.1pc from a year earlier, according to state-controlled power operator Kepco.

Firm nuclear output, which rose by 2.5pc from a year earlier to 20.6GW, reduced the need for thermal generation, with gas-fired generation also falling by 3.6pc on the year to 18GW during the same period. A steep year-on-year growth of 8.9pc in solar generation to 3.4GW also subdued coal and gas-fired generation, particularly in March and June.

Coal-fired generation fell on the year for every month in 2023, with the exception of April and May when the shutdown of the 650MW Kori 2 nuclear reactor coincided with 1.04GW Gangneung-Ahnin coal-fired unit 2 coming on line.

Unfavourable margins for gas generators, compared with those of coal plants, limited coal-to-gas switching potential in the country's power mix.

The majority of South Korean gas-fired units were placed below coal-fired plants in the South Korean merit order based on gas supplier Kogas' tariff last year, which fluctuated in the range of $16-30/mn Btu. Kogas sources most of its gas via long-term oil-indexed supply agreements, which prompted the company to set its gas tariff for utilities

DATA & DOWNLOAD UPDATES

- South Africa coal exports
- Turkey coal imports
- South Korea power generation mix
- Japan power generation by fuel
- South Korea power generation mix

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PRICES

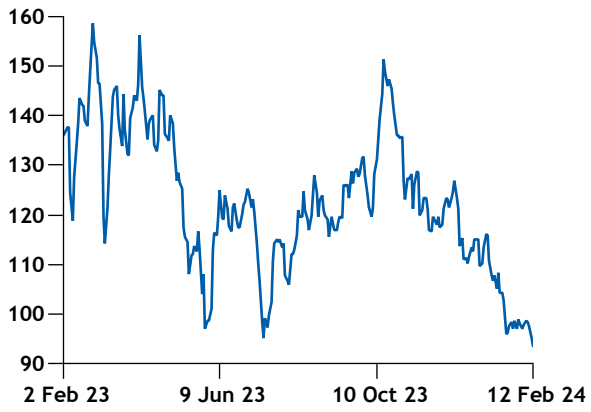
Daily price assessments $/t

Energy	Basis	Timing	Port	Price	±
Europe					
6,000 *kcal*	NAR	2mths	cif ARA	93.54	-1.71
South Africa					
6,000 *kcal*	NAR	2mths	fob Richards Bay	92.53	+0.03

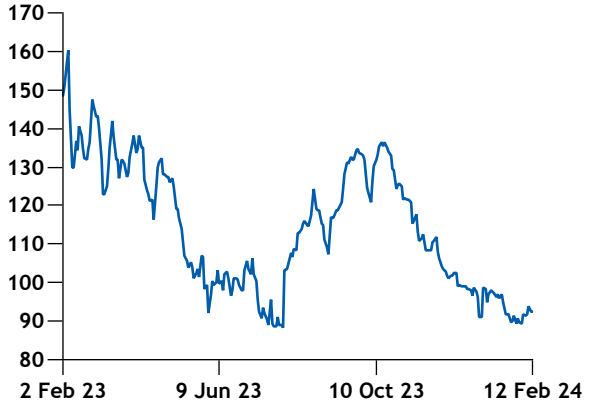
Weekly and monthly averages of daily assessments $/t

Energy	Basis	Timing	Port	Price	Previous
Europe					
6,000 *kcal*	NAR	2mths	cif ARA rolling weekly avg	93.54	97.54
6,000 *kcal*	NAR	2mths	cif ARA rolling monthly avg	97.71	106.00
South Africa					
6,000 *kcal*	NAR	2mths	fob RB rolling weekly avg	92.53	92.22
6,000 *kcal*	NAR	2mths	fob RB rolling monthly avg	91.19	94.74

Argus cif ARA spot coal assessment $/t



Argus Richards Bay spot coal assessment $/t



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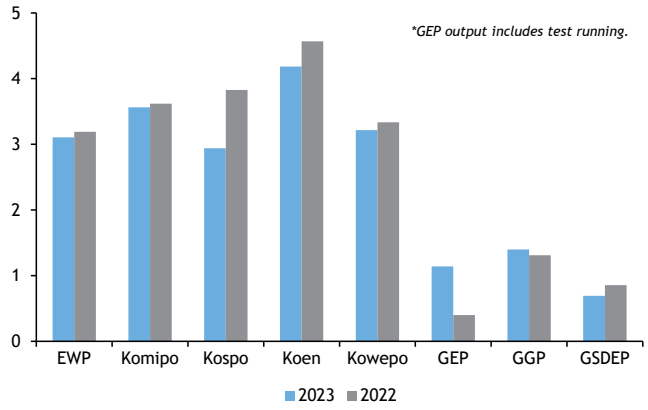
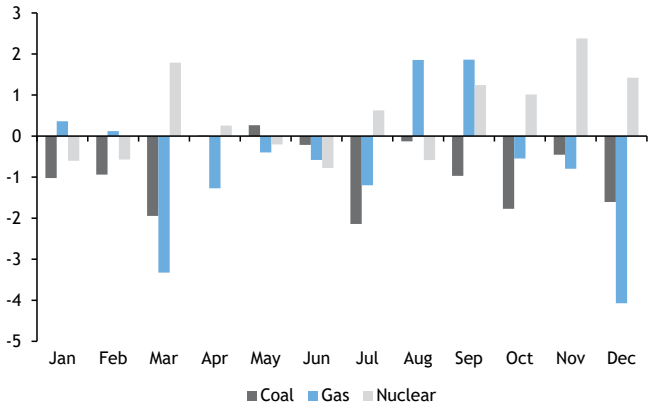
S Korea coal output by operator *GW*



S Korea coal output by operator *GW*



at a higher level than the softened regional spot LNG market throughout the year.

The energy ministry's decision to impose a power price cap in January, February and April also boosted power sector coal burn, as the cap pushed theoretical margins for gas-fired generation based on the Kogas tariff into the negative territory. But utilities who sourced their gas from the spot LNG market likely have had more favourable margins than those of coal plants during the first half of last year.

Power demand decline weighs on coal burn

Another factor weighing on coal burn was the decline in power demand, as the country's output fell by 1pc on the year to 67.8GW.

Higher retail power prices affected subdued electricity demand from households and small businesses. Kepco, the country's monopoly retail power seller, charged its retail users, on average, 152.80 South Korean won/kWh ($115/MWh) last year, up by 27pc from a year earlier.

Grid limit weigh on eastern coal-fired units

Despite the expansion of independent power producers' (IPP) installed coal-fired capacity, five state-controlled utilities made up 80pc of aggregate coal generation last year.

Among those, Korea Southern Power's coal-fired generation registered the largest annual decline in coal output, as its average output fell by 23pc on the year to 2.9GW. The company's the 4GW Hadong plant faced longer outages on the year, while output from the 2GW Samcheok Green plant on the east coast was suppressed by the constrained local grid transmission capacity.

Aggregate thermal coal consumption from the five state-controlled utilities fell by 5.8mn t, from 59.4mn a year earlier. South Korea imports all of its bituminous coal needs from the seaborne coal market, while the 400MW Donghae plant run by Kepco subsidiary Korea East-West Power burns anthracite, which is largely procured domestically.

Coal-fired output from the IPP GS Donghae Electric Power operating on the east coast fell by 19pc on the year to 693MW, while other private utilities were higher on the year in 2023. And nearby IPP Gangneung Eco Power's output rose to 1.14GW last year, from 400MW a year earlier, but its sole 2.1GW Gangneung-Ahnin plant was granted a preferential position in the merit order during its test runs of the second unit.

Meanwhile, generation from combined heat and power (CHP) units running on thermal coal was 1.05GW in 2023, down by 5pc on the year, driven by the stagnated manufacturing sector and reduced coal usage in favour of biomass or gas. South Korea has a total of around 1.3GW of coal-based CHP capacity.

By Ronald Kim

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WEEKLY PRICES

Off-specification South African prices and differentials for 9 Feb 2024										$/t
Energy	**Basis**	**Timing**	**Port**	**Price**	**±**	**Weekly index**	**March ***	**April ***	**Feb MTD †**	**Jan final †**
5,700 *kcal*	NAR	2mths	fob Richards Bay	91.00	+2.17	-3.60	-3.50	-3.70	-3.87	-4.37
5,500 *kcal*	NAR	2mths	fob Richards Bay	81.73	+2.99	-5.75	-5.95	-5.55	-6.57	-7.60
4,800 *kcal*	NAR	2mths	fob Richards Bay	65.80	+1.85	-12.35	-12.65	-12.00	-12.70	-13.22

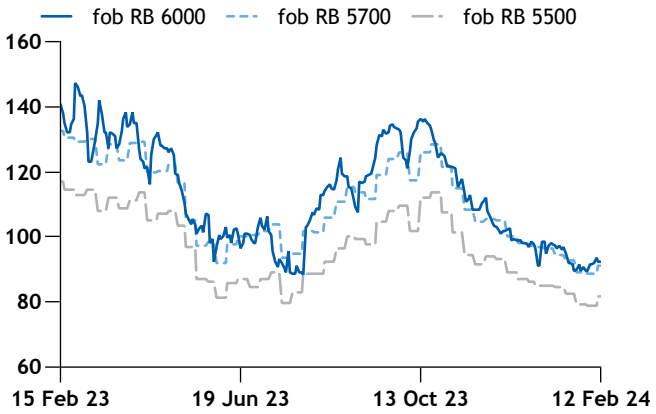
** Differential to API 4 swap for the month based on market survey. † Average of weekly spot price assessments based on deals and market survey.*

International coal assessments for 9 Feb 2024					$/t
Energy	**Basis**	**Timing**	**Port**	**Price**	**±**
Europe					
5,700 *kcal*	NAR	2mths	cif ARA	88.65	-1.65
Black Sea and Mediterranean					
6,000 *kcal*	NAR	1mth	cif Turkey mini bulk plus	97.00	+0.50
6,000 *kcal*	NAR	2mths	cif Turkey supra plus	90.50	+0.50
Russia					
6,000 *kcal*	NAR	2mths	fob Baltic ports	68.17	-0.21
6,000 *kcal*	NAR	2mths	fob Vostochny	105.52	+0.56
5,500 *kcal*	NAR	2mths	fob Vostochny	90.92	+2.62
6,000 *kcal*	NAR	2mths	fob Black Sea	56.60	+1.27
6,000 *kcal*	NAR	2mths	fob Taman	74.30	-0.87
Australia					
6,000 *kcal*	NAR	2mths	fob Newcastle	120.14	+2.49
5,500 *kcal*	NAR	2mths	fob Newcastle	94.60	-0.99
5,800 *kcal*	NAR	3mths	fob Newcastle	102.76	+1.20
5,800 *kcal*	NAR	3mths	fob Newcastle (basis NAR 6,080 kcal)	107.72	+1.26
Northeast Asia					
5,500 *kcal*	NAR	2mths	fob Qinhuangdao domestic	na	na
5,500 *kcal*	NAR	2mths	cfr south China	107.09	+0.84
3,800 *kcal*	NAR	2mths	ddp Shanghai	79.78	+0.95
3,800 *kcal*	NAR	2mths	cfr Shanghai	70.60	+0.84
5,800 *kcal*	NAR	3mths	cfr South Korea	108.32	-0.95
5,800 *kcal*	NAR	3mths	cfr South Korea (basis NAR 6,080 kcal)	113.55	-0.99
India					
5,500 *kcal*	NAR	2mths	cfr east India	96.54	+1.12
5,000 *kcal*	GAR	2mths	cfr east India	89.11	-0.20
4,200 *kcal*	GAR	2mths	cfr east India	67.69	-0.48
5,000 *kcal*	GAR	2mths	cfr west India	89.53	-0.12
4,200 *kcal*	GAR	2mths	cfr west India	68.23	-0.34
Indonesia					
6,500 *kcal*	GAR	2mths	fob Indonesia	118.01	+0.10
5,800 *kcal*	GAR	2mths	fob Indonesia	93.09	+0.58
5,000 *kcal*	GAR	2mths	fob Indonesia	78.54	-0.33
4,200 *kcal*	GAR	2mths	fob Indonesia	56.53	-0.14
3,400 *kcal*	GAR	2mths	fob Indonesia	36.62	-0.28

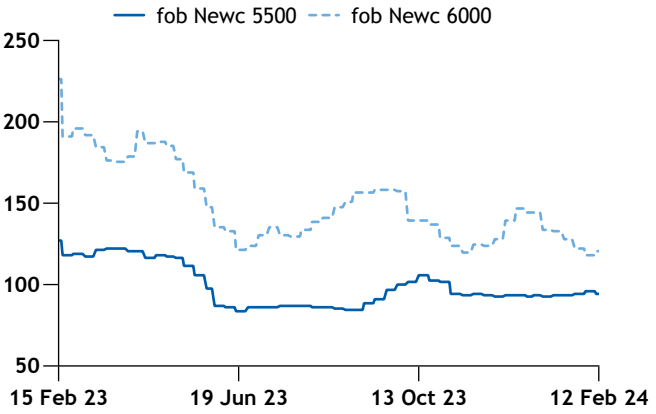
International coal assessments for 9 Feb 2024					$/t
Energy	**Basis**	**Timing**	**Port**	**Price**	**±**
Americas					
6,000 *kcal*	NAR	2mths	fob Puerto Bolivar	85.75	nc
6,000 *kcal*	NAR	2mths	fob Hampton Roads	82.15-110.11	-1.75
6,000 *kcal*	NAR	2mths	fob New Orleans	68.00	+2.00

International coal assessments for 9 Feb 2024					RMB/t
Energy	**Basis**	**Timing**	**Port**	**Price**	**±**
China					
5,500 *kcal*	NAR	2mths	fob Qinhuangdao domestic	na	na
3,800 *kcal*	NAR	2mths	ddp Shanghai	566.71	+7.00
3,800 *kcal*	NAR	2mths	cfr Shanghai	501.51	+6.19

Argus fob Richards Bay spot coal assessments $/t



Argus fob Newcastle spot coal assessments $/t



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COMMENTARY

Forward prices				$/t
Timing	**Buy**	**Sell**	**Average**	**±**
cif ARA (Rotterdam) API 2				
March	91.80	92.30	92.05	-2.50
April	88.90	89.40	89.15	-2.20
May	87.15	87.65	87.40	-2.30
2Q24	87.35	87.85	87.60	-2.25
3Q24	86.20	86.70	86.45	-2.20
4Q24	88.70	89.20	88.95	-2.20
1Q25	90.30	90.80	90.55	-2.25
2Q25	90.50	91.00	90.75	-2.30
2025	91.15	91.65	91.40	-2.10
2026	92.55	93.05	92.80	-2.10
2027	93.20	93.70	93.45	-2.25
fob Richards Bay South Africa API 4				
March	94.75	95.25	95.00	nc
April	93.85	94.35	94.10	-0.30
May	92.80	93.30	93.05	-0.60
2Q24	93.05	93.55	93.30	-0.30
3Q24	92.55	93.05	92.80	-1.20
4Q24	93.50	94.00	93.75	-1.15
1Q25	93.55	94.05	93.80	-1.20
2Q25	92.65	93.15	92.90	-1.40
2025	93.15	93.65	93.40	-1.35
2026	91.10	91.60	91.35	-1.35
2027	90.90	91.40	91.15	-1.40
API 2 premium to API 4				
Prompt	-3.20	-2.70	-2.95	-2.50
South Africa to Europe, implied freight rate				
2Q24	-5.75	-5.65	-5.70	-1.95
3Q24	-6.40	-6.30	-6.35	-1.00
4Q24	-4.85	-4.75	-4.80	-1.05
1Q25	-3.30	-3.20	-3.25	-1.05
2Q25	-2.20	-2.10	-2.15	-0.90
2025	-2.05	-1.95	-2.00	-0.75
2026	1.40	1.50	1.45	-0.75
2027	2.25	2.35	2.30	-0.85

Forward prices			$/t
Timing	**Midpoint**	**±**	
fob Newcastle 5,500 API 5			
March	97.45	-1.30	
April	97.85	-1.40	
2Q24	98.00	-1.50	
3Q24	98.95	-1.25	
4Q24	100.95	-1.35	
1Q25	102.80	-0.90	
2025	99.05	-0.90	

European coal swaps fall on weak physical and gas

European paper coal prices dropped on Monday, extending their downward streak to the third consecutive session. This trend was driven by falling regional gas prices and a physical market that hit a 33-month low.

The front-month API 2 swap fell by $2.50/t from Friday to $92.05/t, narrowing its discount to the year-ahead contract to $0.65/t from $1.05/t at the end of last week.

The Intercontinental Exchange (Ice) has cut initial margin requirements for API 2 contracts expiring over March 2024-February 2026 by 44-48pc, effective from the closure of business on 13 February, according to the exchange.

In the European physical market, April-delivery multi-option 50,000t cargoes were best bid-offered at $91.50-94.50/t des Amsterdam-Rotterdam (AR) today, respectively, compared with $94-96/t des AR on Friday. *Argus*' cif Amsterdam-Rotterdam-Antwerp (ARA) spot NAR 6,000 kcal/kg assessment stood at $93.54/t, the lowest since 27 May 2021.

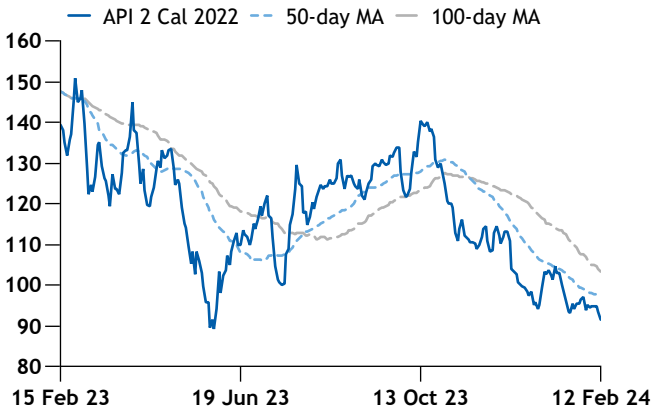
The regional coal market took a cue from weakness in European gas prices on Monday. The front-month Dutch TTF contract closed at €25.72/MWh, falling by €0.97/MWh from Friday.

In South Africa, swaps across the curve also mostly fell, while losses were wider at the far end of the curve. The premium held by the front-month API 4 contract over the equivalent European swap widened by $2.50/t from Friday to $2.95/t.

Ice also cut margins for API 4 contracts by 21-46pc, depending on their respective expiration date.

Coal stocks at the Richards Bay Coal Terminal (RBCT) were 2.3mn t as of 12 February, down by 4pc from a week earlier. Railed quantity to the terminal rose 12pc on the week to around 871,000t in the week to 11 February.

API 2 year-ahead $/t



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COAL MARKET NEWS

Aurizon cuts Australian coal haulage guidance

Australian rail firm Aurizon has cut its coal volume guidance for the 2023-24 fiscal year to 30 June, as the end of mining at Wilkie Creek and wider coal mine production problems offset output increases at Olive Downs and New Acland.

Aurizon had targeted to increase coal haulage by 10pc in 2023-24 from the 185mn t it hauled in 2022-23 but revised that to 5pc year-on-year growth when it announced its half-year results on 12 February. This implies a target of 194mn t for 2023-24. It hauled 94mn t during July-December, leaving it a target of 100mn t for January-June.

Wet weather in Queensland in late December, through January and into February has disrupted some operations in the wider coal industry. But it has been less disruptive to Aurizon's coal operations than previous Queensland wet seasons, the firm's managing director Andrew Hardy said. The firm hauled 94.5mn t of coal during January-June 2023 when flooding cut access to some mines.

Aurizon's August guidance of 10pc growth in haulage was based partly on a contract to deliver coal from the 2.4mn t/yr New Wilkie mine near Dalby, Queensland but mining has stopped after the operator entered administration. Aurizon is still talking with the receivers and some cargoes are being loaded from stocks but full contract volumes are unlikely to be met.

Haulage increased by 70pc during July-December compared with a year earlier on the West Morton line, as New Hope increased production at its New Acland mine. It was also up for New South Wales (NSW), Moura and Blackwater lines because of drier conditions than a year earlier. This was offset by 16pc and 6pc lower haulage on the Newlands and Goonyella lines respectively.

Newlands runs south from Abbot Point port to North Goonyella, servicing Glencore's 2.5mn t/yr Collinsville thermal coal mine and a handful of mines owned by Australian mining firm QCoal. Goonyella runs west from the adjacent ports of Hay Point and Dalrymple Bay Coal terminal to join with Newlands at North Goonyella, servicing more than 20 mines in the Bowen basin.

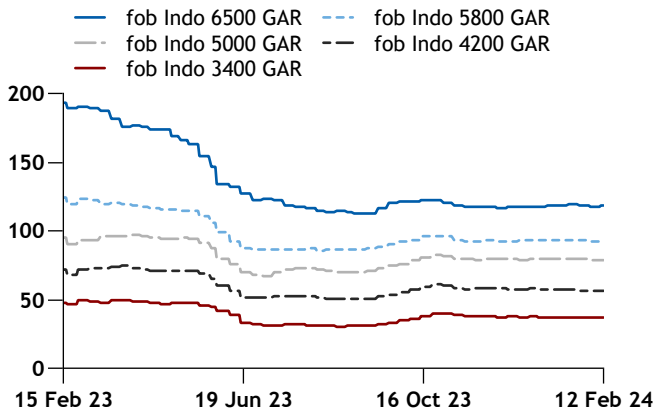
Aurizon started hauling coal for the 4.5mn t/yr Olive Downs metallurgical coal mine in January, which will travel on the Goonyella line.

Aurizon is operating at around 82pc utilisation rates, up from 78pc during the Covid-19 pandemic and is aiming to return to 90pc. But it is facing competition from BMA rail in Queensland and Magnetic Rail in NSW, as well as Pacific National in both states.

By Jo Clarke

Forward prices		$/t
Timing	**Midpoint**	**±**
fob Indo 4,200 GAR, ICI 4		
March	54.50	nc
April	53.00	nc
2Q24	53.00	nc
3Q24	54.65	nc
2025	53.85	nc

fob Indonesian prices $/t



Aurizon coal haulage			mn t
	Jul-Dec 23	**Jan-Jul 23**	**Jul-Dec 22**
Central Queensland Coal Network			
Newlands	6.7	8.1	8.0
Goonyella	28.0	30.4	29.7
Blackwater	24.0	21.9	22.5
Moura	7.7	6.3	6.7
Total	**66.3**	**66.7**	**66.9**
NSW and SE Queensland			
West Moreton	1.7	1.1	1.0
Hunter valley/Illawarra	26.0	26.7	22.6
Total	**27.7**	**27.8**	**23.6**
Total coal	**94.0**	**94.5**	**90.5**
Totals may not add up because of rounding			
			— *Aurizon*

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COAL MARKET NEWS

China hydro shows signs of recovery after 2023 drop

Rainfall in many cities in the upstream and midstream sections of the Yangtze river has been close to seasonal norms this year, if not above average, suggesting that hydroelectric output could be supported in January-May before the wet season starts.

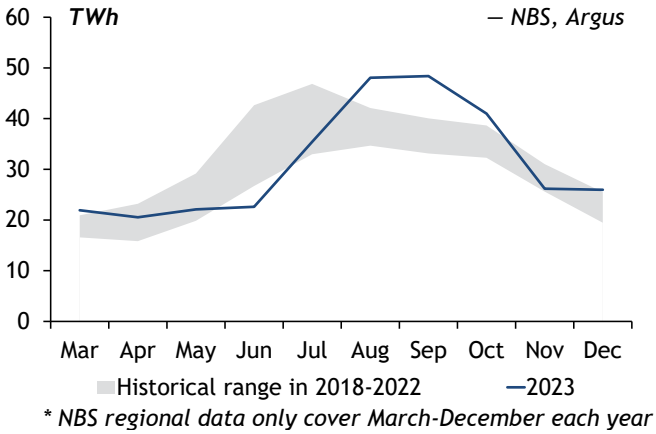
Yibin in Sichuan — a city in the upstream section of the Yangtze — has accumulated 51.1mm of rainfall in 2024, up from a historical average of 29mm and last year's 4.6mm for the period. Further upstream, Zhaotong in Yunnan has received 7.7mm of rain in 2024, in line with the seasonal norm of 7.1mm. This could support hydroelectric output before the wet season in Sichuan and further downstream in Chongqing and Hubei.

Some areas in the midstream section of the Yangtze have experienced strong rainfall in the form of snow storms in the past two weeks. Yichang in Hubei — where the Three Gorges Dam is located — has had 100mm rainfall in 2024, up from the 10-year average of 32.6mm, and 10.7mm a year earlier. The Three Gorges reservoir has maintained a water level of 167m since late December, up from 155m a year earlier, also suggesting scope for high hydroelectric output during the dry season in the first quarter of this year.

The heavy snowfall has pushed up Yangtze flows further downstream in Jiujiang city. Flows rose to 17,700 m^3/s on 11 February from 11,200 m^3/s on 17 January, well up on the 10,000 m^3/s observed at the same time last year.

Potential strong hydroelectric output before the wet season would weigh on thermal power generation in January-May. Thermal generation increased by 6.3pc on the year in the first five months of 2023, slightly quicker than the 5.3pc growth in total power demand because of lower hydroelectric output in the period.

Sichuan hydropower generation



** NBS regional data only cover March-December each year*

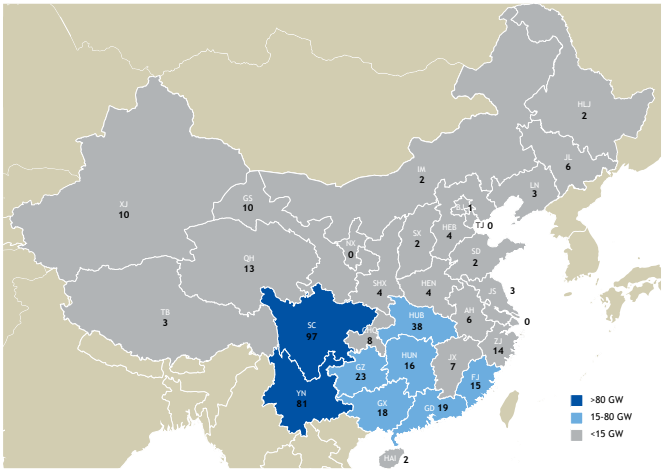
Water fall in 2023

Many regions with high installed hydroelectric capacity in China continued to see less available water in 2023, according to an annual report by the National Climate Centre, pressuring hydroelectric output.

China's hydroelectric output fell to 1,141TWh in 2023 from 1,202TWh a year earlier and 1,339TWh in 2021, according to data from the National Bureau of Statistics. The Yangtze, Pearl River and southwest river systems — where most installed capacity is located — had less available water in 2023 *(see river resource table)*. Aggregate water levels in the country remained normal, although lower than historical averages.

The centre classified three of the four regions with the most installed hydroelectric capacity as having low water levels, weighing on their output *(see water resource map)*. Sichuan, which has the most hydroelectric capacity at 97.5GW, had low water levels, while levels in Yunnan and Guizhou, with 81.5GW and 22.8GW, respectively, were very low *(see installed capacity map)*.

Installed hydroelectric capacity by region by 2022



Resource conditions in 10 biggest river systems		*bn m³*
Name	**2023**	**% from norm**
Higher than norm		
Songhuajiang river	120.7	14.4
Haihe river	14.2	23.7
Yellow river	53.8	10.2
Huaihe river	90.7	12.3
Lower than norm		
Yangtze river	990.0	-6.4
Pearl river	420.1	-7.9
Southeast rivers	na	-10.8
Southwest rivers	na	-9.7
Northwestern inland rivers	na	-13.3
Liaohe river	38.1	-1.5
		— National Climate Centre of China

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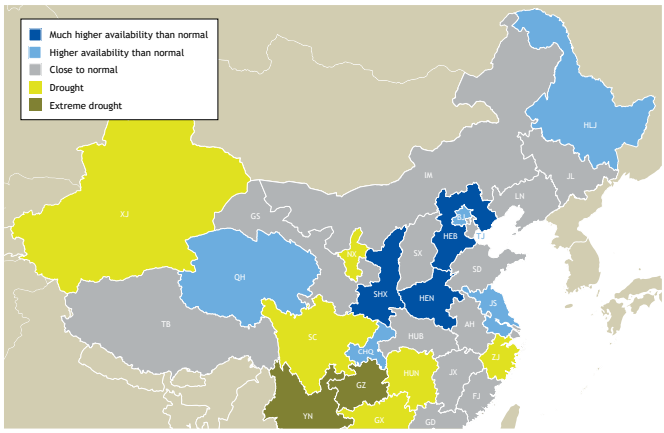
COAL MARKET NEWS

Rainfall resource availability in 2023 by region

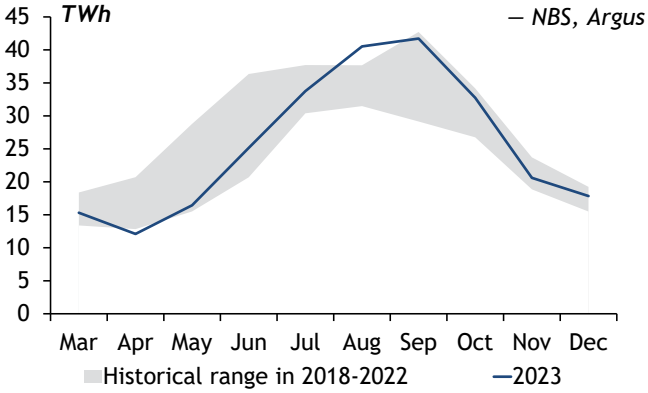


The Yangtze's upstream — in Tibet, Sichuan, Yunnan and Guizhou — had average rainfall of 189.5mm in January-May 2023, the fifth lowest for the period in records going back to 1961, the centre said. This explains hydroelectric output hovering at five-year lows in March-May for Sichuan and Yunnan, while output in Guizhou was far below historical norms *(see graphs for Sichuan, Yunnan, and Guizhou)*.

Drought in the midstream of the Yangtze — in Sichuan, Chongqing and Hubei — in June-July persisted for 9.7 days more than in 2022, according to the centre, but the affected area at its peak shrank by 60pc to 710,000km². This helped hydroelectric output in Hubei recover in June-July from historical lows in the same period in 2022 *(see Hubei graph)*.

By Xiaoyi Deng

Yunnan hydropower generation



** NBS regional data only cover March-December each year*

Ice slashes coal margins by 40pc

The Intercontinental Exchange (Ice) has cut initial margin requirements for coal derivatives contracts by around 40pc, a move that could support liquidity in the financial coal markets.

Ice reduced the margin for the API 2 front-month contract by 44pc from $19.89/t to $11.06/t, effective from the close of business on 13 February, the exchange said today.

Margins for API 2 derivatives expiring over April 2024-February 2026 decreased by 44-48pc. And Ice cut margins for API 4 contracts by 21-46pc, depending on the contract expiration date.

The initial margin for the API 4 front-month contract is now $8.34/t, down from $13.33/t previously.

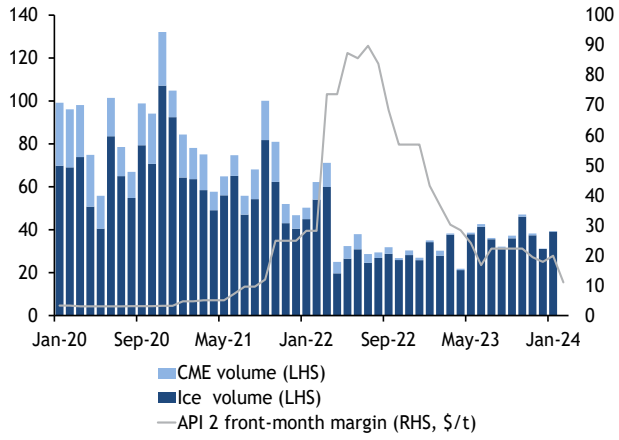
Margin requirements are currently at their lowest since August 2021. Margins rates are a function of price volatility and outright prices of the underlying commodity, among other factors. A spike in coal prices during 2021-23 led exchanges to raise margins to protect against credit defaults. But high margining costs resulted in some firms pulling back from trading financial energy products.

API 2 traded volumes on the Ice and CME exchanges fell to 396mn t in 2022, from 857mn t in 2020.

But liquidity has picked up since the middle of 2023. API 2 traded volumes rose by 5mn t on the year in January to 39mn t. API 4 volumes nearly doubled on the year in January, to 1.2mn t.

By Alex Thackrah

API 2 traded volumes vs margin *mn t*



API 2, API 4 January liquidity rises again

January API 2 traded volumes on the Ice and CME exchanges increased by 12.5pc on the year to 39.4mn t, extending a recent trend of higher liquidity. API 4 traded volumes hit a six-month high 1.2mn t.

January API 2 liquidity again heavily favoured Ice, which held 99pc of the combined Ice and CME volumes.

Spread trading between contracts and contract months has been key when fundamentals are weak and few physical cargoes are being hedged, a broker commented.

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COAL MARKET NEWS

This has particularly been the case on API 2 financial contracts recently. Some large-volume clips of API 4 futures were transacted in January, data seen by *Argus* show, suggesting physical cargo hedging activity.

Traded volume has been supported by lower margin requirements. Ice today cut its margin requirements, with the API 2 front-month March contract margin now at $11.05/t, down from $19.89/t, a 44pc decline. The margin rates for API 2 paper markets fell by a similar amount across the curve, with margins for contracts expiring in January 2026 down to $9.03/t from $16.80/t. Lower margin rates are likely to encourage more trading activity on the paper markets.

API 4 traded volumes in January rose to 1.2mn t from 0.71mn t a year earlier. Ice also today cut the margin rates for API 4 derivatives by 21-46pc, depending on the contract. *By Ashima Sharma*

Italy's coal demand outlook bleak for 2024

Italian coal-fired generation is likely to remain soft over the coming months, barring a stark reversal in coal-to-gas fuel-switching trends. And coal imports this year are likely to fall sharply from 2023 levels ahead of a swath of coal-fired plant retirements and as utilities struggle with oversupply in the spot market.

Italy's coal-fired generation last year collapsed by 42pc, compared with 2022 (*see chart*), and generation of 440MW in January was the lowest since April last year, grid operator data show.

Average coal-fired generation from August 2023-January 2024 of 740MW is equivalent to 1.2mn t of NAR 5,800 kcal/kg coal burned at a 40pc-efficient plant, *Argus* calculations show. This is about 2.8mn t less implied coal burn than in October 2022-January 2023.

Italy's coal imports have also fallen, but to a lesser degree than its generation, leaving the market saturated. Receipts over August 2023-January 2024 declined by 2.3mn t on the year to 1.7mn t, shipping data show.

A major Italian utility in recent weeks has been looking to resell contracted cargoes back into the market, indicating oversupply, trading firms said.

There is little concern about Italy's gas supply situation heading into the end of winter. The country's gas stocks were 61pc full as of 12 February, data from GIE show. This is up from 45pc in February 2022, just before the tumult caused by the Russia-Ukraine war.

The Italian government has announced that, at the advice of system operator Snam, the country will maintain strategic gas stocks at 4.62bn m3 for 2024-25, to ensure sufficient supply in case of a crisis.

This reduces the likelihood of a significant shift in coal-to-gas fuel-switching levels. T

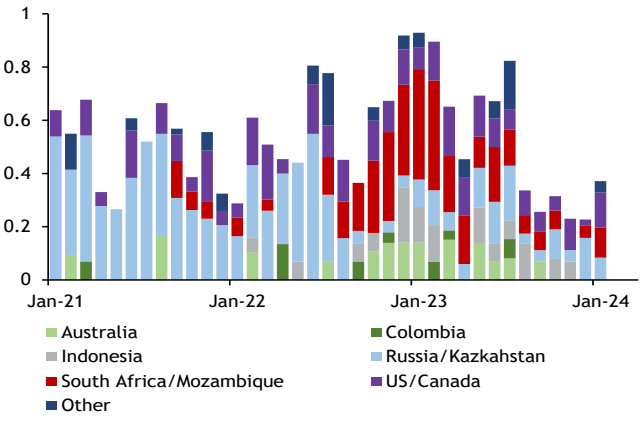
he decline in Italy's coal-fired generation "is about the order of merit", a European trading source said.

"At the moment, gas is cheaper, and coal is more expensive. It comes down to the cost," it said.

Fuel switch, maximisation plan end

Day-ahead clean dark spreads for 44pc-efficient coal-fired units were assessed by *Argus* at an average of €11.59/MWh last month, well below the €54.42/MWh recorded in January last year. Day-ahead clean spark spreads for 55pc-efficient gas-fired plants held an average advantage of €9.20/MWh

Italy seaborne coal imports *mn t*



No delivered Shanghai price assessments, 16 Feb

Argus will not publish ddp Shanghai or cfr Shanghai NAR 3,800 kcal/kg coal assessments on 16 February because of public holidays in China. Please contact Alex Thackrah at alex.thackrah@argusmedia.com for any questions.

Workspaces:

Below Workspace combines content from *Argus Coal Daily International* and *Argus Dry Freight* and may require additional subscriptions for full functionality. Please contact support@argusmedia.com for access support.

Thermal Coal + Freight - Global

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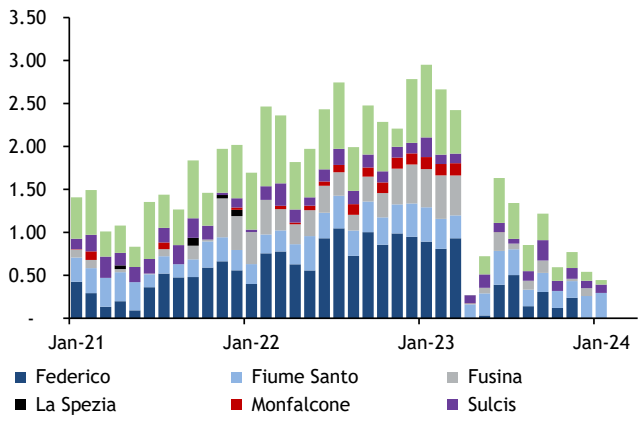
COAL MARKET NEWS

Italian coal-fired generation *GW*



to clean dark spreads last month, flipping from a €30.61/MWh disadvantage in January last year. Italian gas-fired generation reached 11.8GW last month, up from 11.2GW in the same month last year.

And based on forward prices, standard-efficiency coal is behind standard-efficiency gas in the Italian merit order for base and peak-load power generation for the balance of 2024.

Another key factor that cut Italian coal burn in the second half of last year was that emergency measures enacted following Russia's invasion of Ukraine came to an end. The Italian government authorised measures to operate six key coal-fired plants at a higher capacity until March 2023, later extended to 30 September 2023. The "maximisation" sought by the plan to prioritise coal and oil-fired plants over gas-fired units during periods of peak heating and cooling demand has ended.

Consumption dictated by phase-out

In the longer term, Italy's coal demand outlook will be dictated by the pace of its phase-out schedule, which is set to ramp up in the next few years.

The Italian government's National Energy Strategy (Sen), adopted at the end of 2017, outlined the country's commitment to phase out coal by 2025. In June last year, environment minister Gilberto Pichetto Fratin said Italy intended to "abandon coal by 2025 or even earlier" and switch to LNG if gas prices hold low.

Italy has 6GW of installed coal-fired power capacity, with state-run utility Enel operating 4.7GW of this. Last year, the operator said it wanted to shut all of its coal-fired plants by 2027.

The Fusina power station, with an installed capacity of 540MW, in December last year was the latest Enel plant to retire. It will be replaced by a new gas-fired plant in August this year. The 2GW Torrevaldaliga Nord is scheduled to retire by 2025, while the closure of the Sulcis plant in Sardinia has been pushed back to 2027 because of delayed interconnections with mainland Italy.

The 640MW Fiume Santo coal-fired power plant, also in Sardinia and operated by EP Produzione, is set to remain operational until 2027 for the same reason. The Fiume Santo unit has been Italy's hardest-running coal-fired facility in the past few months, with generation having averaged 240MW from 1 October-31 January.

Diversifying imports

Since August 2022, when imports of seaborne coal from Russia came under sanctions, Italy has diversified its supply and doubled down on imports from South Africa and Indonesia.

South African coal receipts rose to 1.9mn t last year, up by 32pc from 2022, while Indonesia emerged as a key player, with imports from the country rising to 830,054t in 2023, the highest in five years.

By Ashima Sharma

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FREIGHT SNAPSHOT (FULL VIEW IN ARGUS DRY FREIGHT)

Dry bulk freight rates

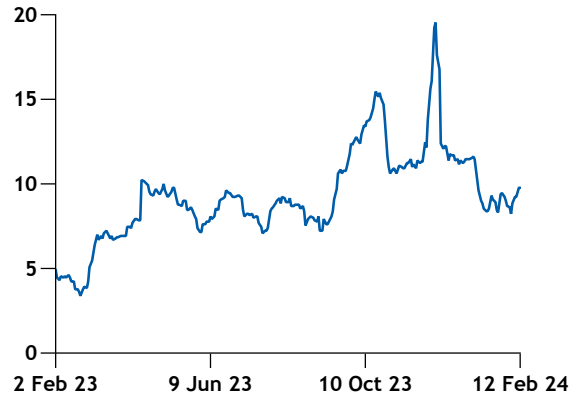
Route	Size '000t	$/t	±
Murmansk-Rotterdam	75	na	na
Richards Bay-Krishnapatnam	150	15.85	+0.15
Puerto Bolivar-Rotterdam	160	13.10	nc
EC Australia-Japan	75	na	na
Newcastle-Zhoushan	130	na	na
Indonesia-S China	75	na	na

Additional dry freight assessments, including TCE rates, and news and analysis of developments in the dry freight market are available in Argus Dry Freight. Please email FreightTeam@argusmedia.com for more details.

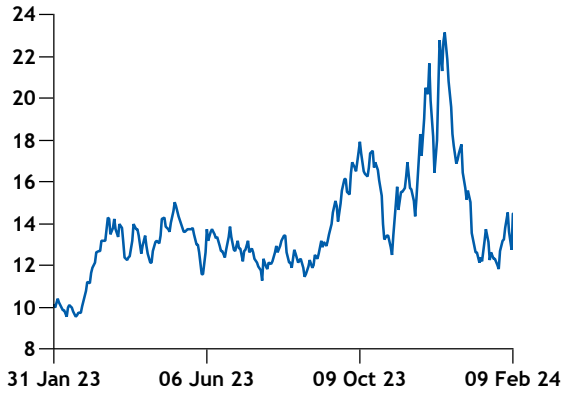
Asia-Pacific freight analysis

Route	Basis	Energy kcal/kg	Size '000t	Coal $/t fob	Coal $/t landed	±
EC Australia-Japan	NAR	6,000	75	120.14	na	na
EC Australia-S Korea	NAR	6,000	75	120.14	na	na
EC Australia-S China	NAR	5,500	75	94.60	na	na
EC Australia-EC India	NAR	5,500	75	94.60	na	na
Indonesia-Japan	GAR	6,500	75	118.01	na	na
Indonesia-Japan	GAR	5,800	75	93.09	na	na
Indonesia-S Korea	GAR	5,800	75	93.09	na	na
Indonesia-S Korea	GAR	5,000	75	78.54	na	na
Indonesia-S China	GAR	5,800	75	93.09	na	na
Indonesia-S China	GAR	5,000	75	78.54	na	na
Indonesia-S China	GAR	4,200	75	56.53	na	na
Indonesia-EC India	GAR	4,200	75	56.53	na	na
Indonesia-EC India	GAR	3,400	75	36.62	na	na

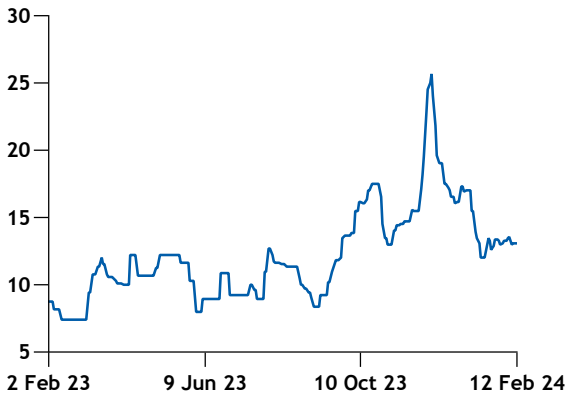
Richards Bay-Rotterdam, Capesize $/t



Australia to south China, Capesize $/t



Puerto Bolivar to Rotterdam, Capesize $/t



Puerto Bolivar to Rotterdam, Panamax $/t



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SPARK SPREADS

Spark spread calculations

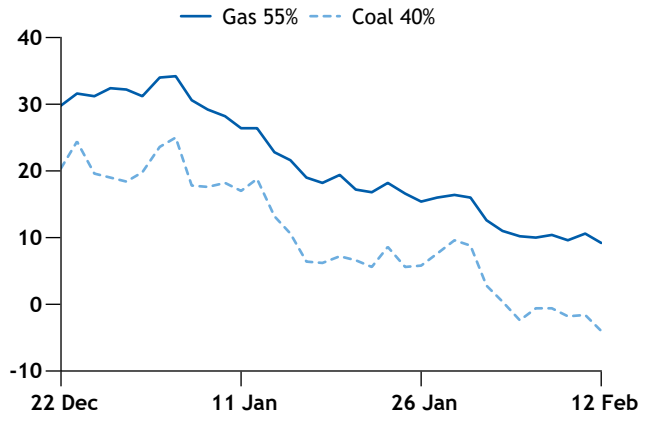
Spark spreads for various thermal efficiencies are calculated from Argus outright fuel, CO_2 emissions and electricity prices, and are not assessments based on actual spark-spread trades. Fuel, emissions and electricity prices are taken from the Argus European Electricity, Argus European Natural Gas, Argus Coal Daily International, Argus European Products and Argus European Emissions Markets daily reports.

A selection of spark and dark spreads are published in the print report. A full range of spark and dark spreads can be accessed through Argus Direct. Please contact sales@argusmedia.com to arrange access.

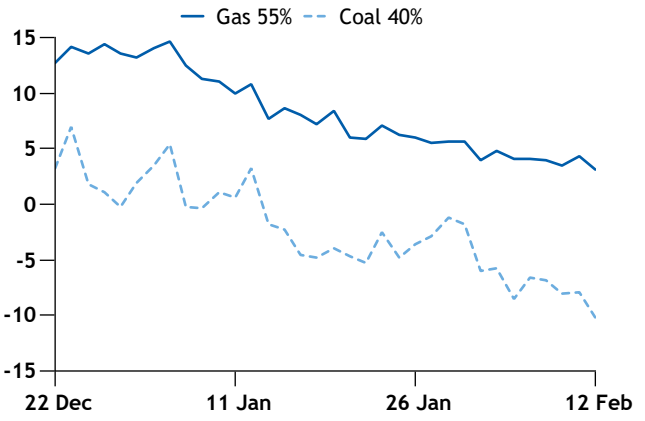
UK ETS and CSP adjusted spark and dark spreads				£/MWh
	NBP 55%		ARA Coal 40%	
Contract	base load	peak load	base load	peak load
Working day ahead	8.526	13.376	-3.945	0.905
March	3.071	9.221	-10.175	-4.025
April	2.432	4.032	-10.670	-9.070
May	0.378	2.628	-10.632	-8.382
June	0.368	2.668	-	-
July	1.758	7.958	-	-
August	1.911	7.911	-	-
2Q24	1.059	3.109	-9.982	-7.932
3Q24	1.881	8.031	-7.651	-1.501
4Q24	7.008	20.658	2.838	16.488
1Q25	6.846	20.546	5.331	19.031
Summer 2024	1.470	5.570	-8.818	-4.718
Winter 2024	6.902	20.602	-	-
Summer 2025	0.169	6.319	-	-
Winter 2025	6.007	22.057	-	-
2025	3.696	14.211	-2.542	7.973

UK unadjusted spark spreads			£/MWh
	NBP 49.13%		
Contract	base load	peak load	
Working day ahead	20.923	25.773	
March	16.006	22.156	
April	15.350	16.950	
May	13.248	15.498	
June	13.201	15.501	
July	14.554	20.754	
August	14.654	20.654	
2Q24	13.933	15.983	
3Q24	14.614	20.764	
4Q24	19.200	32.850	
1Q25	19.034	32.734	
2Q25	13.131	19.331	
Summer 2024	14.273	18.373	
Winter 2024	19.092	32.792	
Summer 2025	13.249	19.399	
Winter 2025	18.804	34.854	
2025	16.466	26.981	

UK front-month peak-load spark vs dark €/MWh



UK front-month base-load spark vs dark £/MWh



Announcement

To allow for the continued publication of UK power plant generating margins from 1 January 2021, Argus will calculate UK emissions-adjusted dark and spark spreads using EU ETS prices as the cost of carbon until the prices of UK allowances diverge.

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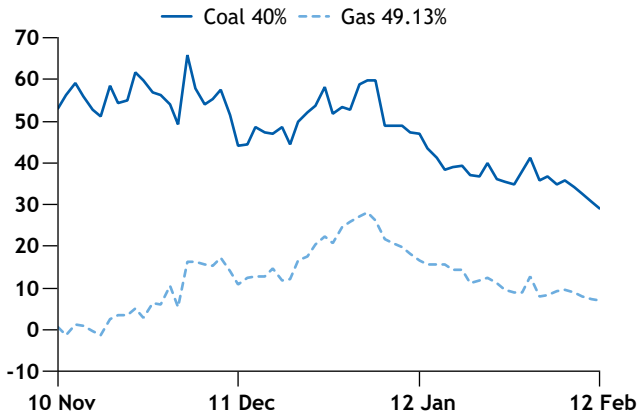
SPARK SPREADS

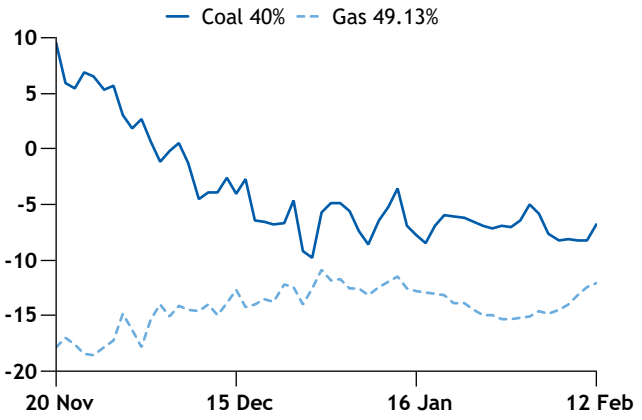
German ETS adjusted spark and dark spreads					€/MWh
	Germany VTP 55%		ARA Coal 40%		
Contract	base load	peak load	base load	peak load	
Working day ahead	6.296	10.546	-4.506	-0.256	
March	-8.349	-2.099	-19.624	-13.374	
April	-12.722	-12.522	-23.288	-23.088	
May	-15.577	-18.327	-23.880	-26.630	
June	-9.281	-6.581	-	-	
July	-6.527	-3.677	-	-	
August	-7.349	-5.999	-	-	
2Q24	-12.540	-12.490	-20.880	-20.830	
3Q24	-5.108	-3.058	-12.139	-10.089	
4Q24	1.494	20.644	-0.532	18.618	
1Q25	3.876	18.976	3.545	18.645	
2Q25	-12.905	-12.905	-18.497	-18.497	
3Q25	-6.060	-2.760	-	-	
2025	-2.979	6.921	-6.773	3.127	
2026	-6.262	3.488	-14.200	-4.450	
2027	-8.530	-0.230	-19.346	-11.046	

German unadjusted dark spreads			€/MWh
	ARA Coal 40%		
Contract	base load	peak load	
Working day ahead	42.390	46.640	
March	28.917	35.167	
April	25.253	25.453	
May	24.661	21.911	
2Q24	27.661	27.711	
3Q24	36.402	38.452	
4Q24	48.595	67.745	
1Q25	53.842	68.942	
2Q25	31.801	31.801	
2025	43.676	53.576	
2026	38.086	47.836	
2027	34.754	43.054	

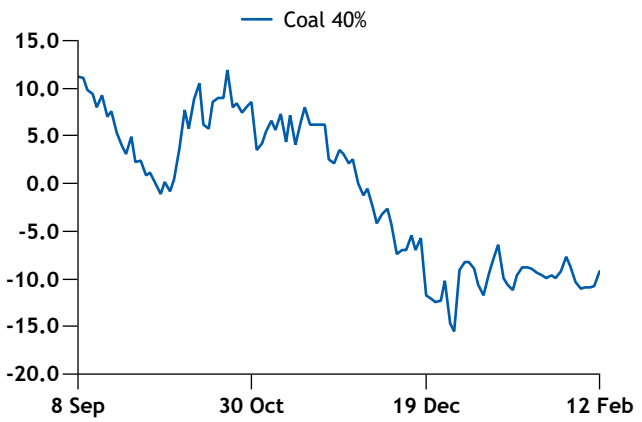
German month-ahead base-load sparks €/MWh



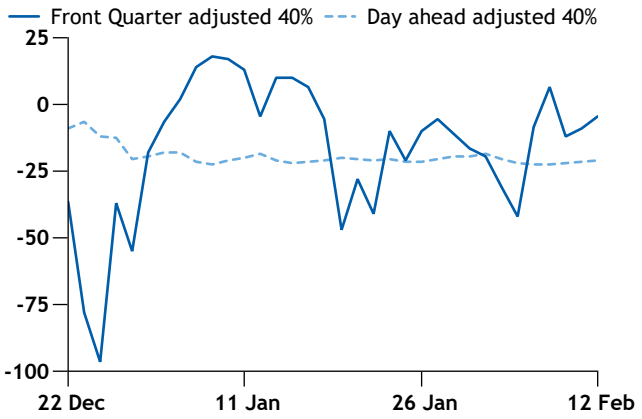
German year-ahead adjusted spark and dark €/MWh



German year-ahead adjusted dark spread €/MWh



German day- vs quarter-ahead base-load darks €/MWh



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SPARK SPREADS

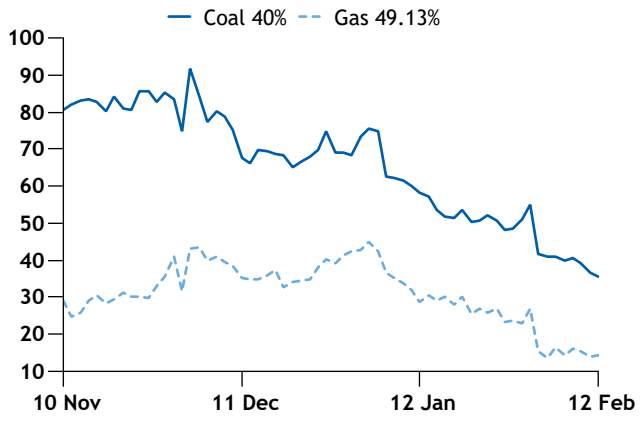
Dutch ETS adjusted spark and dark spreads *€/MWh*

Contract	TTF 55% base load	TTF 55% peak load	ARA Coal 40% base load	ARA Coal 40% peak load
Working day ahead	5.569	9.469	-5.506	-1.606
March	-6.827	-1.027	-18.774	-12.974
April	-13.518	-15.118	-24.938	-26.538
May	-17.104	-24.004	-26.080	-32.980
2Q24	-13.618	-16.818	-22.630	-25.830
3Q24	-5.695	-7.895	-13.289	-15.489
4Q24	2.258	21.008	-1.032	17.718
1Q25	3.931	14.981	2.645	13.695
2025	-3.107	3.193	-8.273	-1.973
2026	-5.067	0.133	-14.550	-9.350
2027	-6.534	-5.184	-18.896	-17.546

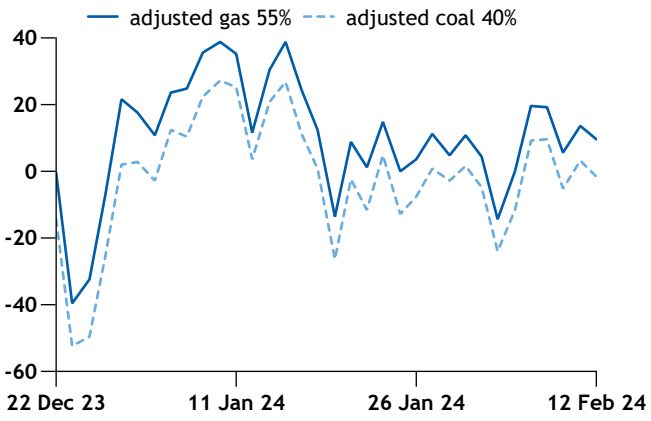
Italian ETS adjusted spark and dark spreads *€/MWh*

Contract	PSV 55% base load	PSV 55% peak load	ARA Coal 40% base load	ARA Coal 40% peak load	ARA Coal 40% (incl. fuel tax) base load	ARA Coal 40% (incl. fuel tax) peak load
Day ahead	20.205	19.205	11.494	10.494	7.267	6.267
March	13.237	18.487	3.426	8.676	-0.802	4.448
April	8.351	11.051	0.112	2.812	-4.116	-1.416
May	6.042	5.792	0.520	0.270	-3.707	-3.957
2Q24	7.710	10.910	1.970	5.170	-2.258	0.942
3Q24	15.796	19.846	11.111	15.161	6.884	10.934
4Q24	19.212	31.462	16.468	28.718	12.241	24.491
1Q25	20.972	30.522	19.595	29.145	15.367	24.917
2025	12.471	21.071	8.577	17.177	4.349	12.949
2026	8.338	16.338	0.200	8.200	-4.028	3.972

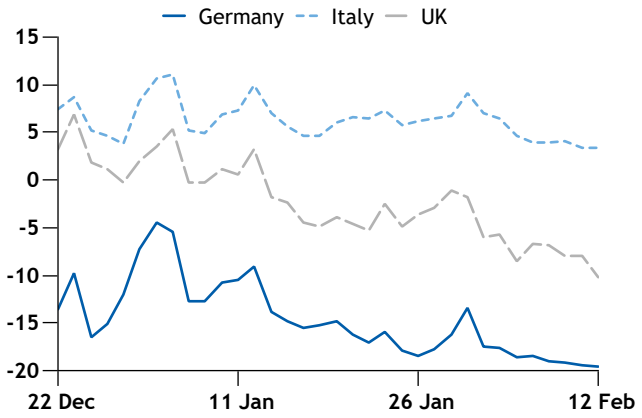
Dutch front-month peak-load spreads *€/MWh*



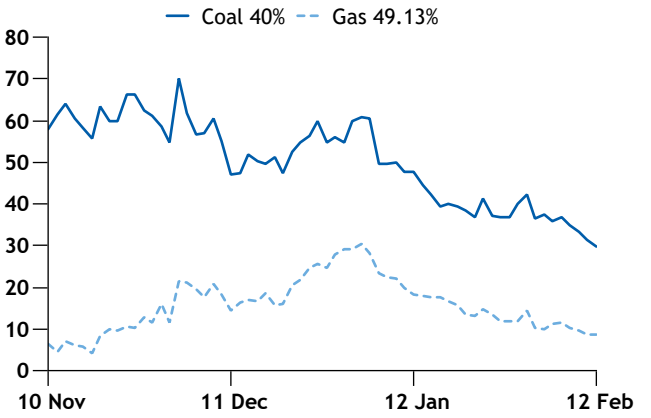
Dutch day-ahead peak-load spark vs dark *€/MWh*



European front-month base-load dark *€/MWh*



Dutch front-month base-load spreads *€/MWh*



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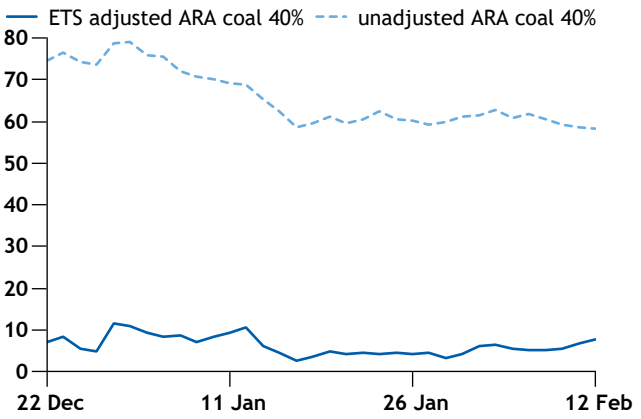
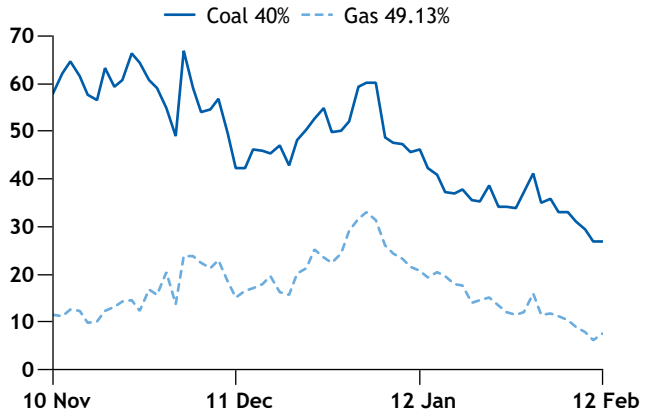
SPARK SPREADS

French ETS adjusted spark and dark spreads				€/MWh
	ARA Coal 40%		Peg 55%	
Contract	base load	peak load	base load	peak load
Working day ahead	-6.256	-3.706	6.001	8.551
March	-21.774	-14.124	-8.054	-0.404
April	-26.388	-20.588	-13.558	-7.758
May	-30.080	-27.930	-20.004	-17.854
2Q24	-25.780	-19.580	-15.540	-9.340
3Q24	-17.189	-7.939	-8.458	0.792
4Q24	3.268	22.768	9.194	28.694
1Q25	8.295	28.345	-	-
2025	-6.923	7.727	-0.339	14.311
2026	-15.600	2.300	-	-
2027	-17.846	1.054	-	-

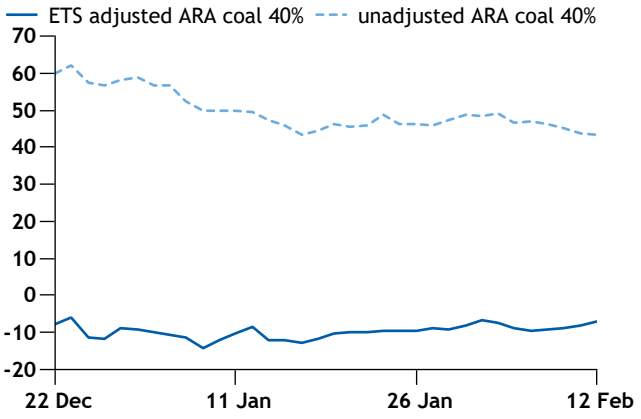
French calendar-year peak-load dark €/MWh



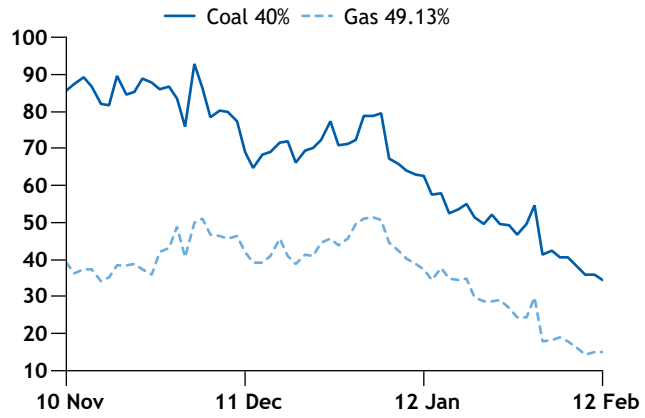
French front-month base-load spreads €/MWh



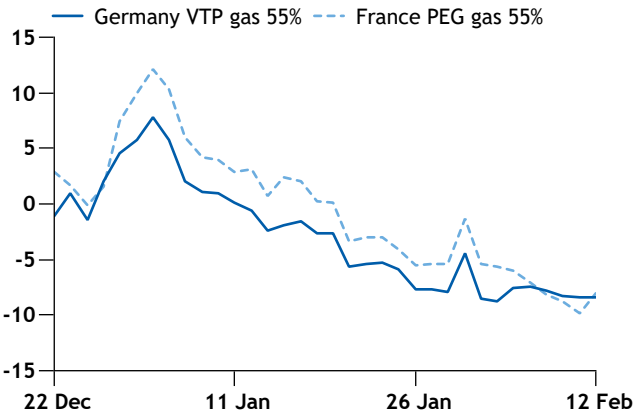
French calendar-year base-load dark €/MWh



French front-month peak-load spreads €/MWh



Germany VTP vs Peg front-month base-load spark €/MWh



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ANNOUNCEMENTS

Argus successfully completes annual Iosco assurance review

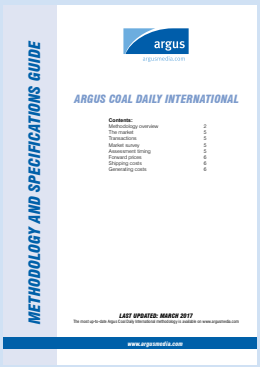
Argus has completed the 12th external assurance review of its price benchmarks covering crude oil, oil products, LPG, chemicals, thermal and coking coal, natural gas, biofuels, biomass, metals, fertilizers and agricultural markets. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group Iosco's Principles for Oil Price Reporting Agencies, and Iosco encourages extension of the reviews to non-oil benchmarks. For more information and to download the review visit our website https://www.argusmedia.com/en/about-us/governance-compliance

ANNOUNCEMENT

The holiday calendar showing which *Argus* reports are not published on which days is now available online www.argusmedia.com/en/methodology/publishing-schedule

Argus Coal Daily International Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers.



The latest version of the Argus Coal Daily International Methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.

ANNOUNCEMENT

All data change announcements can be viewed online at www.argusmedia.com/announcements
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