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Coal market prices, news and analysis

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NEWS AND ANALYSIS

Pakistan progresses with coal plant conversion

Pakistan has moved closer to switching three of its coal-fired power plants to running on domestic coal from the Thar region, after gaining approval from the Chinese government — which helped fund much of Pakistan's coal sector as part of the China-Pakistan Economic Corridor Project.

The move comes as a blow to the wider seaborne market, which is already facing demand contraction from Europe and northeast Asia, although the timeline on how soon Pakistan's plants can be converted is disputed and there are several logistical difficulties to overcome.

Prime minister Shehbaz Sharif recommended the conversion in April to support Pakistan's faltering economy, and planning and development minister Ahsan Iqbal travelled to China to gain approval for the plan on 9-11 May. Iqbal will work with China's main economic planning agency, the NDRC, to oversee the change of coal at the three sites.

Sharif has instructed the country's energy boards to ensure that the three plants are fully converted by December 2025. But logistical challenges for procuring Thar coal have already come to shore.

Logistical headwinds

Pakistan has three operational power plants, all Chinese-owned, that run on imported coal — Huaneng Shandong Ruyi Energy's 1.3GW Sahiwal plant, Port Qasim Electric Power's 1.3GW plant and China Hub Power's 1.2GW plant.

DATA & DOWNLOAD UPDATES

- South Korea coal imports
- South Korea nuclear generation and availability
- South Korea power generation mix
- Japanese utility generation fuel usage
- Taiwan coal imports

CONTENTS

PRICES

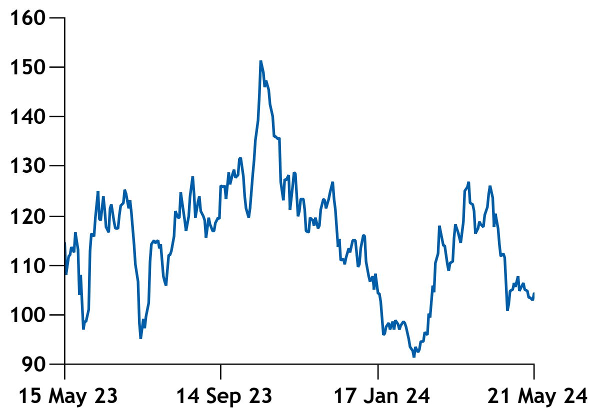
Daily price assessments $/t

Energy	Basis	Timing	Port	Price	±
Europe					
6,000 *kcal*	NAR	2mths	cif ARA	104.23	+1.44
South Africa					
6,000 *kcal*	NAR	2mths	fob Richards Bay	111.20	+2.52

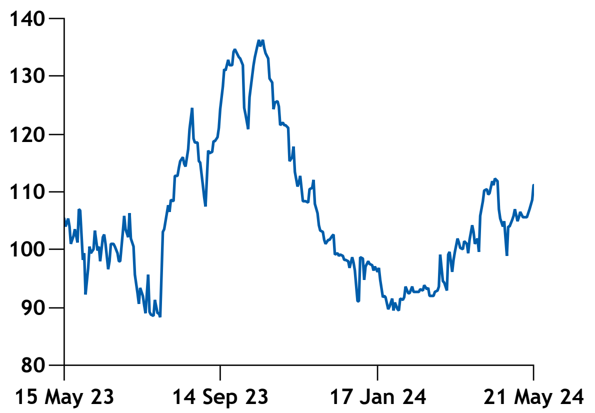
Weekly and monthly averages of daily assessments $/t

Energy	Basis	Timing	Port	Price	Previous
Europe					
6,000 *kcal*	NAR	2mths	cif ARA rolling weekly avg	103.51	104.61
6,000 *kcal*	NAR	2mths	cif ARA rolling monthly avg	104.78	114.41
South Africa					
6,000 *kcal*	NAR	2mths	fob RB rolling weekly avg	109.94	106.05
6,000 *kcal*	NAR	2mths	fob RB rolling monthly avg	105.22	97.22

Argus cif ARA spot coal assessment $/t



Argus Richards Bay spot coal assessment $/t



Meanwhile, the Jamshoro coal-fired plant near Hyderabad, which was initially intended to run on a blend of 80pc imported coal and 20pc Thar coal, has also been directed to run on domestic coal only. The same has been decided for the 660MW Lucky coal plant in Sindh.

Jamshoro was due to produce initial electricity from its first phase of completion last week, but there is no railway line between Chhoor city and Islamkot to transport Thar coal. This has raised questions about the plant's sourcing agreements, along with concerns that start-up may be stalled. The project is costing the country 130mn rupees/yr ($470,000) in regular interest payments to the Asian Development Bank.

Converting these five plants to run on domestic coal "may not be possible anytime soon", a domestic coal trader said.

"There is pressure from the IMF to convert imported-coal-fired power plants to domestic coal, but Pakistan does not have the infrastructure for inland transport to these utilities. The country is already in so much debt, it won't make infrastructural expenditure to lay down railway lines just for coal transport," he added.

The cost of inland coal transport from Karachi port to a utility in the country's northern Punjab region stands at Rs8,000-10,000/t ($28.72-36/t). As a result, most of Pakistan's coal-fired plants are not operational and the government has had to introduce load-shedding measures. Pakistan did not burn any imported coal in March.

"The customers or the end users of electricity are paying Rs17/month in idle capacity charges to the government, on top of the per unit costs. That is how costly the electricity is," a source said.

Financing existing debt

Pakistan's ailing economy means that there are still significant headwinds to overcome to convert its plants to Thar coal, despite China's co-operation.

"Coal from Thar block 1 and 2 is consumed at the mouth of the mine. Unless they expand, there won't be any coal to accommodate additional needs," a trader explained.

Pakistan predominantly imports coal from South Africa and Indonesia for its imported-coal-fired plants, typically ranging between NAR 4,600-6,000 kcal/kg. Domestic coal from Thar is roughly NAR 2,500-3000 kcal/kg.

Pakistan is already seeking a debt restructuring from China worth $15.4bn, in order to lower domestic electricity prices. Chinese investors in Pakistan are reeling under non-payments of Rs487bn for power sold to Islamabad. The country is seeking to extend the timeframe of repayment by five years, which could reduce foreign currency outflows to $750mn/yr. But this would increase the payment owed to China by $1.3bn by 2040.

By Ashima Sharma

WEEKLY PRICES

Off-specification South African prices and differentials for 17 May 2024										$/t
Energy	Basis	Timing	Port	Price	±	Weekly index	June *	July *	May MTD †	Apr final †
5,700 *kcal*	NAR	2mths	fob Richards Bay	103.69	-1.20	-4.40	-4.40	-4.40	-3.95	-4.44
5,500 *kcal*	NAR	2mths	fob Richards Bay	92.39	-0.54	-7.70	-7.40	-7.40	-7.48	-8.31
4,800 *kcal*	NAR	2mths	fob Richards Bay	71.86	-0.19	-18.30	-18.35	-18.20	-17.97	-17.34

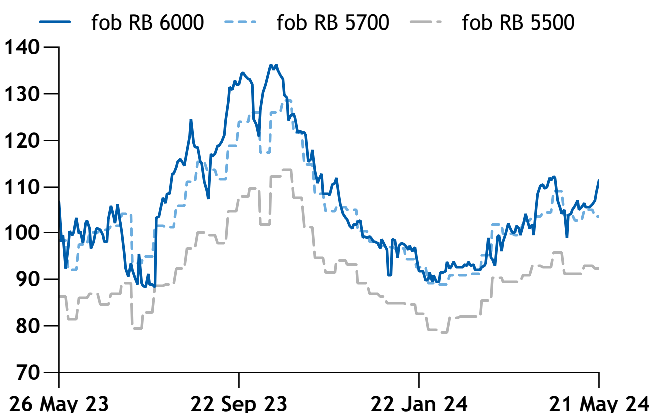
** Differential to API 4 swap for the month based on market survey. † Average of weekly spot price assessments based on deals and market survey.*

International coal assessments for 17 May 2024					$/t
Energy	Basis	Timing	Port	Price	±
Europe					
5,700 *kcal*	NAR	2mths	cif ARA	92.35	-3.15
Black Sea and Mediterranean					
6,000 *kcal*	NAR	1mth	cif Turkey mini bulk plus	97.33	-0.17
6,000 *kcal*	NAR	2mths	cif Turkey supra plus	94.00	-0.17
Russia					
6,000 *kcal*	NAR	2mths	fob Baltic ports	67.13	-1.92
6,000 *kcal*	NAR	2mths	fob Vostochny	98.32	+2.26
5,500 *kcal*	NAR	2mths	fob Vostochny	87.50	+0.40
6,000 *kcal*	NAR	2mths	fob Black Sea	73.40	+4.02
6,000 *kcal*	NAR	2mths	fob Taman	74.50	-0.60
Australia					
6,000 *kcal*	NAR	2mths	fob Newcastle	138.21	-2.61
5,500 *kcal*	NAR	2mths	fob Newcastle	90.76	-0.18
5,800 *kcal*	NAR	3mths	fob Newcastle	105.13	-1.27
5,800 *kcal*	NAR	3mths	fob Newcastle (basis NAR 6,080 kcal)	110.21	-1.33
Northeast Asia					
5,500 *kcal*	NAR	2mths	fob Qinhuangdao domestic	120.32	+0.29
5,500 *kcal*	NAR	2mths	cfr south China	105.18	-0.41
3,800 *kcal*	NAR	2mths	ddp Shanghai	80.81	+0.52
3,800 *kcal*	NAR	2mths	cfr Shanghai	71.51	+0.46
5,800 *kcal*	NAR	3mths	cfr South Korea	111.03	-1.27
5,800 *kcal*	NAR	3mths	cfr South Korea (basis NAR 6,080 kcal)	116.39	-1.33
India					
5,500 *kcal*	NAR	2mths	cfr east India	108.70	+0.65
5,000 *kcal*	GAR	2mths	cfr east India	85.91	+1.07
4,200 *kcal*	GAR	2mths	cfr east India	69.81	+0.21
5,000 *kcal*	GAR	2mths	cfr west India	85.56	+0.26
4,200 *kcal*	GAR	2mths	cfr west India	69.57	-0.11
Indonesia					
6,500 *kcal*	GAR	2mths	fob Indonesia	123.11	+1.53
5,800 *kcal*	GAR	2mths	fob Indonesia	93.77	+1.54
5,000 *kcal*	GAR	2mths	fob Indonesia	73.75	+0.49
4,200 *kcal*	GAR	2mths	fob Indonesia	55.75	+0.21
3,400 *kcal*	GAR	2mths	fob Indonesia	35.28	+0.33

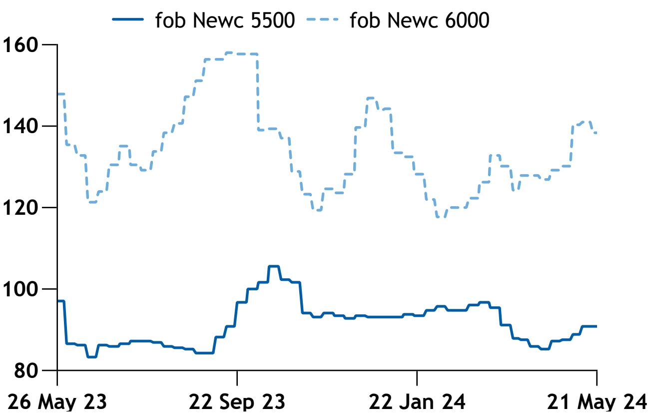
International coal assessments for 17 May 2024					$/t
Energy	Basis	Timing	Port	Price	±
Americas					
6,000 *kcal*	NAR	2mths	fob Puerto Bolivar	82.00	-6.75
6,000 *kcal*	NAR	2mths	fob Hampton Roads	90.27-109.83	-0.59
6,000 *kcal*	NAR	2mths	fob New Orleans	63.00	-4.00

International coal assessments for 17 May 2024					RMB/t
Energy	Basis	Timing	Port	Price	±
China					
5,500 *kcal*	NAR	2mths	fob Qinhuangdao domestic	854.83	+2.45
3,800 *kcal*	NAR	2mths	ddp Shanghai	574.14	+3.97
3,800 *kcal*	NAR	2mths	cfr Shanghai	508.09	+3.51

Argus fob Richards Bay spot coal assessments $/t



Argus fob Newcastle spot coal assessments $/t



COMMENTARY

Forward prices				$/t
Timing	Buy	Sell	Average	±
cif ARA (Rotterdam) API 2				
June	112.95	113.45	113.20	+0.50
July	116.05	116.55	116.30	+1.55
August	116.75	117.25	117.00	+0.30
3Q24	116.70	117.20	116.95	+1.40
4Q24	117.75	118.25	118.00	+1.00
1Q25	118.70	119.20	118.95	+0.95
2Q25	119.00	119.50	119.25	+1.30
3Q25	119.95	120.45	120.20	+0.80
2025	119.40	119.90	119.65	+1.70
2026	121.60	122.10	121.85	+1.25
2027	122.00	122.50	122.25	+0.85
fob Richards Bay South Africa API 4				
June	110.75	111.25	111.00	+0.80
July	112.85	113.35	113.10	+1.05
August	114.00	114.50	114.25	+0.80
3Q24	113.90	114.40	114.15	+1.40
4Q24	114.85	115.35	115.10	+1.10
1Q25	116.40	116.90	116.65	+1.05
2Q25	116.90	117.40	117.15	+1.40
3Q25	118.00	118.50	118.25	+0.85
2025	117.10	117.60	117.35	+1.30
2026	116.15	116.65	116.40	+1.50
2027	114.25	114.75	114.50	+1.50
API 2 premium to API 4				
Prompt	1.95	2.45	2.20	-0.30
South Africa to Europe, implied freight rate				
3Q24	2.75	2.85	2.80	nc
4Q24	2.85	2.95	2.90	-0.10
1Q25	2.25	2.35	2.30	-0.10
2Q25	2.05	2.15	2.10	-0.10
3Q25	1.90	2.00	1.95	-0.05
2025	2.25	2.35	2.30	+0.40
2026	5.40	5.50	5.45	-0.25
2027	7.70	7.80	7.75	-0.65

Forward prices		$/t
Timing	Midpoint	±
fob Newcastle 5,500 API 5		
June	91.95	+0.30
July	93.65	+0.45
3Q24	94.25	+0.55
4Q24	96.20	+0.50
1Q25	97.20	+0.85
2Q25	95.20	+1.00
2025	96.20	+1.10

Paper coal consolidates gains on firm physical market

Atlantic thermal paper coal markets consolidated their gains today, posting modest gains across the curve and tracking a more bullish energy complex and physical coal markets.

European API 2 swaps gained an average of $1.05/t across the curve after rising nearly $4/t yesterday. The market remained in contango, particularly at the front of the curve with the June swap assessed at $113.20/t against the August contract at $117/t.

This structure was evident in the physical market where a 50,000t cif Amsterdam-Rotterdam-Antwerp (ARA) cargo for June was bid at $85/t, with July bid at $107/t. There had been minimal spot interest for July arrival so far this month, and with the prompt month rolling at the end of next week sources expected similarly low values at the front of the curve in the short-term.

Argus' daily NAR 6,000kcal/kg cif ARA assessment rose by $1.44/t today to $104.23/t.

The European energy complex also rose again today with firmer gains posted in TTF gas, German baseload power, and ETS carbon allowances. Argus' TTF gas assessment for the June contract was up by $1.18/MWh at $33.11/MWh.

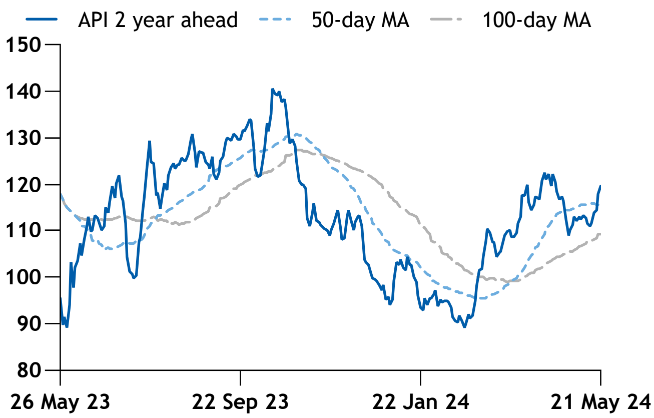
South African API 4 contracts gained by $1.16/t across the curve alongside the API 2, and the physical market was also stronger with tightness stemming from long-standing logistical difficulties.

A 50,000t cargo traded at $112/t fob Richards Bay Coal Terminal, for July-loading. Maintenance on the rial lines serving Richards Bay are expected to bring stockpiles lower in July which could see prices rise higher.

Argus' daily NAR 6,000kcal/kg fob Richards Bay assessment gained by $2.60/t to $111.20/t.

Trades - South Africa (fob Richards Bay)						
Date	Volume	Price	Delivery	EFP	Source	Index
21-May-24	50000	112.00	Jul 2024	Yes	Braemar	Yes

API 2 year-ahead $/t



COMMENTARY

Chinese tenders dominate Indonesian market

Activity in Indonesian low-calorific-value (low-CV) coal was sluggish even as more Chinese utilities were seeking seaborne cargoes.

Chinese utilities were seeking June-August delivery NAR 3,200-5,500 kcal/kg cargoes to meet an expected uptick in coal-fired power generation during the summer season. But utilities were reluctant to raise bids because of high inventories and sluggish coal burn resulting from persistent rains in south and southeast part of China.

Chinese utility SDIC possibly awarded three July-delivery Panamax cargoes of Indonesian NAR 3,800 kcal/kg (GAR 4,200 kcal/kg) coal at delivered prices with an estimated netback of $57.50-$58/t fob Kalimantan.

Fellow utility Huaneng received cfr offers for a June-delivery Supramax cargo of NAR 3,800 kcal/kg coal at a price with an estimated netback of $53.75/t fob Kalimantan, while a July-delivery Supramax cargo of this coal was at a netback of $55/t. The utility also received June-July loading Panamax offers of this low-CV coal at an estimated netback of $58.50-59.75/t fob Kalimantan.

The Indonesian seaborne coal market was well supplied but conversions were limited because of a wide spread between bids and offers. In the low-CV Indonesian coal market, a trader received bids at $58/t fob Kalimantan for a June-loading Panamax cargo of GAR 4,200 kcal/kg coal. A June-loading Panamax cargo of GAR 4,200 kcal/kg coal was offered at $58/t fob Kalimantan to a trader, while another June-loading Supramax was offered at $55/t fob Kalimantan.

Argus only assesses the GAR 4,200 kcal/kg market for Supramax cargoes, which was last marked at $55.75/t fob Kalimantan on 17 May.

In ultra-low CV space, a June-loading Supramax cargo of GAR 3,400 kcal/kg coal was bid at $36/t fob Kalimantan. This market was last assessed at $35.28/t fob Kalimantan on 17 May.

In the mid-CV space, Huaneng also received offer for a June-July delivery Panamax cargo of NAR 4,600 kcal/kg (GAR 5,000 kcal/kg) coal at a delivered price netting back to $76/t fob Kalimantan. This market was last assessed at $73.75/t fob Kalimantan on 17 May.

In the high-CV space, a high-sulphur June-loading Supramax of GAR 5,800 kcal/kg coal was bid at $90.50/t fob Kalimantan. Another June-loading Supramax cargo of this coal was bid at a discount of $1/t to the ICI 2 index against an indicative offer at ICI 2 flat. *Argus* only assesses Panamax cargoes for GAR 5,800 kcal/kg coal with maximum 1pc sulphur, which was last marked at $93.77/t fob Kalimantan on 17 May.

Offers for Chinese domestic NAR 5,500 kcal/kg coal edged higher to 865-875 yuan/t ($119.54-120.92/t) fob north China ports on 21 May, up from Yn860-870/t on the previous day.

Forward prices $/t

Timing	Midpoint	±
fob Indo 4,200 GAR, ICI 4		
June	56.25	-0.50
July	57.25	-0.25
3Q24	58.10	+0.35
4Q24	58.25	nc
2025	57.25	nc

China carbon emission allowance (CEA) price

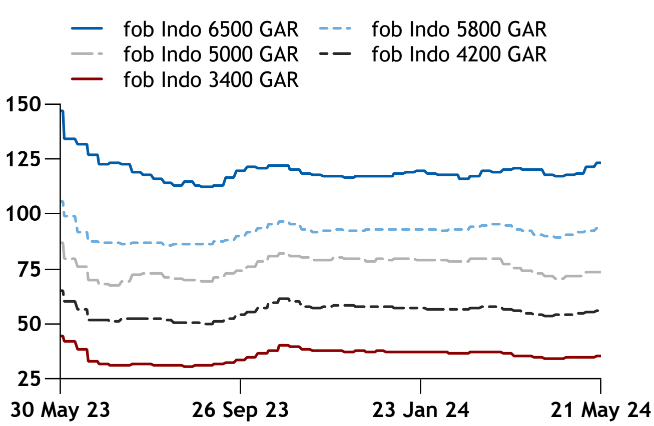
21 May 2024	CNY/t	±	USD/t	±
CEA Closing Price	97.72	+0.40	13.75	+0.05
Open Trade Volumes, t	256700.00	-16959.00		

Data source: Shanghai Environment and Energy Exchange

In the Australian high-ash NAR 5,500 kcal/kg coal market, a July-loading Capesize cargo was bid at $89.50/t fob Newcastle against an offer at $91.50/t. This market was last assessed at $90.76/t fob Newcastle on 17 May.

In the Australian high-CV space, a 25,000t July-loading cargo of NAR 6,000 kcal/kg coal traded on screen at $139.75/t fob Newcastle on 21 May. The high-CV Australian market with a minimum volume of 50,000t was last assessed by *Argus* at $138.21/t fob Newcastle on 17 May.

fob Indonesian prices $/t



COAL MARKET NEWS

S Africa's Eskom prolongs three coal-fired plants

South African state-owned utility Eskom will continue to run three coal-fired power plants of 4.5GW capacity, previously due for closure, Eskom chief executive Dan Marokane said at a recent industry event.

The announcement is unsurprising given South Africa's high reliance on thermal coal for power generation, and numerous issues at Eskom, which have prevented any alternative capacity being brought on line in an appropriate timeframe.

"We'll place ourselves in a position where we are not made vulnerable by early shutting down of those stations," Marokane said at the Enlit Africa Conference.

Marokane added that Eskom will review which plants should be extended beyond their initial lifeline "on shorter intervals going to 2023".

The plants to be extended are the 1,723MW Hendrina, the 1,180MW Grootvlei, and the 1,561MW Camden plant. As per Eskom's 2024-28 system adequacy outlook, seven plants of a total 6,105MW capacity were due to shut down before 2030.

Eskom has taken several initiatives in recent months aimed at reducing load-shedding and keeping a steady supply of electricity to the grid. However, this announcement is somewhat at-odds with South Africa's wider Just Energy Transition Partnership (JETP) whereby several western countries agreed to provide funding to help South Africa decarbonise.

South Africa produces around 80pc of its electricity from coal, making Eskom one of the largest coal buyers on the planet with an installed capacity of 44.6GW. Eskom's installed capacity of non-coal generation totals 7.6GW.
By Joseph Clarke

Derailment closes S African rail line to Richards Bay

A train has derailed at Vreiheid in northern KwaZulu-Natal disrupting coal traffic bound for the Richards Bay Coal Terminal (RBCT) according to South Africa's Transnet Freight (TFR).

The accident occurred on 18 May in the southern half of the coal line which runs from Ermelo to Richards Bay while the train was shunting at Vreiheid. TFR said it does not have an estimated time for when the repairs will be concluded. Both parts of the coal line were closed initially but market participants suggest there is movement on Line 2 now, with some speed restrictions.

A South African coal producer told *Argus* they have been unable to rail any tonnes since 18 May. "[Transnet] is clearing all the loaded trains at Vreiheid, Ermelo and at the mines. These trains were loaded on Saturday, but still staged at the mines because of the derailment," he said.

Railings to RBCT for 13-19 May were 8.5pc lower on the week at 915,000t, against this year's weekly average of 930,000t. The decline cannot be attributed to the derailment yet.

The coal line closure is likely to affect volumes in the coming weeks, ultimately straining export volumes in July, when the north corridor is due to remain shut because of planned maintenance. Current stocks at RBCT stand at 2mnt, but if exports continue at the same rate for another week, without any receipts from the coal line, the stocks will edge close to the 1mn t mark, not seen in the last four years.
By Ashima Sharma

Colombia's Fenoco coal railings increase in April

Colombian railway operator Fenoco's coal railings increased by 38pc in April to 2.93mn t, in line with higher coal railings from the country's largest coal miner Drummond.

Fenoco's railings were up from 1.81mn t in April last year, the lowest railings recorded in 2023 when Drummond's exports dropped on seaborne demand reduction, according to figures from the government's infrastructure agency ANI.

But railings in April were lower by 110,255t from 3.04mn t in March because the start of the rainy season in late April reduced coal output.

Cumulative coal railings from January-April totalled almost 11.36mn t compared with 9.71mn t a year earlier as miners took advantage of a drier season in January through late April to boost output, anticipating the beginning of the country's first rainy season which usually slows down production.

The beginning of the El Nino phenomenon, which has led to dry conditions since last September, ended in April.

The increase for April aligns with a rise in shipments from Drummond, which has a 40pc stake in Fenoco. The coal producer exported 2.44mn t of steam coal in April, twice as much as the 1.22mn t reported in the same month last year when it was pressured by a drop in global seaborne demand and vessel problems.

Another shareholder of Fenoco is Prodeco, the local unit of Glencore, which controls a 40pc interest. Coal exports through Puerto Nuevo, which is controlled by Glencore, totalled 284,000t in the first quarter, down sharply from the 735,500t in the same period last year, according to the most recent figures from the shipping agency Naves. Colombian Natural Resources sells coal to Glencore that can be shipped through Puerto Nuevo. CNR controls an 8.43pc stake in Fenoco.

Fenoco's coal railings rose to 30.9mn t in 2023 from 30.7mn t in 2022, according to figures from infrastructure agency ANI and Fenoco.
By Diana Delgado

COAL MARKET NEWS

Containership moved from Baltimore bridge crash site

Deep-draft commercial vessels can resume movement in and out of the Port of Baltimore following today's removal of the containership that collided with the Francis Scott Key Bridge in March, according to officials.

The 116,851dwt *Dali* had been pinned under the wreckage of the bridge since 26 March, when it lost power and hit the span, sending it into the water. Earlier this month the sections of bridge still on the ship were removed and on Monday the ship was refloated and relocated.

With the *Dali* relocated all movements by deep-draft vessels that would normally travel to and from the port could resume, according to the federal Unified Command overseeing the response. Remnants of the bridge still need to be removed from the seabed before the commercial channel is restored to its full width.

The bridge collapse blocked traffic in and out of the Port of Baltimore, which is a major coal export and automobile import terminal. Several small, shallower channels had been open to allow some vessel traffic, but not the largest ships that normally make call in Baltimore.

The US Army Corps of Engineers is seeking to have the main channel, with a depth of 15.24m (50 feet), fully reopened by the end of May.
By Gabriel Squitieri

Lower fuel costs lift Indian cement producers' margins

Lower prices of petroleum coke and thermal coal, the two key fuels used in producing cement, helped raise margins at Indian cement producers over January-March compared with a year earlier.

India's largest cement producer Ultratech increased its January-March profit by more than 35pc from a year earlier to a record 22.58bn rupees ($271mn) because of subdued kiln fuel costs. The company's blended coke and coal fuel costs for the quarter fell to $150/t, down by 22.7pc from a year earlier.

Ultratech's overall energy costs for cement during the quarter fell by 21pc from a year earlier to Rs1,025/t, with total power and fuel costs down by nearly 9pc to Rs48.39bn. Fuel typically accounts for about a third of cement production costs.

The Argus cfr India 6.5pc sulphur coke assessment averaged $116.50/t in the quarter ended 31 March, down by nearly 32pc from the year-earlier average of $170.92/t. This price was last assessed at $109.50/t on 15 May. Thermal coal prices were also lower from a year earlier across most origins.

Ultratech sold 35.08mn t of cement during January-March, up by 11pc on a year earlier. Higher cement sales typically boost coke and thermal coal consumption as cement producers use these as fuel in kilns.

Industry participants were able to realise a higher profit despite a lower cement price during January-March, primarily because of a cushion from the reduced fuel costs. Ultratech realised Rs5,170/t of cement for January-March, down by 3.8pc from the year earlier and 6pc lower from October-December.

Fellow producer Shree Cement raised its sales by 8pc from a year earlier to 8.83mn t over January-March. But the firm realised Rs4,721/t of cement during January-March, down by 3pc from a year earlier. Lower fuel costs helped it to boost the latest quarter's profits by 21pc from the previous year to Rs6.62bn. Fuel costs eased by 28pc to Rs1.82/unit. Shree expects fuel prices to remain stable in the coming months.

Cement prices in key markets fell by an average 7.5pc over January-March from the previous quarter, while exit prices in March were lower by 9-10pc compared with average rates for the same period, said cement producer Dalmia Bharat. The price drop during January-March was far more than what the firm had seen in similar period in any previous year.

Cement producers resorted to price cuts to gain more market in the latest quarter with rising production capacity. But cement demand growth is expected to outpace the rate of capacity additions in the coming years. The industry is expected to grow capacity at a compounded growth rate of 7-8pc/yr in the next few years, said Adani, which owns and operates listed cement companies Ambuja Cement and ACC. The group forecasts India's cement demand to grow at 8-9pc/yr over the next five years.

Adani's power and fuel costs fell by 13pc from a year earlier to Rs1,219/t during January-March. A high share of coal from domestic captive mines and opportunities to buy imported coke will further lower its fuel costs, the company said. Ambuja doubled its January-March profit from a year earlier to Rs15.26bn.

Firmer April-June outlook

Lower priced coke cargoes purchased during January-March are expected to help cement producers partly offset the impact of pressured cement realisation for April-June, said a market participant. Cement prices remain weak as demand is affected because of India's 19 April-1 June general elections.

Cement plants typically hold fuel inventories of 60-90 days, including supplies in the pipeline and cargoes on the water. The full benefit of reduced fuel prices comes with a lag of up to three months. This is especially true of coke cargoes coming from the US where the transit time is around 45 days.
By Ajay Modi

COAL MARKET NEWS

CNNC builds Chinese offshore solar power station

China National Nuclear (CNNC) has started building what it described as the country's largest offshore photovoltaic (PV) power station, which will provide "green" energy to Lianyungang city in east China's Jiangsu province.

CNNC started building the 2mn kW (2,000MW) PV demonstration project on 19 May. It expects the project to be connected to the grid for the first time in September and at full capacity in 2025. CNNC foresees its average grid-connected power at 2.234bn kWh/yr over a 25-year period, which will save about 680,000 t/yr of coal and cut carbon dioxide (CO_2) emissions by 1.77mn t/yr. Coal accounts for the largest share in China's power generation mix at around 57pc of overall electricity output, according to the China National Coal Association. China's coal-fired output rose to 6,204TWh in 2023 from 5,830TWh a year earlier, National Bureau of Statistics data show.

The PV project will be integrated with CNNC's Tianwan nuclear power plant to form a large-scale clean energy base with a total installed capacity of over 10mn kW. The project will be built in the nuclear power plant's drainage area, which is used for the discharge of warm water, allowing for the efficient and ecological use of offshore resources.

The Tianwan nuclear power plant plans to build eight units. Its No.7 unit and No.8 unit will start operations in 2026 and 2027 respectively, bringing the plant's total installed capacity to above 9mn kW or more than 70bn kWh/yr, which is equivalent to cutting CO_2 emissions by 57.4mn t/yr.

By Tng Yong Li

FPG seeks July-September thermal coal for Taiwan

Taiwanese conglomerate Formosa Plastics (FPG) is seeking an undisclosed volume of thermal coal to be shipped to Taiwan over July-September through three tenders that close on 27 May.

The first tender is seeking coal with a minimum calorific value of NAR 5,500 kcal/kg or GAR 5,700 kcal/kg to be shipped to Mailiao during 21 July-30 September on Capesize vessels. The coal should have a total moisture content not exceeding 16pc on an as-received basis (ARB). Total sulphur and ash content should be capped at 0.9pc and 19pc respectively, while volatile matter should be in a 24-42pc range, all on an air-dried basis (ADB).

The second tender is seeking coal with a minimum calorific value of NAR 5,650 kcal/kg or GAR 5,900 kcal/kg to be shipped to Taiwan's Taichung, Taipei, Kaohsiung or Suao ports during 1 August-30 September on Handy, Supramax or Panamax vessels. The coal should have total moisture content not exceeding 16pc on an ARB. Total sulphur and ash content should be capped at 0.8pc and 15pc respectively, while volatile matter should be in a 26-42pc range, all on an ADB.

The third tender is seeking coal with a minimum calorific value of NAR 5,200 kcal/kg or GAR 5,500 kcal/kg to be shipped to Taiwan's Taichung, Taipei, Kaohsiung or Suao ports during 1 August-30 September on Handy, Supramax or Panamax vessels. The coal should have total moisture content not exceeding 20pc on an ARB. Total sulphur and ash content should be capped at 1pc and 17pc respectively, while volatile matter should be in a 26-42pc range, all on an ADB.

Bids submitted on a cfr, dap, and fob basis with both index-linked and fixed prices quoted will be considered for the first and second tenders, while the third tender will consider bids on a cfr or dap basis. Freight rates should be provided if the bids are on a cfr or dap basis in the first tender.

All bids are to be submitted by 11:59pm Taiwan time (3:59pm GMT) on 27 May through FPG's online platform for coal offers.

By Siew Kuan Yong

South Korea's EWP issues three term tenders

South Korean state-controlled utility Korea East-West Power (EWP) is seeking 2.88mn t of imported thermal coal to 2026 in three term tenders closing on 28 May.

The first and second tenders seek thermal coal with a minimum guaranteed calorific value (CV) of NAR 5,600 kcal/kg. For each tender's first contractual year, shipment is 150,000t and then 500,000 t/yr will be delivered during their respective final two years until July 2026, all on Capesize vessels.

The coal should have total moisture capped at 28pc on an as-received basis (ARB), maximum ash of 18pc on an air-dried basis (ADB), sulphur content not exceeding 0.8pc on an ARB and volatile matter of 22-38pc on an ADB.

The first 150,000t shipment in the two high-CV tenders should arrive at EWP's 6GW Dangjin coal-fired plant by August. For the first tender, the utility will accept fixed price offers of Australian, South African or North American

COAL MARKET NEWS

coal on either a fob trimmed or cfr basis, but only on a cfr basis for Colombian coal. Only fixed priced fob trimmed offers can be made for the second high-CV tender.

The third tender seeks thermal coal with a guaranteed CV of NAR 4,300-4,999 kcal/kg loading in the first half of July for the first contractual year and 250,000 t/yr in the following two years, all on Panamax vessels. Sellers should offer 80,000-160,000t of coal at a fixed price on a fob trimmed basis for the first shipment.

The coal should have total moisture not exceeding 40pc on an ARB, ash content capped at 10pc on an ADB, maximum sulphur of 0.6pc on an ARB and volatile matter of 22-45pc on an ADB.

Russian coal is not allowed in any of the tenders and Indonesian coal is excluded from the high-CV tenders. Coal sourced from multiple origins is not permitted.

Bidders must have a record of successfully supplying more than 300,000t over the past three years to any power generators or steel producers in South Korea, Japan, Taiwan, the EU, Canada or the US.

Bids must be submitted no later than 10:00 Korea standard time (01:00 GMT) on 28 May.

By Ronald Kim

FREIGHT SNAPSHOT (FULL VIEW IN ARGUS DRY FREIGHT)

Dry bulk freight rates

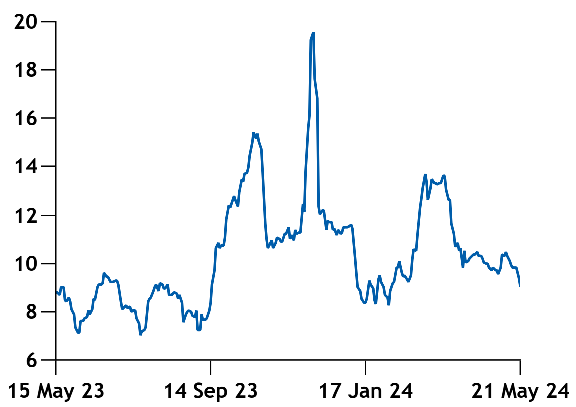
Route	Size '000t	$/t	±
Murmansk-Rotterdam	75	na	na
Richards Bay-Krishnapatnam	150	16.30	-0.05
Puerto Bolivar-Rotterdam	160	12.50	nc
EC Australia-Japan	75	16.60	+0.20
Newcastle-Zhoushan	130	16.05	-0.25
Indonesia-S China	75	9.65	+0.05

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.

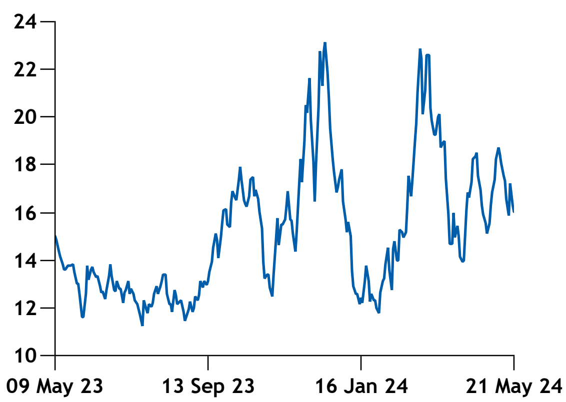
Asia-Pacific freight analysis

Route	Basis	Energy kcal/kg	Size '000t	Coal $/t fob	Coal $/t landed	±
EC Australia-Japan	NAR	6,000	75	138.21	154.81	+0.20
EC Australia-S Korea	NAR	6,000	75	138.21	153.86	+0.15
EC Australia-S China	NAR	5,500	75	90.76	106.91	+0.20
EC Australia-EC India	NAR	5,500	75	90.76	109.16	+0.20
Indonesia-Japan	GAR	6,500	75	123.11	134.81	+0.10
Indonesia-Japan	GAR	5,800	75	93.77	105.47	+0.10
Indonesia-S Korea	GAR	5,800	75	93.77	104.07	+0.05
Indonesia-S Korea	GAR	5,000	75	73.75	84.05	+0.05
Indonesia-S China	GAR	5,800	75	93.77	103.42	+0.05
Indonesia-S China	GAR	5,000	75	73.75	83.40	+0.05
Indonesia-S China	GAR	4,200	75	55.75	65.40	+0.05
Indonesia-EC India	GAR	4,200	75	55.75	67.80	nc
Indonesia-EC India	GAR	3,400	75	35.28	47.33	nc

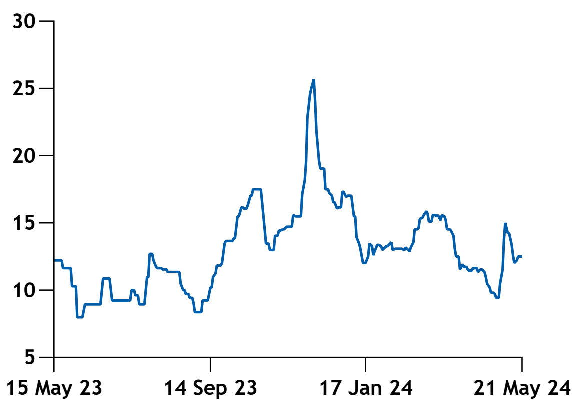
Richards Bay-Rotterdam, Capesize $/t



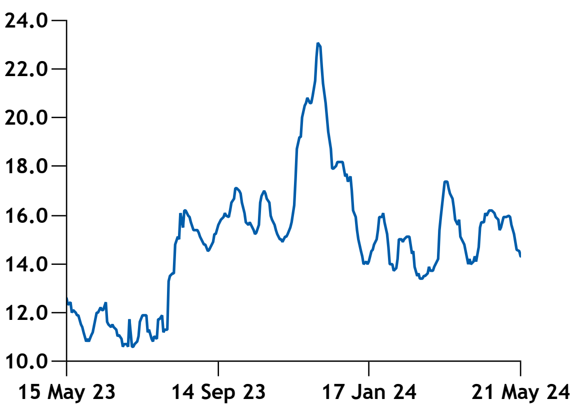
Australia to south China, Capesize $/t



Puerto Bolivar to Rotterdam, Capesize $/t



Puerto Bolivar to Rotterdam, Panamax $/t



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.

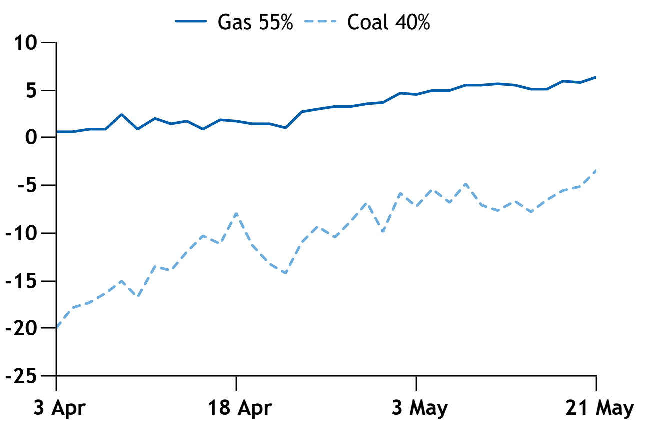
UK ETS and CSP adjusted spark and dark spreads *£/MWh*

	NBP 55%		ARA Coal 40%	
Contract	base load	peak load	base load	peak load
Working day ahead	7.362	10.212	-2.134	0.716
June	2.896	6.396	-6.958	-3.458
July	5.086	9.086	-4.803	-0.803
August	1.708	5.458	-11.174	-7.424
September	5.646	12.696	-	-
October	5.942	18.892	-	-
November	6.528	19.778	-	-
3Q24	4.147	9.097	-7.878	-2.928
4Q24	6.298	19.148	3.012	15.862
1Q25	7.280	20.380	7.237	20.337
2Q25	1.956	7.106	-4.823	0.327
Winter 2024	6.814	19.814	5.148	18.148
Summer 2025	1.773	7.023	-	-
Winter 2025	4.431	17.781	-	-
Summer 2026	-0.376	4.474	-	-
2025	4.155	13.395	-0.692	8.548

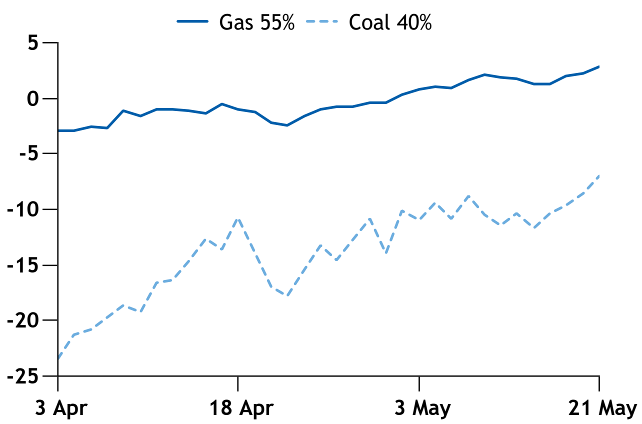
UK unadjusted spark spreads *£/MWh*

	NBP 49.13%	
Contract	base load	peak load
Working day ahead	21.550	24.400
June	17.518	21.018
July	19.713	23.713
August	16.231	19.981
September	19.862	26.912
October	19.925	32.875
November	19.732	32.982
3Q24	18.602	23.552
4Q24	19.875	32.725
1Q25	20.837	33.937
2Q25	16.310	21.460
3Q25	16.103	21.453
Winter 2024	20.381	33.381
Summer 2025	16.207	21.457
Winter 2025	18.751	32.101
Summer 2026	16.106	20.956
2025	18.315	27.555

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



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



Announcement

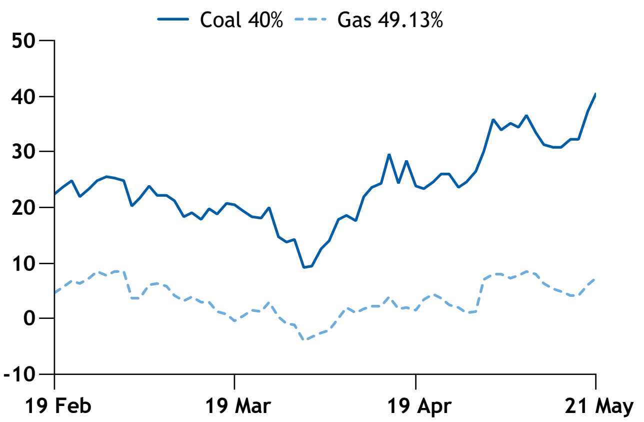
To allow for the continued publication of UK power plant generating margins from 1 January 2021, Argus will calculate UK emissions-adjusted dark and spark spreads using EU ETS prices as the cost of carbon until the prices of UK allowances diverge.

SPARK SPREADS

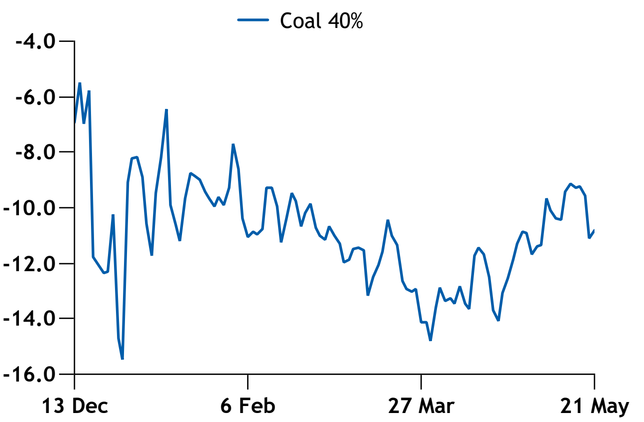
German ETS adjusted spark and dark spreads				€/MWh
	Germany VTP 55%		ARA Coal 40%	
Contract	base load	peak load	base load	peak load
Working day ahead	-2.023	-9.073	-12.250	-19.300
June	-13.502	-21.702	-24.606	-32.806
July	-9.184	-13.684	-19.765	-24.265
August	-6.511	-9.411	-20.946	-23.846
September	1.098	1.148	-	-
October	-1.230	9.120	-	-
November	7.411	34.761	-	-
3Q24	-4.852	-7.352	-18.651	-21.151
4Q24	3.886	23.936	-2.845	17.205
1Q25	8.065	25.315	3.683	20.933
2Q25	-10.363	-9.263	-19.253	-18.153
3Q25	-2.585	1.565	-12.270	-8.120
4Q25	4.610	22.060	-	-
2025	-0.071	9.929	-7.474	2.526
2026	-5.045	4.655	-24.534	-14.834
2027	-9.265	0.835	-36.674	-26.574

German unadjusted dark spreads		€/MWh
	ARA Coal 40%	
Contract	base load	peak load
Working day ahead	51.108	44.058
June	40.329	32.129
July	45.170	40.670
August	43.989	41.089
3Q24	46.284	43.784
4Q24	62.959	83.009
1Q25	71.227	88.477
2Q25	48.291	49.391
3Q25	55.274	59.424
2025	60.278	70.278
2026	45.712	55.412
2027	35.823	45.923

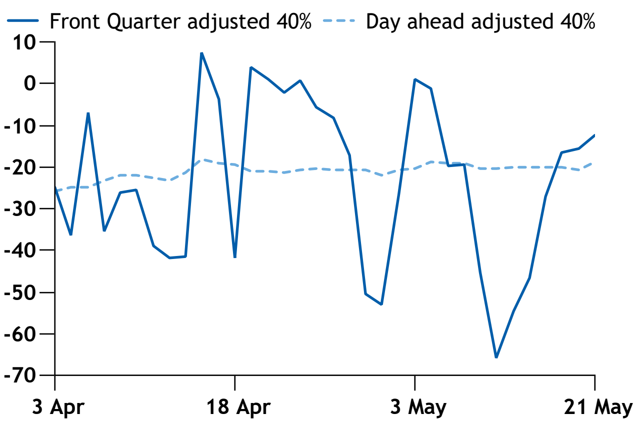
German month-ahead base-load sparks　　€/MWh



German year-ahead adjusted dark spread　　€/MWh



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

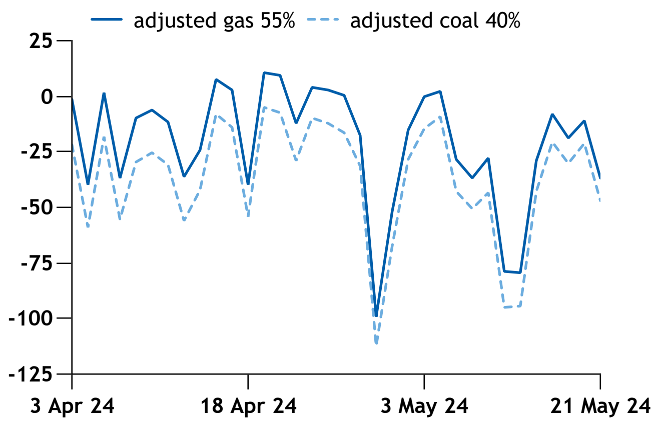


SPARK SPREADS

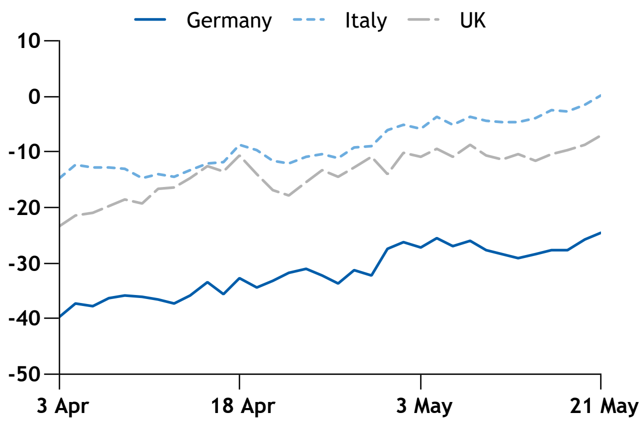
Dutch ETS adjusted spark and dark spreads				€/MWh
	TTF 55%		ARA Coal 40%	
Contract	base load	peak load	base load	peak load
Working day ahead	-10.773	-36.723	-21.000	-46.950
June	-18.666	-29.166	-29.806	-40.306
July	-15.589	-23.889	-26.215	-34.515
August	-12.043	-19.793	-26.496	-34.246
3Q24	-10.048	-16.798	-23.901	-30.651
4Q24	1.914	17.614	-5.545	10.155
1Q25	2.465	19.215	-2.517	14.233
2Q25	-16.135	-11.985	-26.453	-22.303
2025	-4.821	3.029	-13.524	-5.674
2026	-6.454	1.696	-27.534	-19.384
2027	-8.624	-1.874	-37.624	-30.874

Italian ETS adjusted spark and dark spreads						€/MWh
	PSV 55%		ARA Coal 40%		ARA Coal 40% (incl. fuel tax)	
Contract	base load	peak load	base load	peak load	base load	peak load
Day ahead	4.249	1.149	-2.750	-5.850	-6.978	-10.078
June	9.598	12.998	0.094	3.494	-4.133	-0.733
July	17.157	18.057	9.485	10.385	5.258	6.158
August	16.575	11.875	2.804	-1.896	-1.424	-6.124
3Q24	15.839	18.339	4.349	6.849	0.122	2.622
4Q24	20.436	31.736	14.205	25.505	9.978	21.278
1Q25	20.733	31.233	17.433	27.933	13.206	23.706
2Q25	5.392	11.792	-2.153	4.247	-6.381	0.019
2025	12.456	19.006	6.026	12.576	1.799	8.349
2026	6.728	12.378	-12.034	-6.384	-16.262	-10.612

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



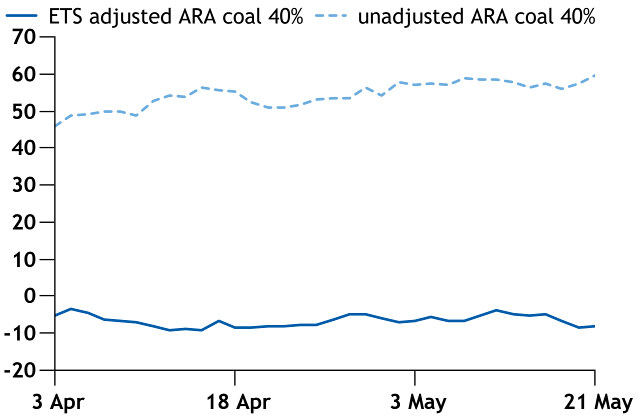
European front-month base-load dark €/MWh



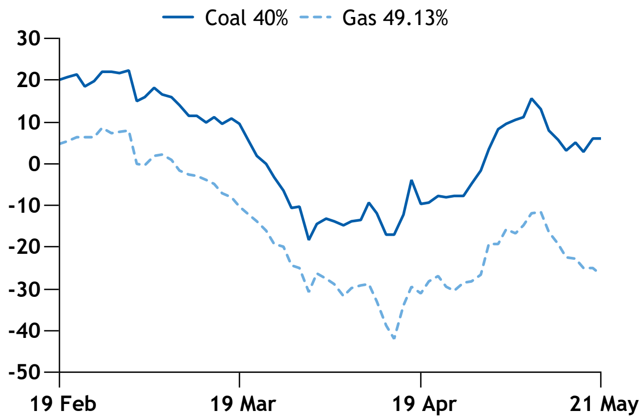
SPARK SPREADS

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	-70.750	-79.600	-61.069	-69.919
June	-58.806	-54.556	-47.348	-43.098
July	-42.865	-35.515	-31.948	-24.598
August	-44.996	-38.496	-30.289	-23.789
3Q24	-39.701	-31.401	-25.530	-17.230
4Q24	-5.445	14.405	3.377	23.227
1Q25	6.133	24.483	12.478	30.828
2Q25	-42.403	-36.653	-	-
2025	-21.074	-8.074	-11.371	1.629
2026	-46.534	-31.034	-	-
2027	-53.324	-33.874	-	-

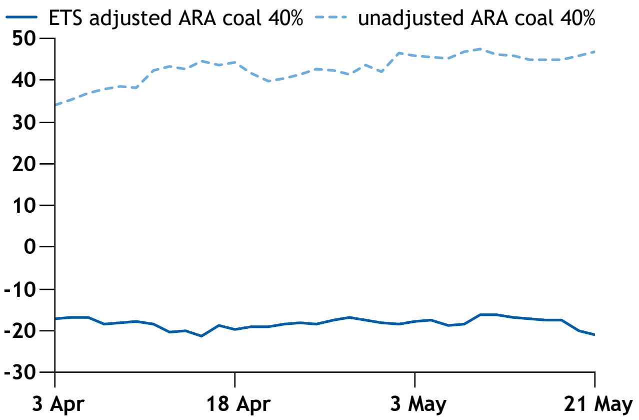
French calendar-year peak-load dark €/MWh



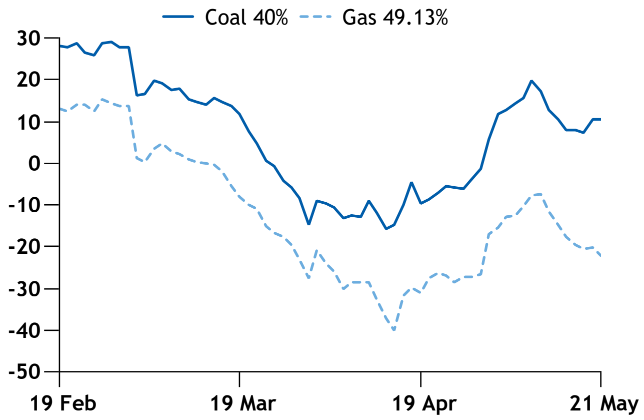
French front-month base-load spreads €/MWh



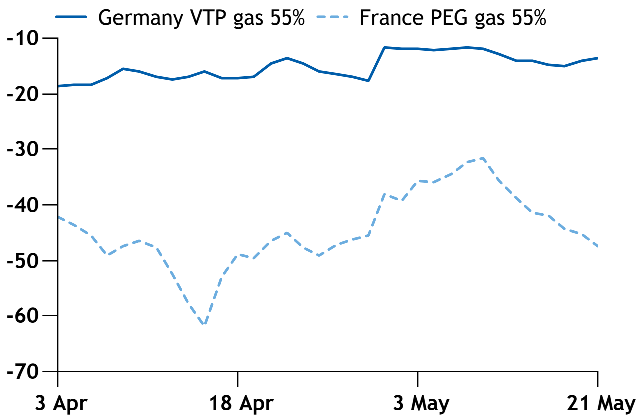
French calendar-year base-load dark €/MWh



French front-month peak-load spreads €/MWh



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



ANNOUNCEMENTS

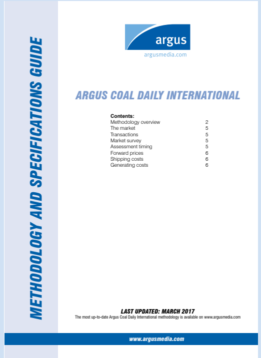
Argus successfully completes annual Iosco assurance review

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 methodogies 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
Alternatively, to be added to the email distribution list for all announcements, please email: datahelp@argusmedia.com

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