

Argus Seaborne Coal Outlook

Incorporating Argus Seaborne Thermal Coal Outlook



Near-term outlook

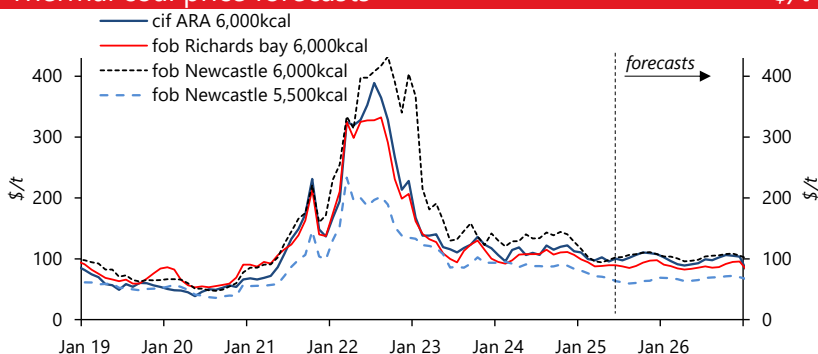
High-grade steam coal prices have diverged from low and mid-CV markers, a trend we expect to continue in the next three months. Metcoal price sentiment has turned negative again after a price bump in May.

12-month outlook

We expect seasonal price peaks to be lower than in 2024 and for most coal prices to shed value into 2026.

Thermal coal price forecasts

\$/t



Metallurgical coal price forecasts

\$/t



Contents

Forecasts	
Price forecasts	2
Three point summary	
Thermal coal	3
Metallurgical coal	4
Forecast review	5
Swaps & Spreads	14
Demand and supply	
Thermal coal	16
Metallurgical coal	20
Fundamentals	
Thermal coal	
Exports	24
Regional fundamentals	
China	25
India	26
Europe	27
Northeast Asia	28
South & SE Asia	29
Metallurgical coal	
Exports	30
Regional fundamentals	
China	31
India	32
Other	33
Macro	34

Coal

illuminating the markets®

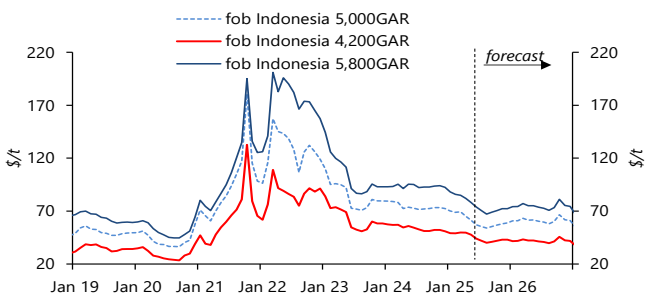


Available on the [Argus Publications App](#)

Price forecasts																\$/t
	Apr	May	±	Jun	Jul	Aug	4Q24	1Q25	2Q25	3Q 25	4Q 25	2022	2023	2024	2025	2026
Thermal coal																
6,000kcal																
cif ARA	102.4	95.6	-7%	100.3	97.5	101.8	117.9	102.4	99.4	101.9	109.2	289.9	129.0	112.3	103.2	98.0
fob Newcastle	94.2	98.2	4%	102.2	103.0	106.5	137.5	105.0	98.2	105.7	109.5	360.1	173.7	134.2	104.6	103.0
fob Richards Bay	88.4	89.3	1%	89.4	87.5	85.0	109.3	93.7	89.0	86.9	96.2	270.8	120.6	105.3	91.5	88.0
fob Puerto Bolivar	85.8	84.0	-2%	85.3	82.5	86.8	96.3	87.5	85.0	86.9	94.2	278.8	113.9	91.9	88.4	85.0
5,500kcal																
fob Newcastle	70.6	68.2	-3%	63.7	61.4	59.6	87.5	76.0	67.5	60.4	65.5	176.1	103.4	89.2	67.3	68.0
fob Richards Bay	74.8	74.0	-1%	73.0	71.4	69.3	88.6	77.7	73.9	70.9	79.0	205.4	100.7	89.2	75.4	72.6
cif India	86.3	85.4	-1%	81.5	79.4	79.3	102.5	91.0	84.4	80.9	91.0	203.7	116.1	104.0	86.9	87.6
cfr South China	82.3	79.6	-3%	75.0	73.0	71.0	100.7	87.8	78.9	72.0	78.0	168.5	116.1	103.1	79.2	79.9
fob Indonesia																
5,800 GAR	82.0	78.3	-5%	73.9	70.6	67.2	93.4	86.3	78.0	68.9	71.7	171.2	104.4	93.5	76.2	74.8
5,000 GAR	65.1	61.4	-6%	57.2	55.4	54.0	73.0	69.4	61.2	54.9	57.9	127.8	84.8	74.2	60.9	58.8
4,200 GAR	49.6	47.8	-4%	44.0	42.0	40.0	51.8	49.3	47.1	41.0	42.7	85.9	63.2	53.9	45.0	42.0
Metallurgical coal																
fob Australia																
premium low-vol	181.5	191.1	5%	177.0	170.0	165.0	202.6	185.2	183.2	168.6	178.6	365.6	295.9	240.9	178.9	185.0
mid-vol	143.8	147.9	3%	141.6	136.0	132.0	165.1	147.3	144.4	134.8	145.2	330.1	257.0	204.5	143.0	158.0
PCI spot	138.5	140.0	1%	132.8	127.5	123.8	160.5	143.3	137.1	124.7	125.0	322.5	227.6	167.7	132.5	129.5
Semi-soft contract	155.0	155.0	0%	155.0	155.0	155.0	170.0	170.0	155.0	155.0	165.0	277.5	216.0	187.5	161.3	162.5
fob USEC																
high-vol A	173.8	175.0	1%	173.5	173.4	168.3	185.2	181.1	174.1	170.8	178.6	347.9	249.2	208.1	176.1	173.7
high-vol B	161.3	162.5	1%	159.6	159.5	159.9	175.3	169.4	161.1	157.7	160.7	329.9	230.4	190.3	162.2	158.3
cfr China																
premium low-vol	170.9	168.0	-2%	159.3	156.4	151.8	211.4	178.6	166.1	158.5	178.6	370.9	282.8	248.4	170.4	185.0

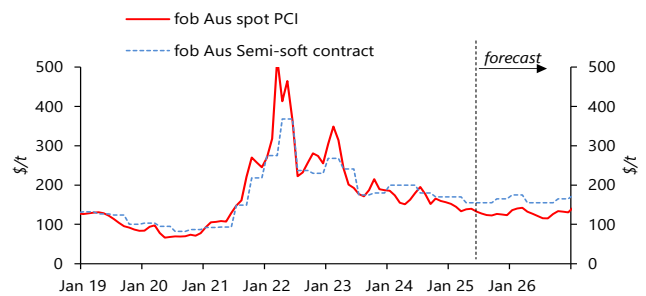
Fob Indonesia price forecasts

\$/t



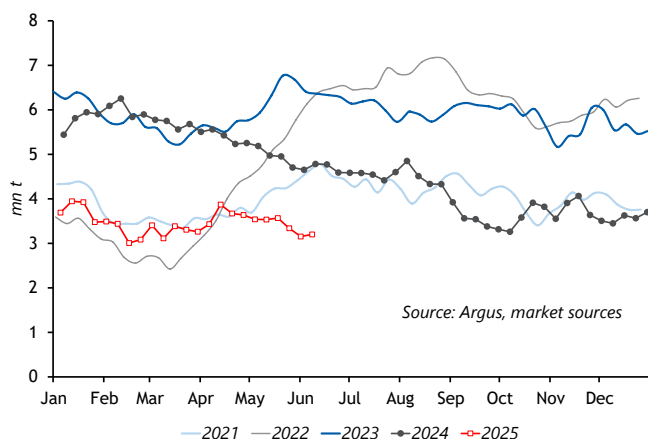
Metallurgical coal price forecasts

\$/t



Thermal coal – Key drivers of price forecasts

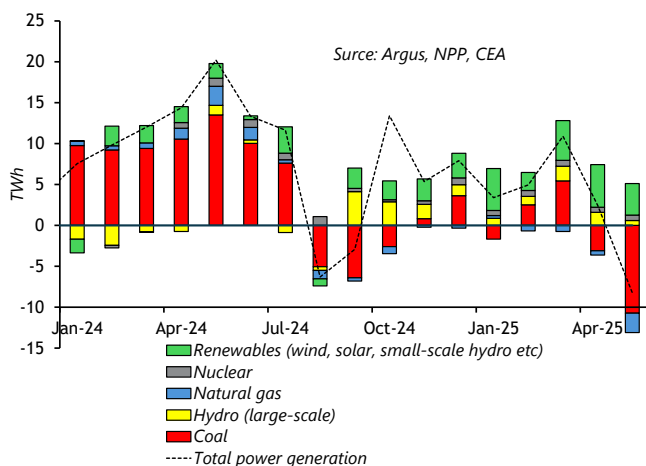
ARA port coal stocks



SCoTA scarcity underpins API 2 volatility

Despite record low coal burn in the EU, we expect API 2 prices to remain volatile at low levels. This is because of a draw-down in ARA port stocks and relatively scarce supply of SCoTA-compliant material, which underpins the price index. We estimate annual supply of SCoTA-specification coal in the Atlantic basin at around 25mn t, a significant shift from pre-2022, when buyers in ARA could call on an additional 15-20mn t/yr of nearby SCoTA-compliant material from Russia's western ports. So in a market where a chunk of this supply is already committed, even a relatively modest increase in ARA demand, or disruption to supply, can have an outsized impact on the SCoTA-specification balance and API 2 prices.

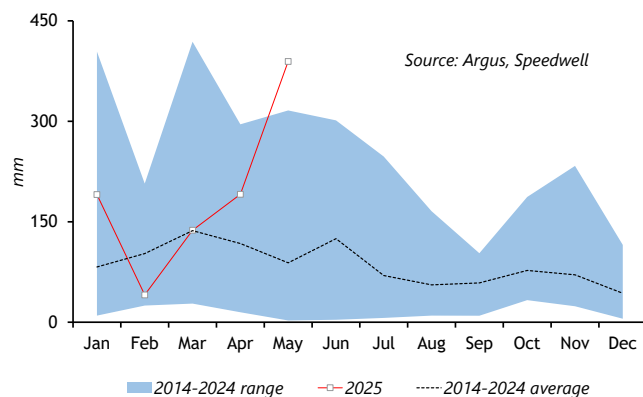
YoY change in India power generation



Early Monsoon dents India demand outlook

The Monsoon made landfall in India's Kerala on 24 May, eight days ahead of normal. This cut India's electricity demand and coal-fired generation in May, and drove a 5pc on-year rise in large-scale hydro generation. According to the India Meteorological Department's 27 May long-range Monsoon forecast, rainfall as a whole in June-September is likely to be 106pc of the long period average. This should continue to cap overall electricity demand and thermal generation and sustain hydro output in the coming months, further denting post-Monsoon coal restocking requirements. We have lowered our 2025 seaborne import projection for India by 2mn t this month to 158mn t, versus 165mn t in 2024.

Monthly rainfall at Newcastle, Australia

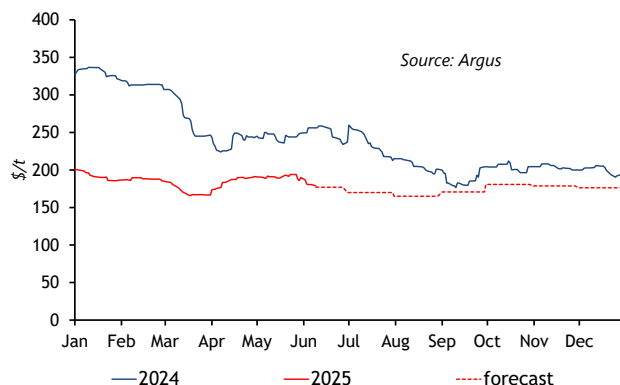


Heavy rains cut Australian exports

Australian exports fell 20pc on the year in May, crushed by wet weather disruption. We think suppliers will be able to catch up most of these lost shipments in the months ahead but we have nevertheless lowered our 2025 export projection for Australia by 2.5mn t to 196mn t. This export cut, as well as looming maintenance on the rail corridor into South Africa's RBCT, tightens the 2Q/3Q balance for high-grade coal in the Asia-Pacific. Accordingly, we have revised higher most of our fob Newcastle NAR 6,000 kcal/kg price forecasts for this period. But we see limited upside from current spot prices over the next three months given relatively modest demand from price-making buyers in northeast Asia and Europe, and downward pressure from the low/mid-CV pricing space.

Metallurgical coal – Key drivers of price forecasts

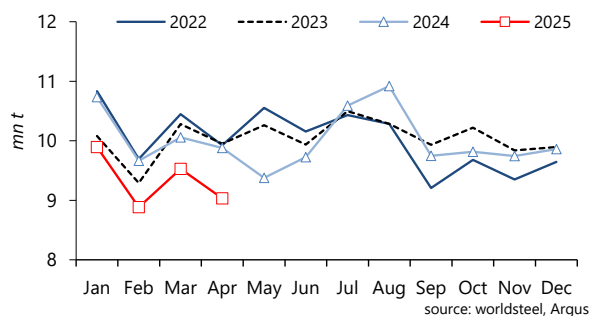
Australia PLV fob prices



Aus PLV spot price bounce dissipates

With the early arrival of the Monsoon likely to continue to weigh on Indian demand, and soft Chinese domestic prices curbing seaborne import appetite, we struggle to see where the impetus for a renewed upwards price push will come from in the next three months. Particularly as some Australian mines that faced outages in late 1Q/early 2Q should return to the market during this period, as should Core Natural Resources' Leer South asset in the US. This is informing the bearish view in our Australian PLV price forecasts for 3Q.

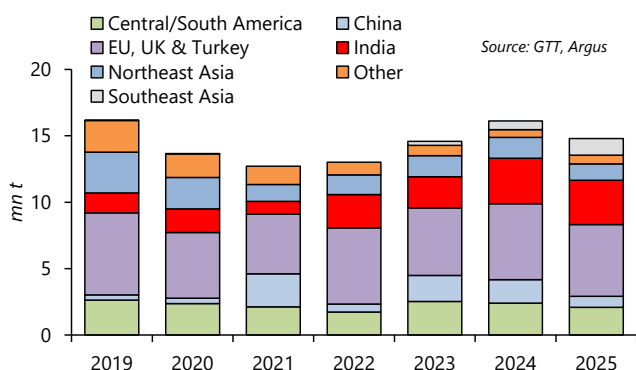
Japan, Korea, Taiwan iron production



JKT demand slowdown intensifies

We have lowered our aggregate 2025 import projection for Japan, South Korea and Taiwan by 2mn t this month to 80mn t, versus 89mn t in 2024. Shrinking demand from the steel-making sector is limiting imports into Japan. Japan's crude steel production in April fell by 6.4pc on the year to 6.6mn t, according to the Japan Iron and Steel Federation, with the downtrend in output expected to continue, as sluggish global steel demand is weighing on Japan's steel products exports. Japanese steel producers are concerned about a possible reduction in the country's auto exports to the US because the tariff pressure could result in lower domestic car output in the US and weigh on steel demand as a result. But Japan's passenger vehicle exports to the US increased by 12pc in April from a year earlier to 124,428 units despite the tariff.

US Jan-Apr metcoal exports



US producer restraint deepens supply cuts

US producer Core has announced its intention to idle its It-man asset, which we are assuming will not return to service during the period of our 18-month ahead forecast horizon. Producer restraint is also observed across other suppliers. Ramaco Resources, which produces high-volatile A and high-volatile B grades at Elk Creek and low and mid-volatile grades at its Berwind and Knock Creek assets, said in its recent set of results that it was "not going to force tonnes into the current oversold and underpriced spot market just for the sake of producing more coal." Fellow US producer Alpha has also cut back its supply expectations. We have lowered our US supply projection for 2025 to 42mn t, down by 9.6mn t versus 2024.

Forecast review – thermal coal

High-grade coal prices have diverged from low and mid-CV markers, a trend we expect to continue in the months ahead. Supply disruption in Australia is supporting the NAR 6,000 kcal/kg complex but low-CV prices remain at the mercy of flagging China and India demand. We continue to anticipate a modest seasonal recovery in high-grade prices into 3Q/4Q '25, enabled by supply cuts in Colombia and elsewhere. But we expect further downside in ICI 4 and API 5 prices, and remain bearish across all grades of coal in the longer term as suppliers chase cost efficiencies and absorb lower oil and gas prices.

Thermal coal

- **High grade price forecasts raised on tighter 2Q/3Q balance**
- **Mid/low-CV price outlook bearish on Asia slowdown**
- **India demand/Indo supply projections cut**

Key changes to price forecasts

Mid and low grade coal prices have lost value over the past month in line with our forecasts, pressured by weak sea-borne demand from China and India. We remain bearish on coal grades of NAR 5,500 kcal/kg or lower over the next three months, because of soft China and India fundamentals and comfortable stockpiles across most markets. We have lowered most of the Indonesian price forecasts across our 18-month time horizon based on this negative outlook for the low-CV market and a greater conviction that Indonesian suppliers will be able to lower unit costs.

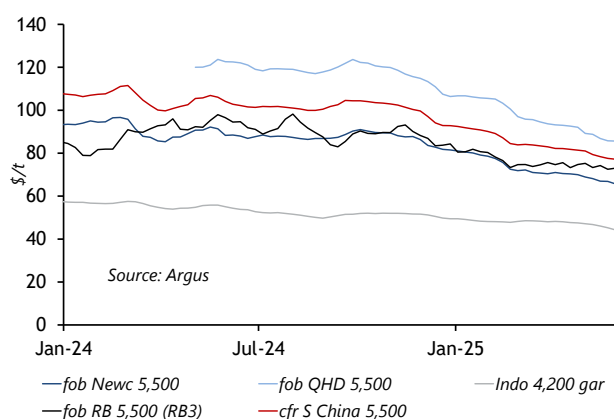
But high grade 6,000 kcal/kg NAR prices have risen in the past month, contrary to our expectations, with daily fob Newcastle and cif ARA spot prices now back above \$100/t.

We see several reasons for the rally in high-grade prices. These include 1) Weather-related disruption to coal exports from Australia, 2) A draw down in stockpiles at the ARA hub, 3) A stronger Rand versus USD exchange rate, plus a longer-than-usual scheduling of the annual shutdown on the rail corridor into RBCT, set for late July, 4) Pre-summer restocking demand (albeit modest) from Japan, South Korea and Taiwan, particularly given South Korea's seasonal curbs on coal-fired generation have now ended, 5) Perceived tightness in Colombian exports following Drummond and Glencore-signalled supply cuts and a large volume sale of Cerrejon coal into Mexico, 6) Expectations of strong domestic coal demand in the US, which may pull some SCoTA-specification tonnes from the export market.

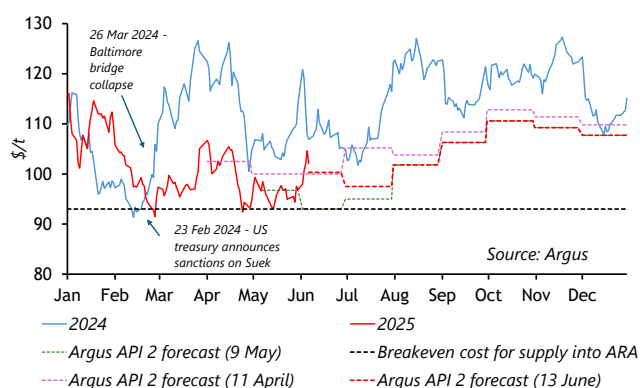
The cut to exports from Australia, as well as looming maintenance on the rail corridor into South Africa's Richards Bay terminal, tightens the balance for high-grade coal in the Asia-Pacific in the near term. This has led us to revise higher most of our fob Newcastle NAR 6,000 kcal/kg price forecasts for the next few months. But we see limited upside from current spot prices over the next three months given relatively modest demand from price-making buyers in northeast Asia and Europe, and given anticipated downward pressure from the low/mid-CV pricing space.

API 2 spot prices continue to trade in a tight range. Since early February, daily price assessments have fluctuated between \$91.50/t to \$106.70/t. We think the low \$90s/t cif ARA should continue to form a functional floor for prices in the months ahead, as this reflects the production cost of RB1 material

Low/mid-CV coal prices



API 2 prices/forecasts



Forecast review – thermal coal

landed in ARA (fob Richards Bay cash costs plus RBCT-to-Rotterdam spot freight). Judging the upper threshold for prices is more difficult. API 2 prices have frequently bounced off the \$105/t level during early 2025 but \$125/t provided the ceiling in 2024. We think the global coal supply-demand balance appears looser this year versus last, and given the downward price pressure we anticipate from the mid and low-CV markets, we continue to expect seasonal API 2 price peaks during 2H 2025 to be lower than in 2H 2024. But given relatively scarce SCoTA compliant material, a dynamic we explore later in this forecast review, this should mean that API 2 prices remain volatile at these lower levels.

Key changes to supply/demand projections

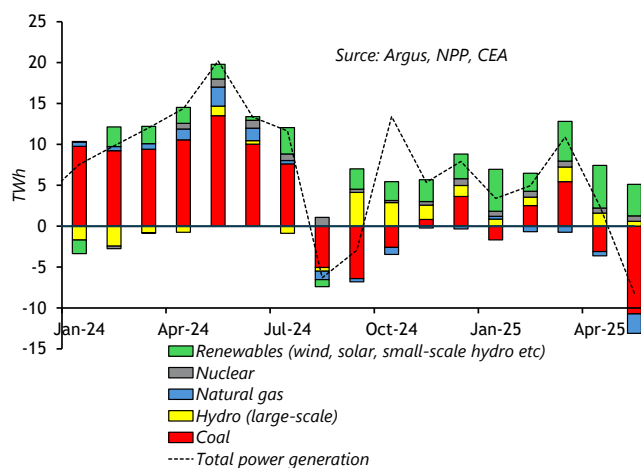
Supply response may not halt China price slide

Fundamentals in China remain soft, with stockpiles at mines, ports and power plants still elevated, thermal power generation modest and many industrial indicators flagging. Domestic coal prices have tumbled further, driving some small, privately-owned mines to curtail production. Looking into 2026 and 2027, we anticipate that growth in domestic state-owned coal production and overland imports from Mongolia and Russia, as well as the rapid deployment of non-thermal power generation sources, will drive China's seaborne coal imports lower. But we think that seaborne imports will remain at a baseline above 200mn t/year because of the price competitiveness of imported versus domestic coal and quality considerations. Our import projections for 2025, 2026 and 2027 are mostly flat this month at 280mn t, 265mn t and 252mn t, respectively. For an in-depth look at our outlook for the Chinese market, please read this month's *in focus* article on page 20. Separately, the International Energy Agency released its World Energy Investment report this month, in which it predicts that investment in global coal production is set to rise by 4pc on the year in 2025 to an all-time high, driven by China and India. This is indicative of the trend towards prioritising domestic production over imports that we are envisaging over the period of our 18-month forecasts horizon.

Early Monsoon dents India demand outlook

The big story in India is the early arrival of the Southwest Monsoon, which made landfall in Kerala on 24 May, eight days ahead of normal. This dented India's electricity demand by around 5pc on the year in May, provisional data suggest,

YoY change in India electricity generation

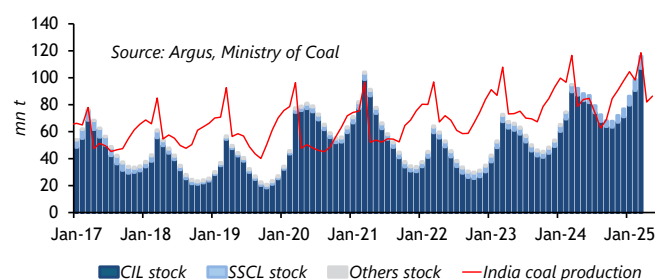


and drove a 5pc on-year rise in large-scale hydro generation. Coal-fired generation slipped by 9pc on the year in May, further squeezed by rising nuclear and renewables output.

According to the India Meteorological Department's 27 May long-range Monsoon forecast, rainfall as a whole in June-September is likely to be 106pc of the long period average. This should continue to cap overall electricity demand and thermal generation and sustain hydro output in the coming months, further denting post-Monsoon coal restocking requirements. Inventories at Indian power plants remain elevated, while coal stocks at mines hit a record high in absolute volume terms of 116mn t in March, the latest month for which data is available (see chart).

India's industrial demand is also lukewarm, with some sponge iron producers switching to cheaper local coal over the preferred South African product because weak domestic sponge iron prices are cutting into profit margins. A lack of big

India coal mine stocks vs production



Forecast review – thermal coal

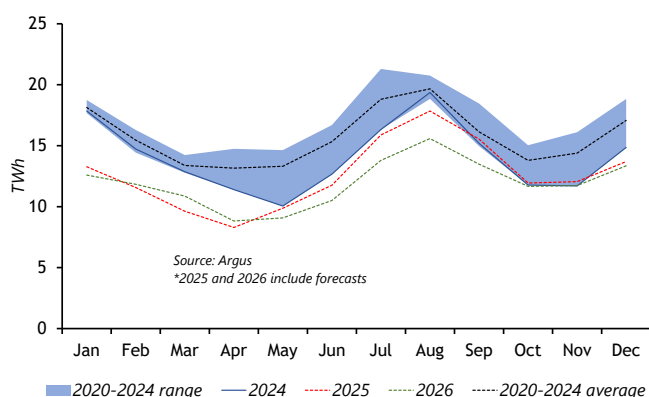
infrastructure projects in India and the early start to the Monsoon season, which is typically associated with a slowdown in construction activity, are further headwinds to the import outlook. We have lowered our 2025 seaborne import projection for India by 2mn t this month to 158mn t, versus 165mn t in 2024. We expect stronger industrial demand to support a rise in imports to 163mn t in 2026 and 166mn t in 2027.

Mixed outlook for Korean coal burn

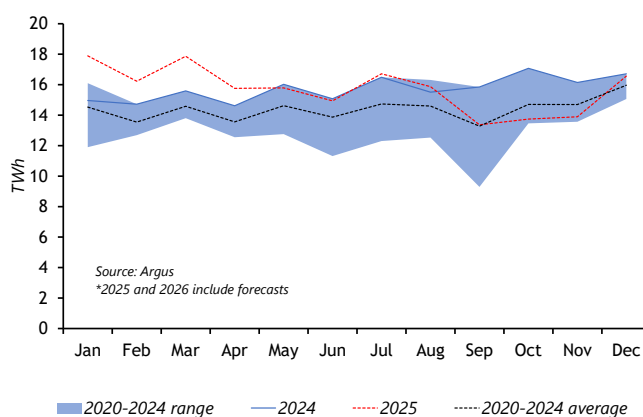
South Korea's long-standing fuel consumption tax discount for coal is set to expire at the end of June. This should negatively impact the cost economics for coal versus gas, and further entrench the trend of coal-to-gas fuel switching in Korea. The tax changes could also affect the blend of CVs in Korea's coal mix as it will bring the cost per kcal up disproportionately for lower-CV coals, potentially bringing more high-CV material into the mix and less low-CV Indonesian coals for blending.

But the outlook for coal burn over the summer months is boosted by a relatively hot temperature forecast, heavy nuclear maintenance and the end to Korea's seasonal curbs on coal-fired generation. The government directed coal-fired plants to operate at minimum load between 1 March and 1 June to stabilise the grid, to cater for surging solar output and weaker power demand. This is feeding into our view that Korea's coal-fired generation should fall by just 10pc on the year in 2025 as a whole to 154TWh, compared with a 21pc on-year drop over January-May. We have made minor downgrades to our Korean import projections for 2025, 2026 and 2027 and are now forecasting flows at 78.1mn t, 73.2mn

South Korea coal-fired generation



South Korea nuclear generation



t and 71mn t, respectively. Our projections assume that the 650MW Kori 2 nuclear plant does not resume operations until 2026.

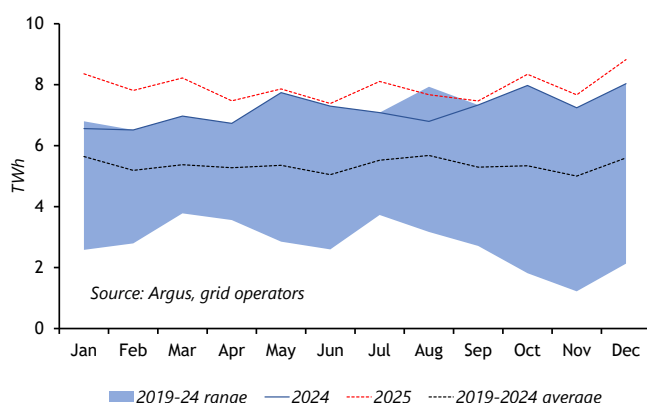
Based on Korea's 11th Basic Transmission and Substation Facilities Plan - officially confirmed by the energy ministry and announced by state-owned utility Kepco last month - we think electricity grid bottlenecks will remain unresolved during the next 12 months at least. This should continue to limit generation from coal-fired units along the east coast near to the Hanul and Shin-Hanul nuclear reactors during the period of our 18-month forecast horizon, particularly during periods of high solar output. Separately, opposition candidate Lee Jae-myung won South Korea's presidential election on 3 June. We do not think this will have major ramifications for Korean energy policy during the next 18 months. But longer term, it could accelerate the country's energy transition efforts as Lee has campaigned to completely phase out coal-fired power plants by 2040.

Genkai nuclear trip supports Japan outlook

The thesis behind our Japan import projections is little changed this month. After starting the year strongly, provisional data suggests coal burn fell below the year-1 level in both April and May, squashed by stronger nuclear generation and more restrictive spring coal plant maintenance. Some coal units should return from outage this month, while utility Kyushu has postponed the restart of its 1.2GW Genkai No. 3 reactor because of a technical issue, supporting the short-term coal burn outlook. The unit was supposed to return on 4 June, but at the time of writing the actual restart

Forecast review – thermal coal

Japan nuclear generation



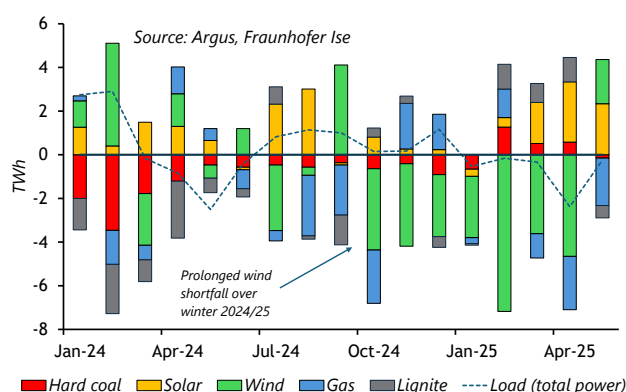
date is unclear. For the purposes of our projections we assume it will return to service in July.

Despite the Genkai trip, we expect the recent trend of muted Japanese coal burn to continue over the summer, and are anticipating Japan's coal-fired generation during the full-year 2025 to fall by 6pc on the year to 247TWh, and by a further 6pc in 2026. The soft coal burn during April/May, coupled with steady year-to-date imports, suggests that end-user inventories are ample. This should result in only modest restocking requirements in the coming months, particularly once Australian producers are able to catch up weather-disrupted shipments from May. We are expecting Japan's coal imports at 115mn t in 2025, 107mn t in 2026 and 101mn t in 2027, versus 118.7mn t in 2024. The longer-term decline is driven in part by the power sector facing rising pressure to phase down inefficient coal-fired generation to help cut the country's greenhouse gas emissions. Power producers in Japan are mandated to cap annual utilisation rates of coal-fired units with lower than 42pc thermal efficiency to less than 50pc under the country's power capacity market scheme from the current 2025-26 fiscal year. Any firms that fail to meet this requirement will have to pay the penalty, which is worth 20pc of their contract price.

End of a nuclear era in Taiwan

Taiwan shut its last nuclear power plant, the 951MW Maan-shan unit 2 on 17 May, paving the way for a partial recovery in coal-fired generation in 2H 2025. But with Taiwan seeking to cut coal usage and prioritise gas and renewables despatch,

YoY change in Germany electricity generation



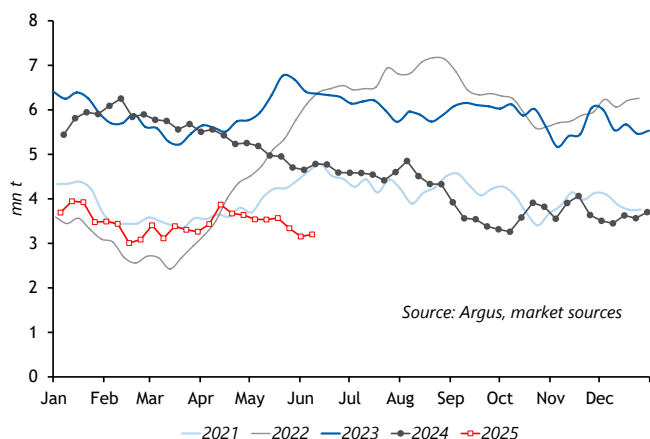
coal-fired generation is likely to continue its recent slide. We are currently anticipating Taiwan's coal-fired generation to drop by 6pc on the year to 106TWh in 2025, before falling by another 3pc in 2026. Taiwan's coal-fired generation dropped by 12pc on the year in January-April to 29.5TWh, while gas-fired generation rose by 8pc and renewables output surged by 28pc. We have left our Taiwan import projections for 2025, 2026 and 2027 unchanged this month at 45mn t, 44.5mn t and 44mn t, respectively.

EU coal burn at record low

The EU's imported thermal coal consumption hit a multi-decade low in May. Power-sector hard coal-fired generation fell by 24pc on the year to just 4.9TWh, grid operator data show. Coal burn fell particularly sharply in Germany and Poland, driven by strong solar output and a long-awaited recovery in wind generation, which had been lagging for a sustained period in late 2024/early 2025 (see chart). Hard coal took a share of just 21pc in Germany's combined coal/gas mix last month, down from 35pc in April but flat to May 2024. Based on prevailing fuel-switch economics for coal versus gas in Germany across the forward curve, we expect coal's share versus gas to remain relatively low over the summer months. We are factoring in a 22pc share into our assumptions for June-September 2025, similar to the comparable 2024 period. But hard coal burn will remain highly inversely correlated to solar and particularly wind generation in Germany. We expect German hard coal-fired generation to fall by 3pc on the year to 8TWh over April-September 2025, although there is some upside risk to this view given fresh French nuclear availability concerns. We have left our German import projections for 2025, 2026 and 2027 at 11mn t, 8.3mn t and 7.8mn t, respectively.

Forecast review – thermal coal

ARA port coal stocks



SCoTA scarcity underpins API 2 price volatility

The negative outlook for EU coal burn lessens the risk of price spikes in the API 2 market. But we still expect prices to remain volatile at low levels given relative scarce supply of SCoTA-compliant material, which underpins the API 2 price index. Price volatility should be further enabled by a steady draw down in ARA port inventories (see chart).

We estimate annual supply of SCoTA-specification coal in the Atlantic basin at around 25mn t, a significant shift from pre-2022, when buyers in ARA could call on an additional 15-20mn t/year of nearby SCoTA-compliant material from Russia's western ports. Current SCoTA availability comprises some 10mn t of South African, 5mn t of US and 10mn t of Colombian. So in a market where a chunk of this supply is already committed, even a relatively modest increase in ARA demand, or disruption to supply, can have an outsized impact on the SCoTA-specification balance and API 2 prices. Additionally, we doubt all of this 25mn t would be available for ARA at API 2 prices of \$100/t; prices closer to \$125/t would likely be required to incentivise delivery to Europe for some higher-cost material, particularly from the US and Colombia.

We estimate ARA's SCoTA-spec consumption over the next 12 months at around 10mn t (80pc of German and Dutch hard coal power-sector consumption). But under a high-end scenario whereby power demand growth is strong, renewables generation is tepid and coal takes significant share from gas in the thermal mix, we estimate ARA's SCoTA demand could rise to 15mn t.

Poland elections unlikely to spur immediate change

Separately, a gradual coal phase-out in Poland is likely to continue despite Karol Nawrocki's victory in early June presidential elections. Nawrocki strongly backed the coal mining and generation sectors during his campaign but the political consensus remains in Poland to gradually phase out coal, as tapping the country's deep deposits has become increasingly uneconomical. Poland's coal mining sector lost 1.6bn zlotys in the first quarter, following an 11bn zloty net loss in 2024, according to data from government think-tank ARP. Since 2020, the Polish coal mining sector has only been profitable in 2022 and 2023, when international prices surged to all-time highs. Polish coal output fell by 4pc on the year to 14.4mn t in January-April, with output in April alone falling to 2.6mn t, below the 3mn t/month threshold for the first time on record.

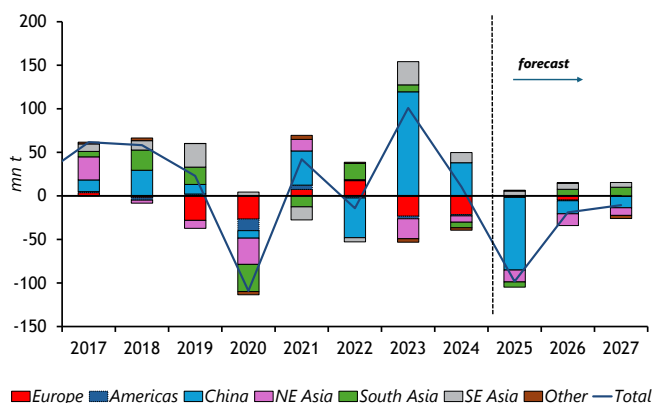
Lower Polish output may temporarily support higher imports, although this is unlikely to be a major boost because Nawrocki's win also comes at a sensitive time for the Polish coal-fired generation sector. The current capacity market mechanism supporting coal-fired generation at about 40 older coal units, which have efficiency of around 35pc, ends this year. Utilities had stated that these units would be shut down without capacity payments. This would effectively shut most coal plants in Poland, with the exception of those built in the late 2010s, including PGE's 1.8GW Opole, Enea's 1.1GW Kozienice and Tauron's 910MW Jaworzno III plants. Polish grid operator PSE plans to hold an auction dedicated to the older plants on 11 September, offering to pay them for capacity availability in 2026. We have left our Polish import projections flat this month, and are expecting imports of 5.3mn t in 2025, 4.9mn t in 2026 and 4.5mn t in 2027, down from a peak of 14.2mn t in 2022. For a deep dive into the Polish coal market outlook, please see the in focus article in the April edition of the Seaborne Coal Outlook report.

SE Asia import projections flat

We have left our import projections for Southeast Asia and Pakistan flat this month, as imports continue to perform steadily and the demand outlook is little changed. Strong hydro generation is limiting recourse to coal-fired generation in Vietnam, but structural growth in coal-fired capacity, lower international coal prices and strong GDP growth expectations should support stronger seaborne imports in both the

Forecast review – thermal coal

YoY change in seaborne steam coal demand

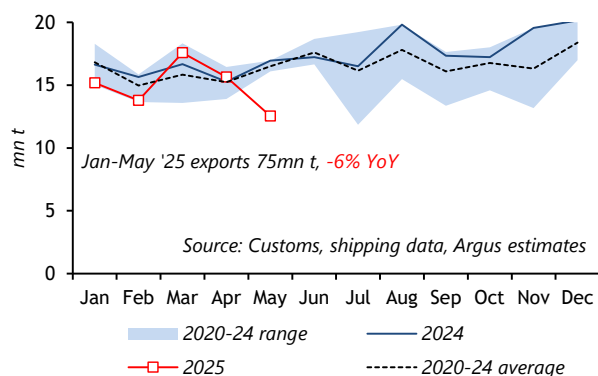


short and mid-term. We expect Vietnam's seaborne steam coal imports to rise from 55mn t in 2025 to 65mn t by 2027. Our view on Pakistan remains that seaborne imports should rise from 7.2mn t in 2025 to 15.1mn t in 2027, supported by a recovery in imported coal-fired generation and cement sector growth. We have not adjusted our forecasts in the wake of Pakistan on 2 June suspending imports of thermal coal from Afghanistan at three border crossings between the countries. The sudden change in documentation rules caught trading firms, transporters and importers off guard, leaving hundreds of trucks stranded at border entry points waiting to clear customs. We envisage some short term disruption to overland flows but expect the situation to be resolved relatively swiftly and have only a minor impact on seaborne imports.

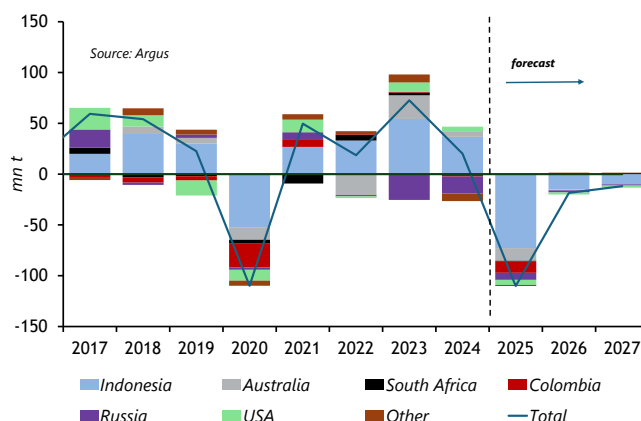
Indonesian supply responds to lower prices/demand

Exports from key suppliers are generally performing in line with our expectations and we have left our export projec-

Australia steam coal exports



YoY change in seaborne steam coal supply



tions for South Africa, Colombia and the US unchanged this month. The big shift since our last report has been greater indications from Indonesian suppliers that they are willing to cut back on production/exports. Accordingly, we have lowered our 2025 export projection for Indonesia by 5mn t to 485mn t. Baramulti Suksessarana (BSSR) plans to cut production by 13pc on the year to 18.6mn t in 2025 because of weak demand. It is looking at boosting mining efficiencies and will aim for a lower strip ratio to maintain margins. But other producers are still aiming to maintain or even lift output. Low-CV producer Bayan Resources aims to produce 69mn-72mn t of coal in 2025, up from 56.9mn t produced last year. Fellow low-grade supplier Geo Energy is aiming to produce 10.5mn-11.5mn t in 2025 compared to 7.8mn t in 2024. As we have messaged in recent reports, we think it is inevitable that Indonesian supply will have to cut back aggressively in the face of slowing China and other Asian demand. This is particularly in light of changes to Indonesian pricing policies, that are making buyers more reluctant to enter into index-linked contracts.

Russian exports continue to perform relatively well with January-May seaborne exports broadly flat year-on-year. The Russian government has agreed to provide state support to certain loss-making firms, although the exact companies who qualify for this support is unclear at the time of writing. The measures include a 12.8pc subsidy on rail transport fees to northwestern and southern Russian ports, separate subsidies to compensate for long-distance transport fees and a deferment on the mineral extraction tax and insurance premiums until 1 December, with the possibility of an extension, if

Forecast review – thermal coal

necessary. Sources suggested the support is probably aimed at excluding large coal producers, such as Kuzbassrazrezugol (Kru) and Suek, which have lower operating costs compared with smaller firms. But we think the measures should enable smaller suppliers to absorb lower prices and retain competitiveness into key markets, sustaining Russian exports. We expect Russian seaborne exports to fall to 109mn t in 2025 and 107mn t in 2026, from 116mn t in 2024.

Australian exports fell by around 20pc on the year in May, crushed by wet weather disruption. We think suppliers will be able to catch up most of these lost shipments in the months ahead but we have nevertheless lowered our 2025 export projection for Australia by 2.5mn t to 196mn t.

Forecast review – metallurgical coal

Metallurgical Coal

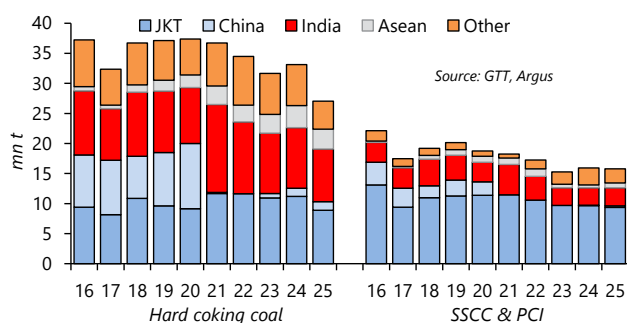
- **Short-term outlook appears bearish for Aus PLV**
- **US producer restraint may support US HVA prices**
- **JKT demand/Aus, Aus, Rus supply outlooks cut**

Key changes to price forecasts

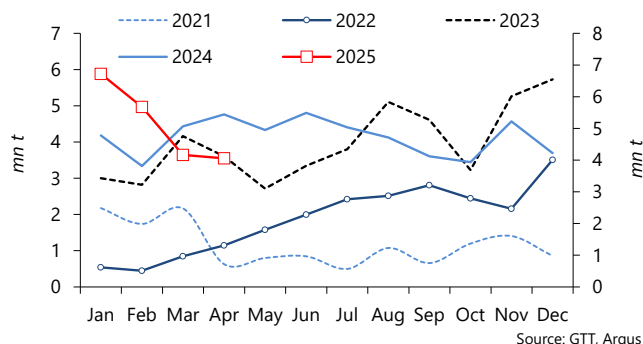
After a price bump in May, driven by tighter Australian supply disruptions (mine accidents and weather issues) and pre-Monsoon pockets of Indian demand, sentiment surrounding Australian premium low-volatile (PLV) prices has turned negative again. With the early arrival of the Monsoon likely to continue to weigh on Indian demand, and soft Chinese domestic prices curbing seaborne import appetite, we struggle to see where the impetus for a renewed upwards price push will come from in the next three months. Particularly as some Australian mines that faced outages in late 1Q/early 2Q should return to the market during this period, as should Core Natural Resources' Leer South asset in the US. This is informing the bearish view in our Australian PLV price forecasts for 3Q.

We are less bearish on price direction for US high-vol A and high-vol B metcoals. Spot prices have been relatively stable over the past few months, with tight spot supply, in part a reflection of weather-related disruption, offsetting weak demand. Limited US supply has caused some ships to leave US ports with cargoes that are lighter than expected and even incurring sizeable demurrage fees as they wait to load. Despite the imminent return of Leer South supply, we think increased producer restraint should help to support prices. US producers continue to warn of mine closures if coking coal prices remain near four-year lows for much longer. Core filed a Worker Adjustment and Retraining Notification

Australia Jan-Apr metcoal exports



China coking coal imports from Mongolia



notice on 2 June advising 200 employees at its Itmann mine that they might lose their jobs in August, given poor market conditions and a high cost structure at the mine.

Key changes to supply/demand projections

Mongolia-China flow outlook cut

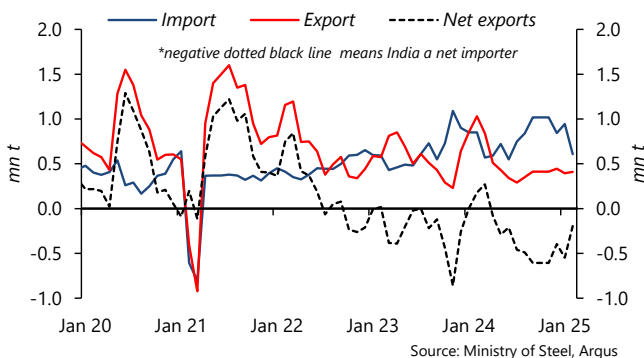
We have left our China seaborne import projections for 2025, 2026 and 2027 unchanged at 50mn t, 46mn t and 44.5mn t respectively this month. Seaborne imports have started to drop off in recent months and face significant headwinds in the form of high domestic stocks, flagging domestic steel demand and strong domestic and overland import price competition. Overland coking coal imports from Mongolia fell by 11pc on the year to 16mn t in January-April. To reflect the slower year-to-date import pace and tepid Chinese demand outlook we have lowered our 2025, 2026 and 2027 projections for China's Mongolian coking coal imports to 54mn t, 55mn t and 56mn t respectively, versus 56.8mn t in 2024. Market sentiment in China is cautious, with the traditional peak season for steel consumption coming to an end. Steel mills and coke plants are in no rush to procure additional coking coal and are mainly using up their existing inventories to maintain a profit, as June is a traditionally a low season for both production and consumption in China.

India demand projections unchanged

We have left our India import projections for 2025, 2026 and 2027 unchanged this month at 66mn t, 70mn t and 74.2mn t, respectively, against imports of 66.5mn t in 2024. January-May imports were flat year-on-year, according to Kpler data, and the early arrival of this year's southwest Monsoon adds an additional bearish factor to an already tepid short-term

Forecast review – metallurgical coal

India steel imports and exports



demand outlook, as modest pre-Monsoon purchases from Indian buyers were a key factor lending support to prices during May. The steel market is typically quieter during the rainy season because of reduced construction activity. Accordingly, all eyes are now turning to policy developments, particularly the fate of the quantitative restrictions (QR) policy on low-ash coke imports, and speculation is building over whether the Indian government will extend or waive these restrictions. Whilst the QR restriction remains in place, mills need to keep their coke oven batteries running and maintain stock levels, thus limiting their ability to hold off on purchases.

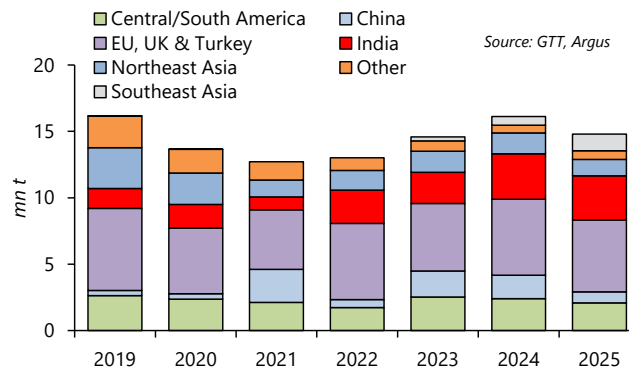
JKT demand projections lowered

We have lowered our aggregate 2025 import projection for Japan, South Korea and Taiwan by 2mn t this month to 80mn t, versus 89mn t in 2024. We estimate that January-April imports into the region sank by 13pc on the year to 27mn t, while Kpler data suggests May imports dropped by 10pc year-on-year. Shrinking demand from the steelmaking sector is limiting imports into Japan. Japan's crude steel production in April fell by 6.4pc on the year to 6.6mn t, according to the Japan Iron and Steel Federation (JISF), with the downtrend in output expected to continue, as sluggish global steel demand is weighing on Japan's steel products exports. Japanese steel producers are concerned about a possible reduction in the country's auto exports to the US because the tariff pressure could result in lower domestic car output in the US and weigh on steel demand as a result. But Japan's passenger vehicle exports to the US increased by 12pc in April from a year earlier to 124,428 units despite the tariff.

US, Australia, Russian supply projections lowered

We have lowered our supply projections for 2025 for Australia, the US and Russia to reflect a slow-down in exports.

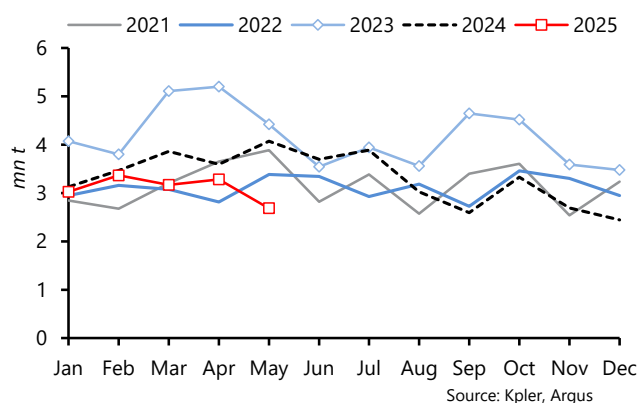
US Jan-Apr metcoal exports



Some of this is weather-related, for example in Australia, where heavy rains and port congestions have hampered outflows. A slew of mine accidents in recent months across Australia and the US have also contributed to the slow-down. Producer restraint is also factoring into our view, particularly in the US where Core announced its intention to idle its Itman asset. In our export projections for Core Natural Resources for 2025 and 2026 (see page 19), we are assuming that the Itmann asset does not return to service during the period of our forecast horizon.

Producer restraint is also observed across other suppliers. Ramaco Resources, which produces high-volatile A and high-volatile B grades at Elk Creek and low and mid-volatile grades at its Berwind and Knock Creek assets, said in its recent set of results that it was "not going to force tonnes into the current oversold and underpriced spot market just for the sake of producing more coal." Fellow US producer Alpha has also cut back its supply expectations.

Russia seaborne coking coal exports



Swaps and spreads

Steady decline in mid-CV prices

Mid and low grade coal prices have lost value over the past month in line with our forecasts, pressured by weak seaborne demand from China and India. We remain bearish on coal grades of NAR 5,500 kcal/kg or lower over the next three months, because of soft China and India fundamentals and comfortable stockpiles across most markets.

High-CV prices stabilise

High grade 6,000 kcal/kg NAR prices have risen in the past month, contrary to our expectations, with daily fob Newcastle and cif ARA spot prices now back above \$100/t. The cut to exports from Australia, as well as looming maintenance on the rail corridor into South Africa's Richards Bay terminal, tightens the balance for high-grade coal in the Asia-Pacific in the near term.

API 2 curve retains modest contango

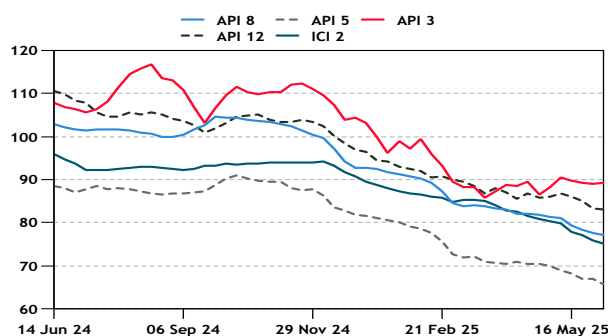
The API 2 swaps curve remains in a slight contango structure, with prices tending to mirror moves in the underlying API 2 physical index.

ICI 4 swaps crash

Indonesian paper values have tanked in line with tumbling spot demand from China, and to a lesser degree other Asia-Pacific end-users. Regulatory and pricing changes are further muddying the waters and exacerbating the export slowdown.

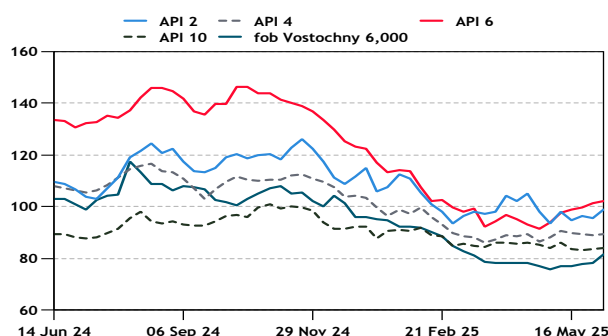
5,500kcal/kg NAR thermal prices

\$/t



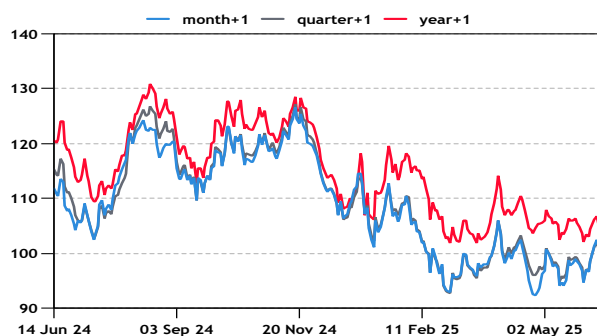
High-CV thermal prices

\$/t



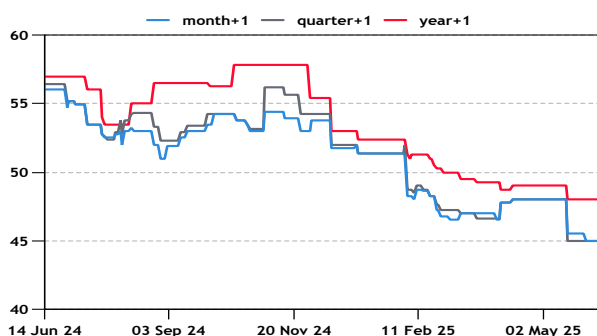
API 2 financial swaps prices

\$/t



ICI 4 financial swaps

\$/t



Swaps and spreads

Spot prices unwind gains

After a price bump in May, driven by tighter Australian supply disruptions (mine accidents and weather issues) and pre-Monsoon pockets of Indian demand, sentiment surrounding Australian premium low-volatile prices has turned negative again.

Futures track physical

Swaps have followed the physical spot market lower, while the contango structure of the market has been retained.

Stable spreads

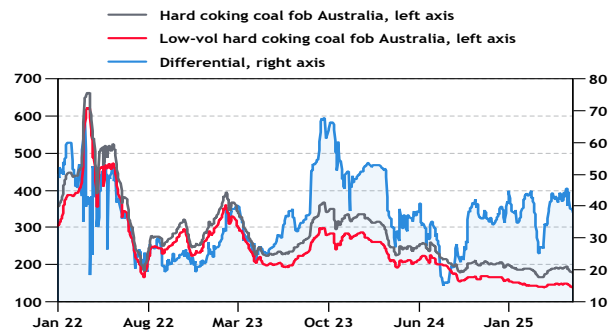
Australian PCI prices have moved largely in lockstep with tier-1 coking coal prices.

Sideways moves in the US

Spot prices have been relatively stable over the past few months, with tight spot supply, in part a reflection of weather-related disruption, offsetting weak demand. Limited US supply has caused some ships to leave US ports with cargoes that are lighter than expected and even incurring sizeable demurrage fees as they wait to load.

Low-vol vs mid-vol coking coal

\$/t



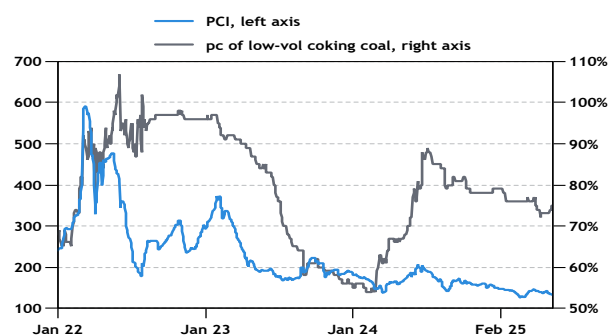
Australian coking coal financial swaps

\$/t



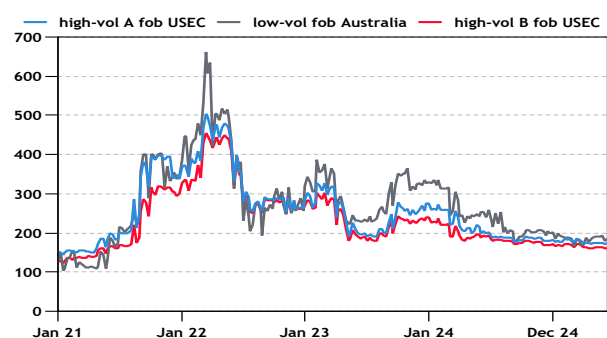
PCI prices

\$/t



USEC high-vol A and B

\$/t



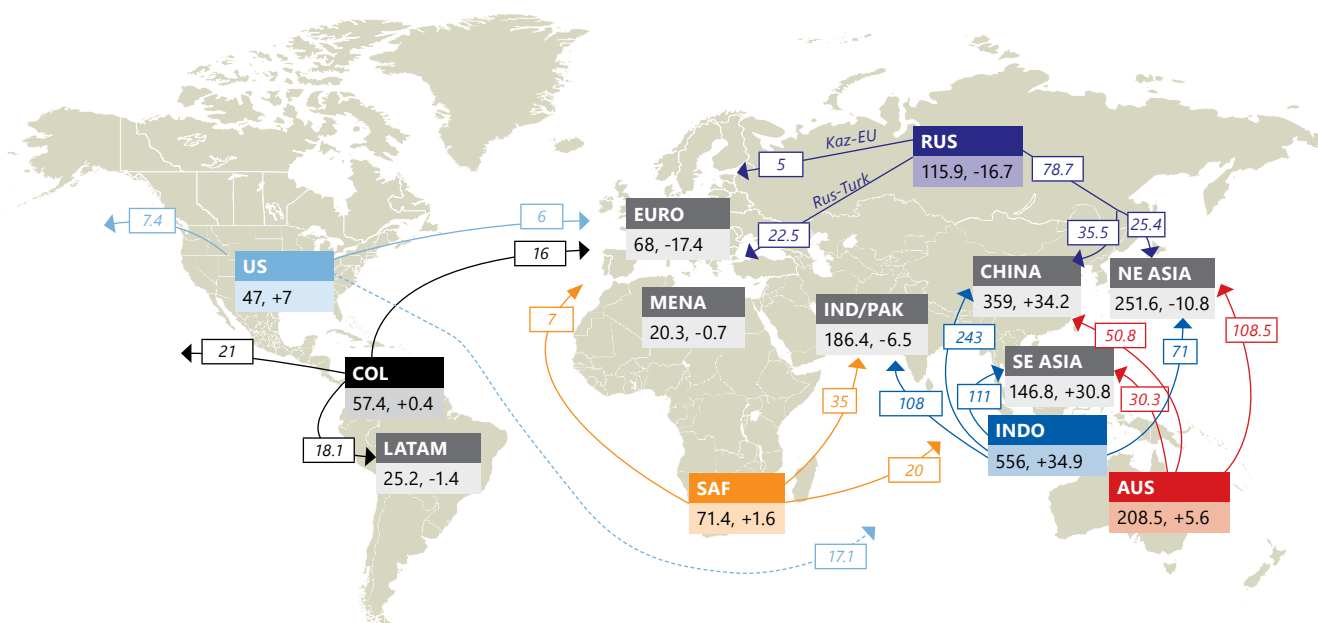
Thermal coal demand and supply

Seaborne thermal coal demand and supply										mn t
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Import Demand	1023.5	1046.5	937.4	979.4	965.2	1066.2	1076.6	978.4	959.5	949.0
Europe	137.3	109.1	82.5	90.0	107.5	84.2	62.7	61.8	57.0	56.7
Middle East and North Africa	24.2	26.0	23.4	26.2	24.5	21.0	20.3	21.2	21.7	18.1
Americas	37.9	40.1	26.9	31.8	29.5	26.6	25.2	24.5	23.7	23.4
China	210.0	221.0	212.3	251.6	205.9	325.4	363.5	280.0	265.0	252.0
Northeast Asia	312.2	303.1	273.0	286.2	287.2	264.2	256.8	243.1	229.6	221.0
South Asia	190.0	209.8	178.7	166.1	184.9	192.9	186.6	180.7	188.3	198.3
Southeast Asia	106.0	133.1	137.5	122.5	117.8	144.4	156.2	161.8	168.8	174.2
Africa	5.9	4.2	3.2	5.0	7.9	7.4	5.4	5.4	5.4	5.4
Export Supply	1015.7	1038.3	928.4	978.1	996.7	1069.3	1089.4	979.3	960.8	949.0
Indonesia	429.1	459.1	406.9	433.7	466.7	521.1	557.8	485.0	470.0	460.0
Australia	207.7	213.2	200.8	200.2	179.6	202.9	208.5	196.0	195.0	195.0
South Africa	78.9	76.9	73.6	64.9	70.4	73.0	71.4	71.0	72.0	73.0
Colombia	75.0	70.7	46.8	53.6	54.3	55.1	54.2	42.8	42.8	42.8
Russia	150.7	154.1	151.8	159.4	158.1	132.6	115.9	109.0	107.0	105.7
Kazakhstan	5.6	5.9	5.9	6.7	8.6	9.4	9.1	9.0	9.0	9.0
USA	48.1	33.3	22.6	35.0	33.3	42.6	47.0	42.0	40.0	38.0
China	2.8	2.5	0.9	0.3	1.4	1.6	1.0	1.0	1.0	1.0
Mozambique	8.9	8.0	7.0	8.0	9.0	11.0	8.5	8.5	9.0	9.5
Canada	2.0	3.5	4.8	5.5	8.2	8.0	7.0	5.0	5.0	5.0
Other	7.0	11.1	7.3	10.8	7.0	12.0	9.0	10.0	10.0	10.0

NB: Russia export data pre 2018 includes both Russian and Kazakh exports

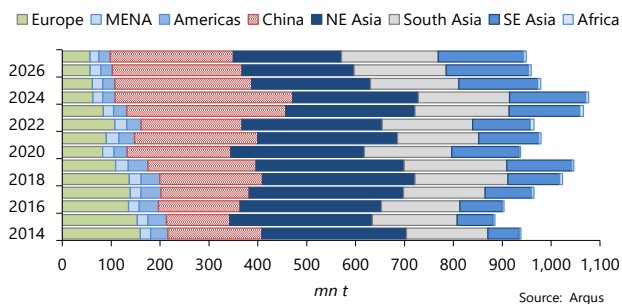
Overland flows									
Russia-China		10.4	7.9	6.6	7.9	13.8	16.7	17.5	18.0
Mongolia-China	8.5	2.3	4.8	2.4	5.4	15.9	25.0	26.0	27.0
Kazakh rail exports		0.4	-	2.1	2.8	3.6	2.5	2.5	2.5
Afghanistan-Pakistan	1.1	1.2	0.5	1.3	3.7	1.7	0.9	0.8	0.7

Thermal coal trade flows 2024

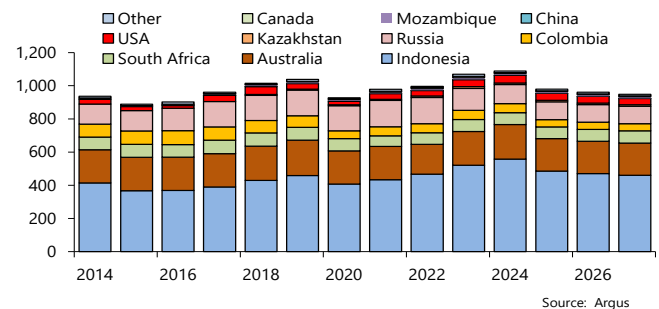


Demand breakdown						mn t					
	2023	2024	2025	2026	2027		2023	2024	2025	2026	2027
Europe	84.2	62.7	61.8	57.0	56.7	Northeast Asia	264.2	256.8	243.1	229.6	221.0
Germany	16.1	10.0	11.0	8.3	7.8	Japan	114.4	118.7	115.0	107.0	101.0
UK	1.5	0.6	0.4	0.4	0.4	Korea	92.6	85.8	78.1	73.2	71.0
Netherlands	3.0	2.6	2.8	1.5	1.5	Taiwan	51.6	47.3	45.0	44.5	44.0
Finland	1.0	1.0	0.5	0.2	0.2	Hong Kong	5.6	5.0	5.0	5.0	5.0
France	2.4	1.5	1.5	1.5	1.5						
Spain	4.3	2.0	1.0	0.8	0.8	Southeast Asia	144.4	156.2	161.8	168.8	174.2
Poland	13.2	5.9	5.3	4.9	4.5	Malaysia	37.7	37.5	38.0	38.0	38.0
Italy	4.6	1.4	1.5	1.5	1.5	Thailand	17.9	18.4	19.0	18.0	17.0
Turkey	33.8	33.6	34.0	35.0	36.0	Philippines	36.4	39.3	41.0	44.0	45.0
Other	4.3	4.2	3.8	3.0	2.4	Vietnam	44.6	52.8	55.0	60.0	65.0
						Other	7.8	8.2	8.8	8.8	9.2
MENA	21.0	20.3	21.2	21.7	18.1						
Israel	4.3	3.3	3.6	3.5	0.0	South Asia	192.9	186.6	180.7	188.3	198.3
Morocco	10.2	9.5	10.0	10.5	10.5	India	172.0	165.2	158.0	163.0	165.7
Egypt	4.1	5.2	5.2	5.2	5.0	Pakistan	5.8	6.9	7.2	9.3	15.1
UAE	1.9	1.7	1.8	1.9	2.0	Sri Lanka	2.5	2.0	2.5	2.5	2.5
Other	0.6	0.6	0.6	0.6	0.6	Bangladesh	12.6	12.5	13.0	13.5	15.0
Americas	26.6	25.2	24.5	23.7	23.4	China					
Mexico	3.8	4.5	4.5	4.0	4.0	Domestic coastal	813	815	820	825	826.0
US	3.5	1.0	1.0	1.0	1.0	Seaborne thermal	162.3	192.5	133.0	130.0	116.0
Chile	5.5	5.0	4.5	4.5	4.5	Lignite	163.1	171.0	147.0	135.0	136.0
Brazil	4.0	5.1	5.0	5.0	5.0	Total seaborne+overland	355.1	405.2	323.5	310.0	300.0
Other	9.8	9.6	9.5	9.2	8.9						

Seaborne import demand



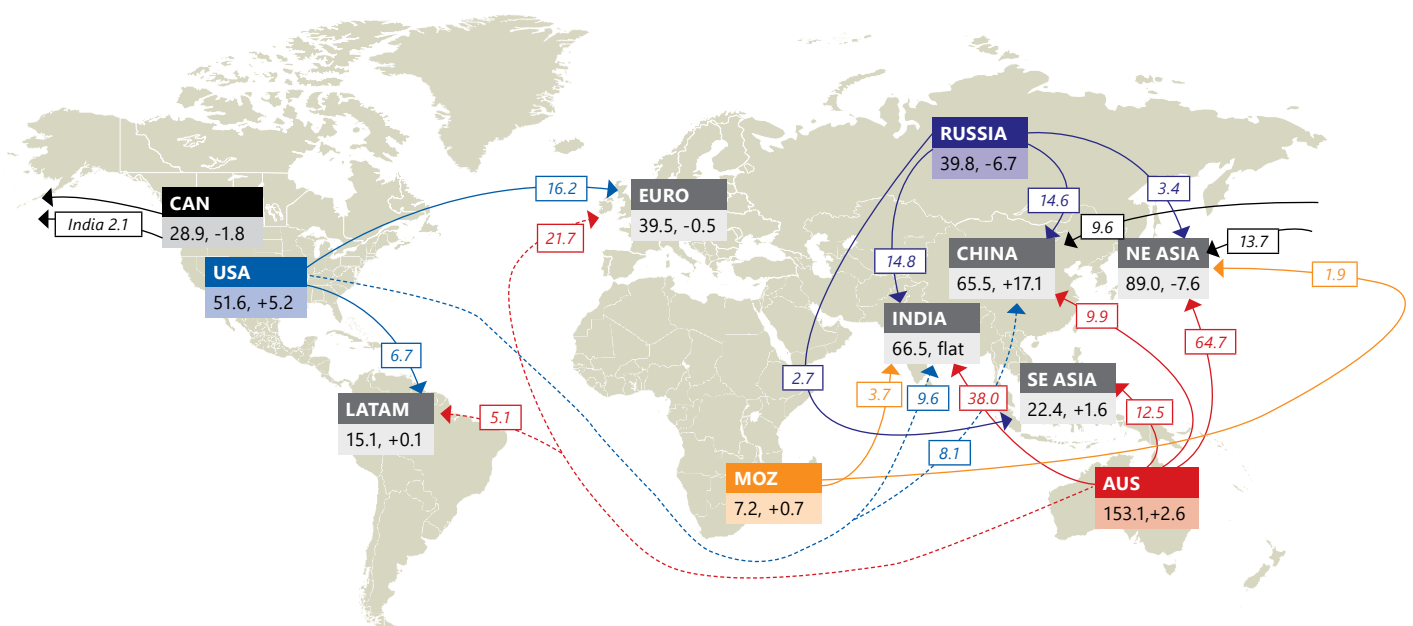
Seaborne export supply



Metallurgical coal demand and supply

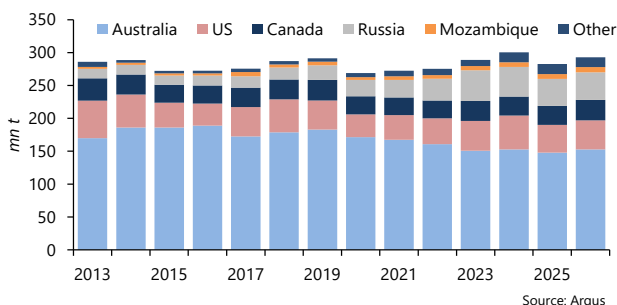
Seaborne Metallurgical coal demand and supply										mn t
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2026
Iron Production growth										
China	6.6%	6.4%	10.6%	-4.3%	0.5%	-0.1%	-2.1%	0.4%	-1.0%	-1.4%
India	8.9%	2.6%	-7.8%	14.5%	2.9%	8.0%	2.6%	5.0%	5.0%	5.0%
Europe	-2.3%	-4.7%	-15.0%	-10.9%	-10.2%	-9.6%	1.9%	-8.0%	-1.0%	-1.0%
Latam	1.1%	-8.3%	-5.2%	15.3%	-6.1%	-3.7%	0.8%	-3.9%	1.0%	1.0%
JKT	-0.7%	-1.5%	-11.9%	9.2%	-9.0%	0.2%	-0.3%	-6.8%	-1.0%	-1.0%
Import demand	288.7	290.9	266.2	275.2	274.8	292.3	303.0	281.5	293.4	296.0
India	58.6	61.1	57.8	68.0	64.5	66.5	66.5	66.0	70.0	74.2
China	49.0	53.9	53.8	33.5	33.6	48.4	65.5	50.0	46.0	44.5
Asean	9.1	11.7	13.4	16.1	18.0	20.8	22.4	28.0	42.0	45.0
JKT	98.0	98.1	86.3	97.7	98.0	96.6	89.0	80.0	78.4	76.8
Latam	16.7	13.4	12.5	14.9	14.0	15.0	15.1	14.5	14.5	14.5
Europe	48.7	44.5	36.0	39.5	42.0	40.0	39.5	38.0	37.5	36.0
Other	8.6	8.2	6.4	5.5	4.7	5.0	5.0	5.0	5.0	5.0
Export supply	287.2	291.3	268.9	272.6	275.2	289.1	300.5	282.5	293.0	299.0
Australia	178.8	183.1	171.4	167.4	160.7	150.6	152.8	148.0	153.0	157.0
US	50.1	44.2	34.8	37.6	39.5	45.4	51.6	42.0	44.0	44.0
Canada	30.3	31.1	27.3	26.6	27.1	30.7	28.9	29.0	31.0	32.0
Russia	18.1	22.4	24.9	26.8	33.0	46.5	45.0	41.0	42.0	42.0
Mozambique	4.6	5.5	4.5	5.5	5.5	6.5	7.2	7.5	8.0	9.0
Other	5.3	5.0	6.0	8.7	9.4	9.4	15.0	15.0	15.0	15.0
Overland flows										
Mongolia-China	27.1	33.8	23.8	14.1	25.6	54.2	56.8	54.0	55.0	58.0

Metallurgical coal trade flows 2024

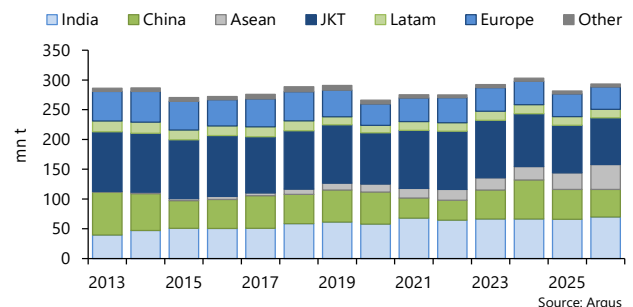


Key suppliers					mn t				
	2023	2024	2025	2026		2023	2024	2025	2026
Australia	150.6	152.8	148.0	153.0	US	45.4	51.6	42.0	44.0
BMA	50.3	40.4	35.0	36.0	Alpha	13.4	13.5	13.5	13.5
Whitehaven	2.2	13.4	17.4	19.2	Arch	8.5	7.7	0.0	0.0
Stanmore	12.8	14.1	14.3	14.3	Sev.en (Blackhawk)	5.8	5.6	5.7	5.7
Jellinbah	13.1	12.3	12.5	12.5	Warrior	6.9	7.3	7.0	9.0
Anglo American	16.0	14.8	8.2	0.0	Coronado	5.7	5.5	3.9	4.5
Glencore	11.6	8.5	9.0	9.0	Core Natural Resources	0.0	0.0	7.9	8.5
Coronado	8.0	7.7	8.6	9.6	Ramaco	3.5	2.6	2.8	2.8
Peabody	6.0	6.3	6.8	21.2	Peabody	0.6	1.9	1.9	1.9
Yancoal	5.7	7.5	6.0	6.0	Corsa	1.1	1.1	1.1	1.1
Kestrel	5.5	5.7	5.7	5.7	United Coal (Metinvest)	2.3	1.9	1.9	1.9
GM3	0.0	1.7	3.2	3.5	Itochu (Longview)	0.5	0.2	0.2	0.5
Qcoal	4.7	4.7	4.7	4.7	Other	15.6	15.6	16.0	16.4
Pembroke	0.0	2.8	4.5	6.0	Domestic consumption	15.9	15.7	15.7	15.7
Fitzroy	2.0	2.5	3.0	3.0	Exports to canada	3.3	2.5	1.0	0.5
Realm Resources	2.7	2.7	2.7	2.7	Canada	30.7	28.9	29.0	31.0
Sojitz	1.5	1.5	1.5	1.5	Teck	23.7	12.3	0.0	0.0
South 32	5.1	2.9	0.0	0.0	Conuma Coal	5.1	3.5	4.8	6.1
Tahmoor	1.6	1.6	1.0	1.0	CST Canada	0.8	0.8	0.8	0.8
Baralaba	0.9	1.0	1.0	1.0	Glencore	0.0	12.5	25.0	26.0
					Russia	46.5	45.0	41.0	42.0
					Mechel	7.4	6.7	6.5	6.5
					Evraz	1.5	1.3	1.5	1.5
					New Mining Management/ Sibuglemet	5.2	4.3	3.0	3.0
					Kolmar	4.3	4.5	5.0	5.0
					A-Property Elga	16.5	16.3	18.0	20.0

Seaborne met coal supply



Seaborne met coal demand



in focus

China seaborne coal import and price outlook

A steep slow-down in China's seaborne import demand has contributed to driving global coal prices down to four-year lows. This in focus article examines how soft domestic coal fundamentals in China and geopolitical machinations are shaping the 18-month outlook for supply, demand and price in the world's largest coal producer, consumer and importer.

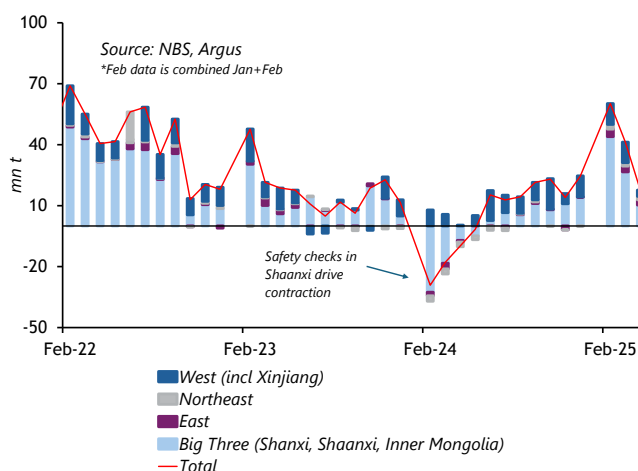
- Full steam ahead for China's coal production growth
- Seaborne imports likely to continue contraction
- Solar, nuclear expansion eats into imported coal demand

Domestic production drivers

China's domestic coal production is driven as much by policy as by price. There is some price incentive for suppliers to control coal production growth, since domestic NAR 5,500 kcal/kg spot prices have slipped into the low Yn600s/t fob Qinhuangdao, down 30pc since October 2023. We think that a portion of Chinese supply is loss-making at these prices and this is likely to incentivise output curtailments among smaller, privately-owned miners. Some small mines in Xinjiang, Inner Mongolia, Shanxi and elsewhere have already halted output in recent weeks.

But larger, state-owned producers are likely to continue to maintain or boost production. This is because China's economy is facing significant headwinds in the form of the burgeoning global trade war. And with regional governments under pressure to meet Beijing's 5pc GDP growth target,

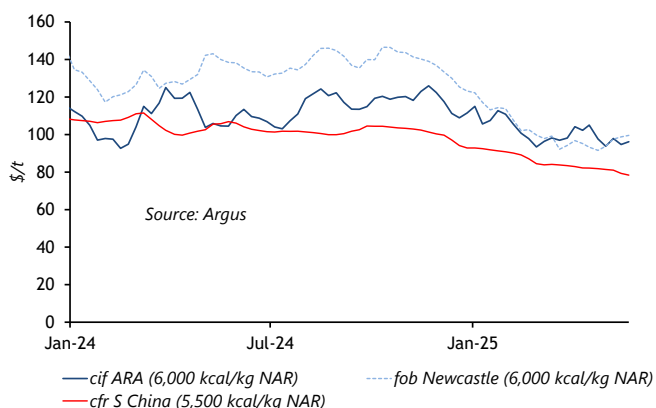
YoY change in China coal production



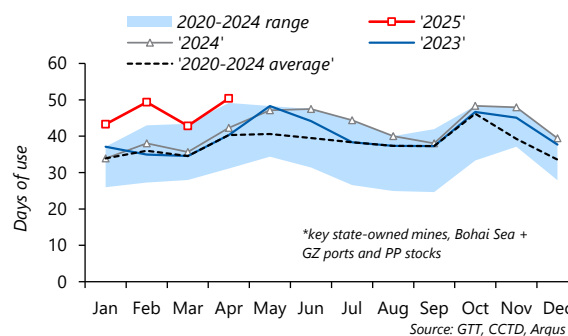
we think authorities will continue to support mining activity as a means of getting as close to this GDP goal as possible. Falling transport costs, particularly for railed coal sent from China's inland provinces towards coastal demand centres, enabled by lower rail tariffs and oil prices, should also alleviate some cost pressures on producers and keep domestic production higher for longer.

If production growth continues to outstrip demand, it is likely to take some time to work through China's elevated stockpiles at mines, ports and power plants (see chart). Inventory in China has grown strongly over the past few years,

Global steam coal prices



China coal inventory



ever since a coal supply shortage and drought contributed to a power supply crisis in 2021. This stock-build has been exacerbated by Beijing setting up a strategic coal reserve, which aims to have 300mn t/year of dispatchable coal capacity by 2030.

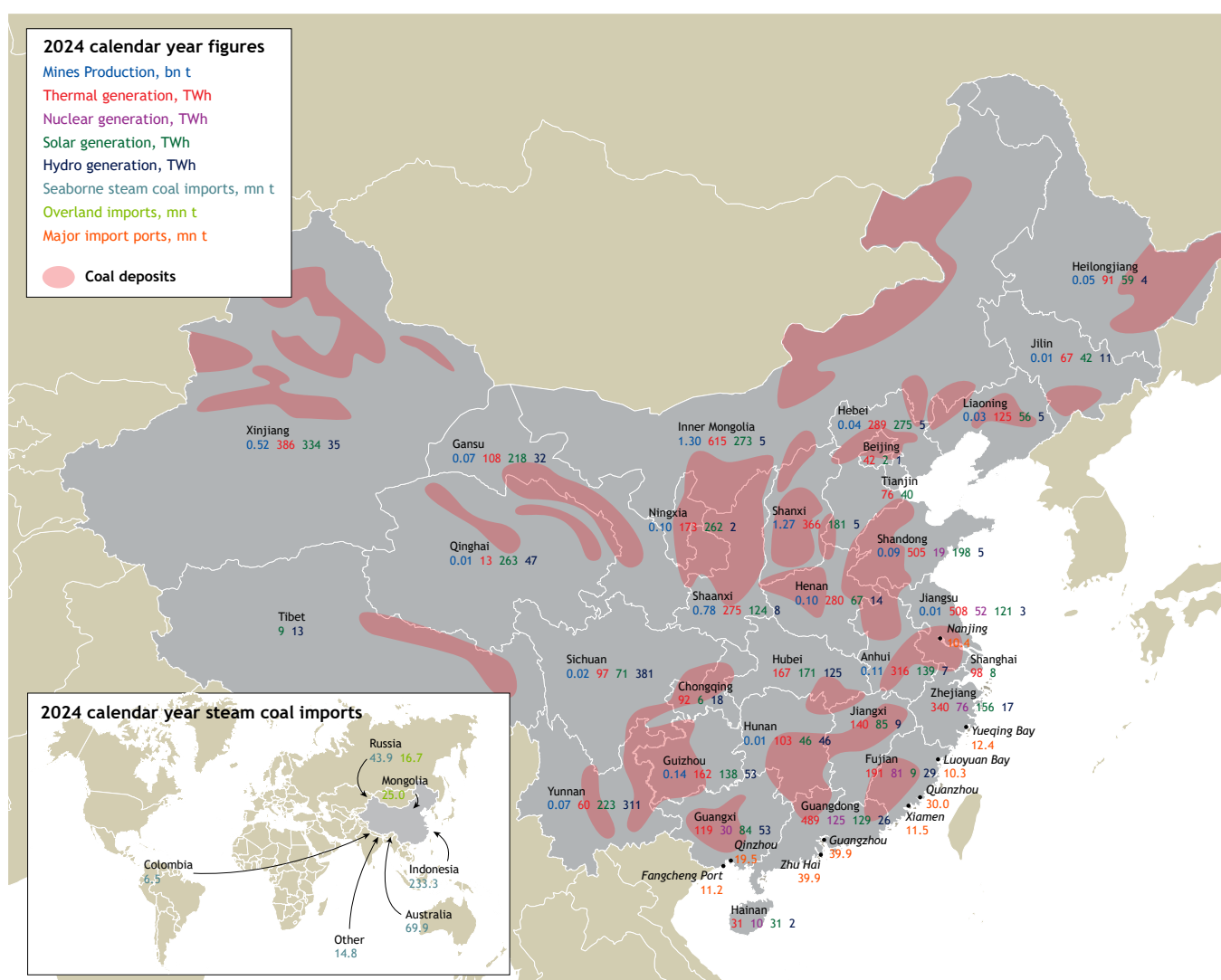
The China National Coal Association is expecting China's full-year 2025 production to rise by 5pc, outpacing consumption growth of 1.5-2pc. We broadly agree with these figures (see tables on the pp19-20 for our assumptions), given China's coal output (all types, including thermal and metallurgical coals) in January-April rose by 6.6pc on the year to a record 1.6bn t, and this on-year comparison is flattered by mining accidents in Shaanxi in 1H 2024. China's coal consumption in

the first four months of 2025 increased by 0.3pc, with growth in chemicals and steel usage offset by a drop in power-sector and building materials consumption.

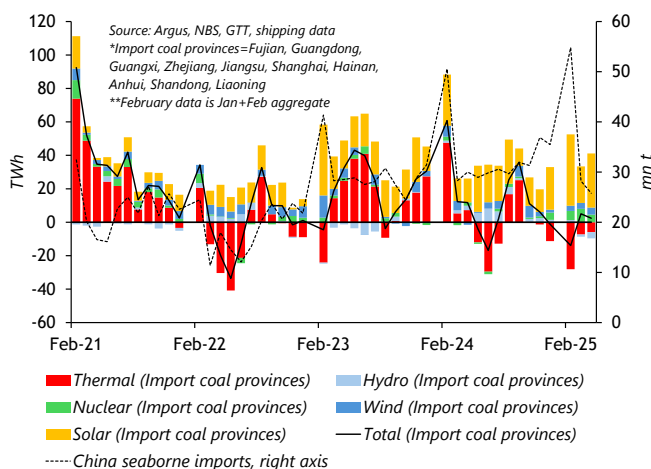
Solar, nuclear growth cuts coal usage

Power-sector coal demand over winter 2024/25 was squashed by mild temperatures and good hydro generation, which may not repeat in 2025/26. But thermal generation, particularly in coastal regions that rely on imported coal, was also squeezed by bumper utility-scale solar and nuclear generation growth (see chart), a trend which should persist during the next 12 months and beyond. China also continues to add more hydropower capacity, with 2.1GW added in 1Q 2025. And hydro generation is expected to remain firm

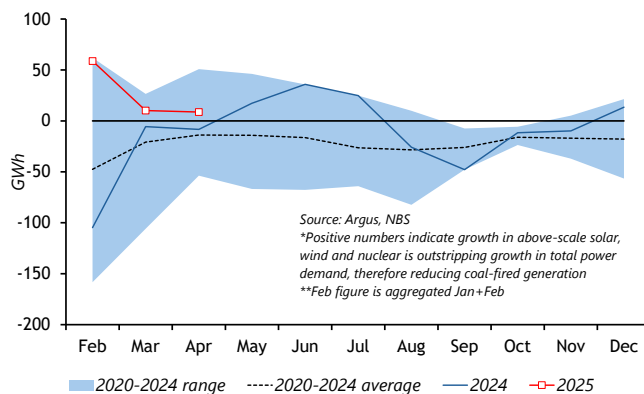
China coal infrastructure



YoY change in China power generation



YoY change in China power generation less change in solar, wind, nuclear



during the May-October wet season because of favourable rainfall forecasts in major hydropower-producing provinces such as Sichuan, Yunnan, Hubei, Guangxi, Guizhou, Hunan and Fujian.

These factors should keep domestic coal prices under pressure, narrow the space for imported coal and drive low calorific value international coal prices lower in the short term. Some Chinese buyers have already been turning away imported cargoes, citing fluorine concerns and other quality issues. And traders have lately been offering into power plant tenders without having cargoes on hand, which we read as a bearish signal for low-grade international prices in the short term. Persistent weak demand from China should also limit a seasonal recovery in higher-grade international coal prices in 2H 2025.

We are currently forecasting China's seaborne coal imports at 280mn t in 2025 and 270mn t in 2026, respectively, versus 363.5mn t in 2024. Russian suppliers are likely to compete hard to retain or even rebuild market share in China, possibly at the expense of Indonesian coal, particularly if there is a further clamp down on China's low-grade imports. This might hinge on the extent to which Russian suppliers are able to negotiate discounts with rail and port operators, but could be partially enabled by competitively-priced overland flows. Relatively higher freight rates given falling outright coal prices, coupled with China's tariffs on US coal imports, should mean China's imports from Colombia and the US return to negligible levels in the months ahead.

China coal assumptions (YoY growth and expectations)

Year	Thermal generation	Domestic coal production	Seaborne coal imports	Real GDP growth (IMF)
2018	6.9%	2.6%	16.3%	6.8%
2019	4.2%	4.3%	5.2%	6.1%
2020	2.6%	3.7%	-3.9%	2.5%
2021	9.5%	6.1%	18.5%	8.6%
2022	1.5%	10.9%	-18.2%	3.1%
2023	6.4%	4.2%	58.0%	5.4%
2024	2.0%	1.4%	11.7%	5.0%
2025	-0.7%	5.1%	-23.0%	4.0%
2026	0.6%	2.8%	-3.6%	4.0%
2027	-1.8%	2.0%	-7.4%	4.2%
2028	-1.4%	1.0%	-4.8%	4.1%
2025-2028 are forecasts				

China power generation assumptions (YoY growth and expectations)					
Year	Thermal	Solar+Wind	Hydro	Nuclear	Power demand
2018	6.9%	25.2%	1.9%	17.6%	7.4%
2019	4.2%	13.9%	4.3%	19.4%	5.4%
2020	2.6%	17.1%	4.9%	5.1%	4.0%
2021	9.5%	29.7%	-2.1%	11.3%	9.2%
2022	1.5%	24.9%	1.4%	2.5%	3.6%
2023	6.4%	21.2%	-4.8%	3.7%	6.2%
2024	2.0%	19.9%	11.3%	2.5%	5.4%
2025	-0.7%	25.4%	0.2%	11.4%	3.6%
2026	0.6%	23.3%	0.1%	4.1%	4.5%
2027	-1.8%	21.7%	1.5%	12.7%	4.0%
2028	-1.4%	18.1%	1.5%	8.0%	4.0%
2025-2028 are forecasts					

Thermal coal – Exports

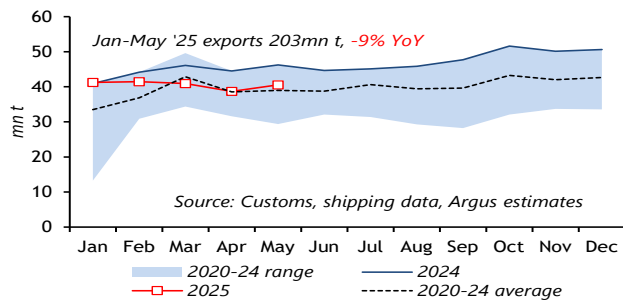
Wet weather hits Aussie exports

The big shift since our last report has been greater indications from Indonesian suppliers that they are willing to cut back on production/exports. Australian exports fell by around 20pc on the year in May, crushed by wet weather disruption. The Russian government has agreed to provide state support to certain loss-making firms, although the exact companies who qualify for this support is unclear at the time of writing.

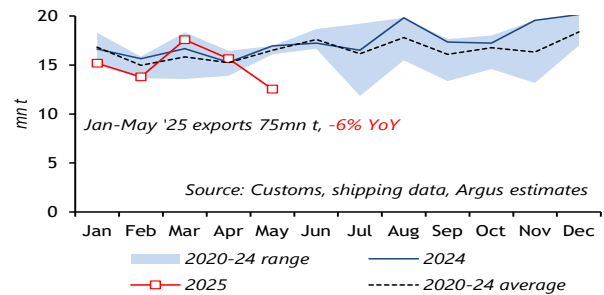
Thermal coal exports

Country	mn t	mt	YTD ±	Outlook
Indo	40.6	May	-8.6	Policy changes threaten outlook
Aus	12.6	May	-7.9	Wet weather hampers exports
Rus	10.2	May	+1.2	Gov. approves support measures for producers
Col	3	May	-30.9	Cerrejon/Drummond cut output
Saf	6.4	May	+5.8	Tfr shutdown longer than usual
US	3.7	May	-3	Tariffs, domestic prices cloud outlook

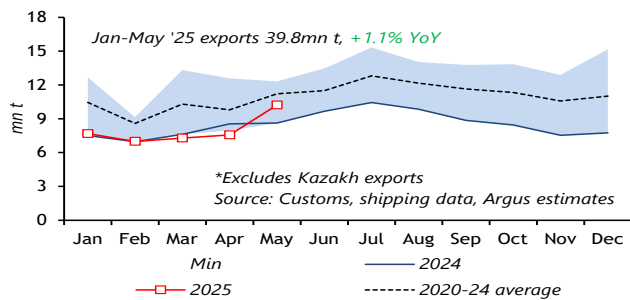
Indonesian exports



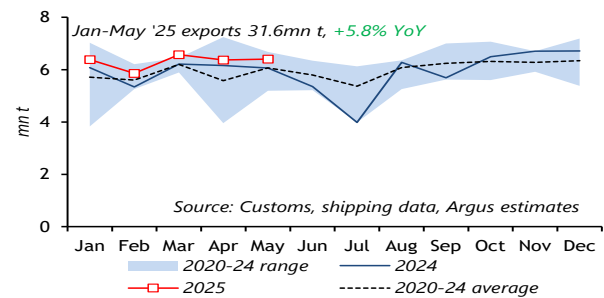
Australian exports



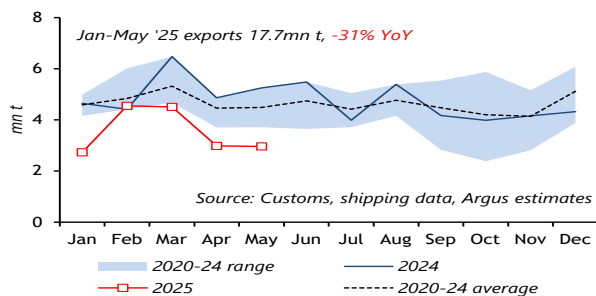
Russian exports



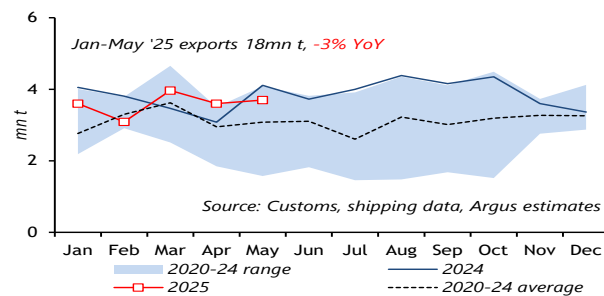
South African exports



Colombian exports



US exports



Thermal coal – China fundamentals

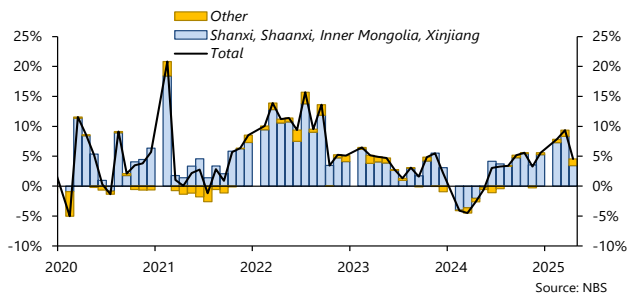
Supply starting to respond

Fundamentals in China remain soft, with stockpiles at mines, ports and power plants still elevated, thermal power generation modest and many industrial indicators flagging. Domestic coal prices have tumbled further, driving some small, privately-owned mines to curtail production.

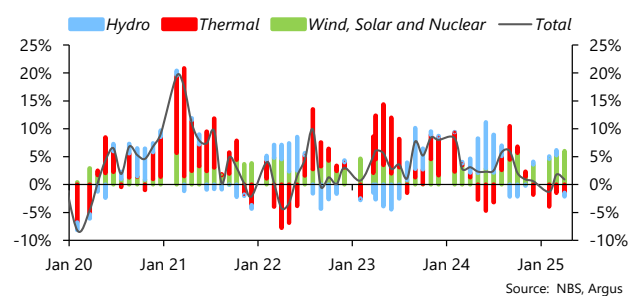
China fundamentals

Indicator	chg	month	Outlook
Thermal gen	-2.3pc	Apr	More coal squeezed out the mix
Coal output	+4.8pc	Apr	Production growth continues
Cement output	-5.3	Apr	Return to negative growth
Stock - key plants, port, mines, days	+6	May	Stocks still comfortable
Imports - steam, mn t	9.1	Apr	YTD imports down 30pc YoY
Imports - lignite, mn t	14.5	Apr	YTD imports up 6pc YoY

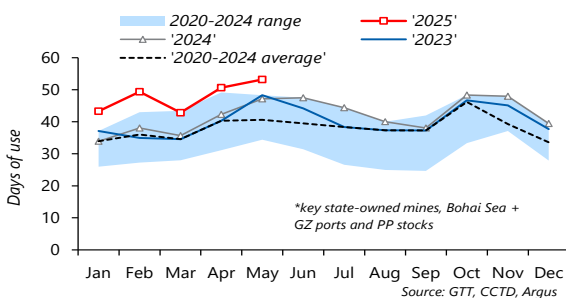
China coal supply growth



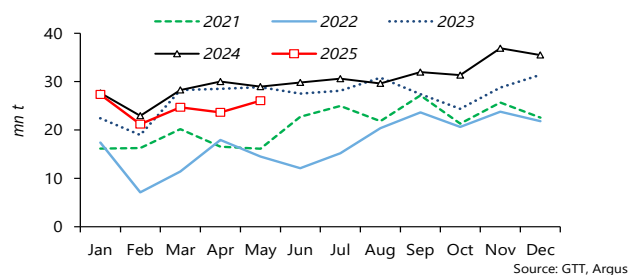
Power Generation growth and composition



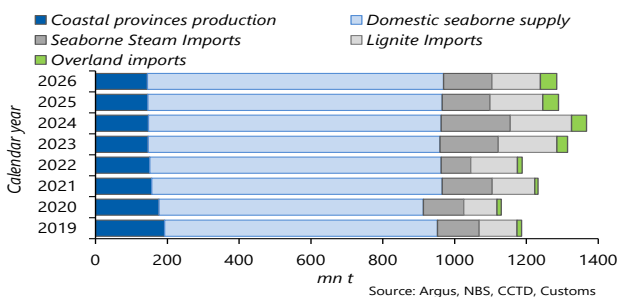
China Inventory



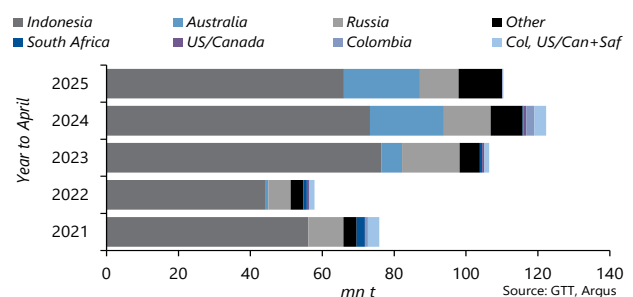
China seaborne steam coal imports



China coastal supply



China thermal imports (seaborne+overland)



Thermal coal – India fundamentals

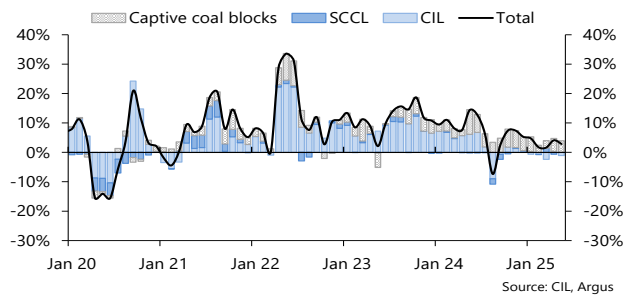
Early monsoon adds to soft tone

The Southwest Monsoon made landfall in Kerala on 24 May, eight days ahead of normal. This dented India's electricity demand by around 5pc on the year in May, provisional data suggest, and drove a 5pc on-year rise in large-scale hydro generation. Coal-fired generation slipped by 9pc on the year in May, further squeezed by rising nuclear and renewables output.

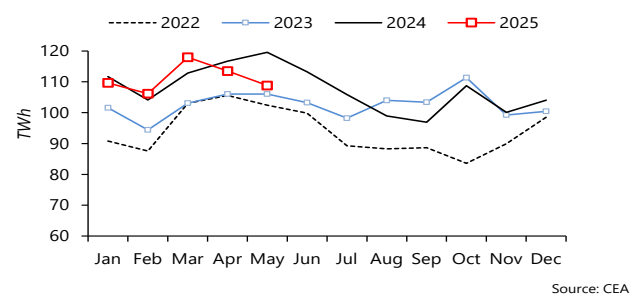
India fundamentals

Indicator	chg	month	Outlook
Coal generation	-9pc	May	Early Monsoon dampens coal burn
Import-coal gen	-3.6pc	May	Tracking year-1 level
Cement output	+11.6pc	Mar	Production grows strongly
Coal production	+2.9pc	May	Growth rate steady
Power plant stocks, days	20.8	May	Stocks grow further
Imports, mn t	+1	May	Jan-Apr imports down 4pc

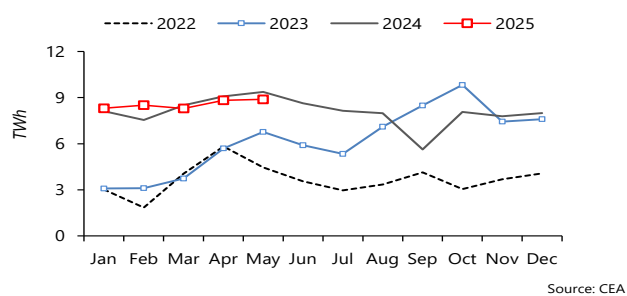
India coal production growth



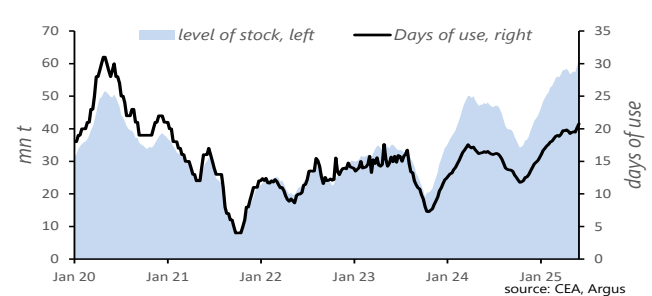
India coal generation



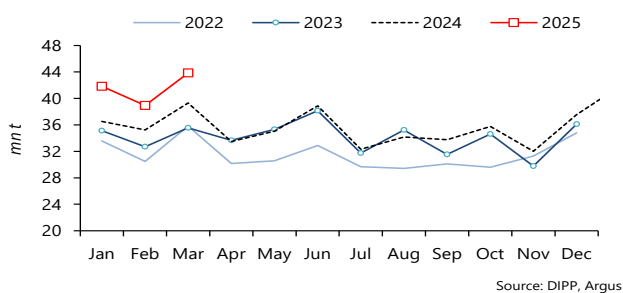
India coal-fired generation by import plants



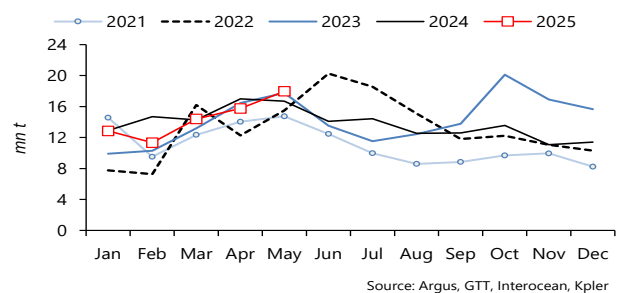
India power plant stocks



India cement production



India thermal coal imports



Thermal coal – Europe fundamentals

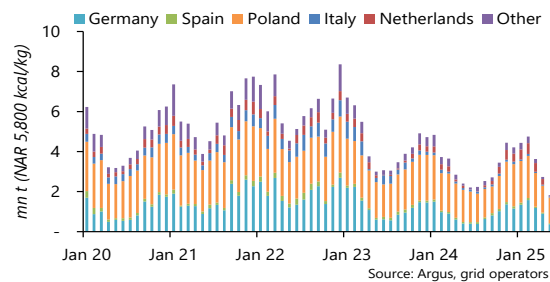
Coal burn at record low

EU imported thermal coal consumption hit a multi-decade low in May. Power-sector hard coal-fired generation fell by 24pc on the year to just 4.9TWh, grid operator data show. Coal burn fell particularly sharply in Germany and Poland, driven by strong solar output and a long-awaited recovery in wind generation, which had been lagging for a sustained period in late 2024/early 2025.

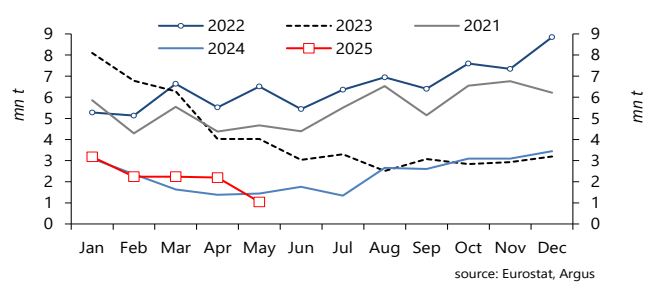
Europe fundamentals

Indicator	chg	month	Outlook
Est coal burn	-24pc	May	Import coal burn hits record low
Imports, mn t	-28pc	May	Jan-Apr imports up 10pc YoY
ARA stocks, mn t	3.2	Jun	Stocks draw lower
EU ETS CO2	€ 75	Jun	Price rise continues
TTF (year ahead), MWh	€ 34.90	Jun	Prices tick higher
Nat gas storage	-29	Jun	Stockbuild tracks 5-yr ave

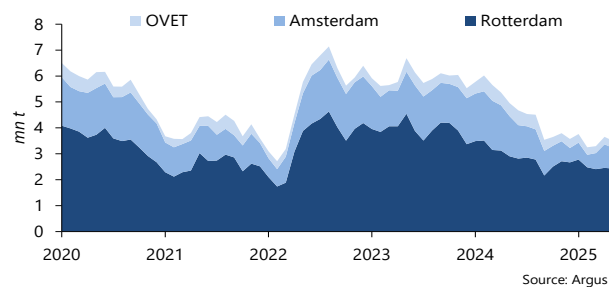
EU+UK power-sector coal burn



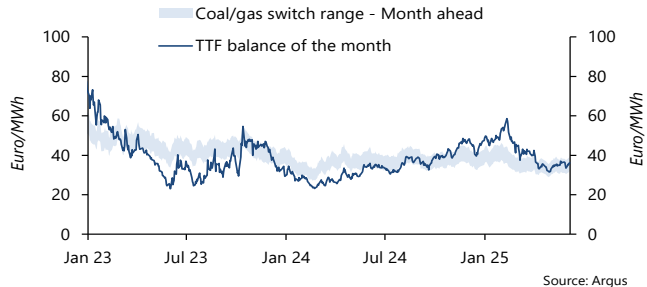
EU 27+UK thermal coal imports



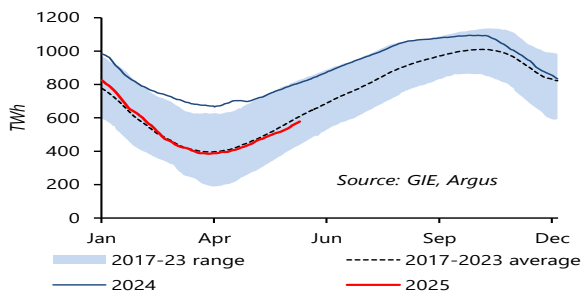
ARA Stocks



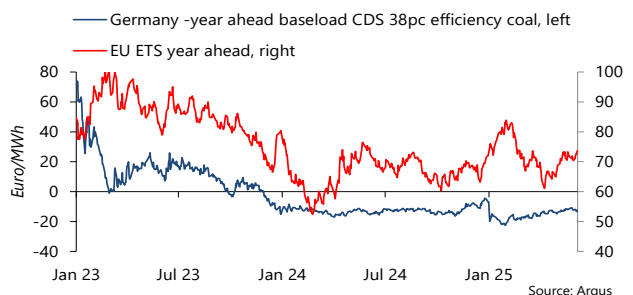
TTF natural gas and fuel switching price



European natural gas in storage



Germany clean dark spread and EU ETS prices



Thermal coal – Northeast Asia fundamentals

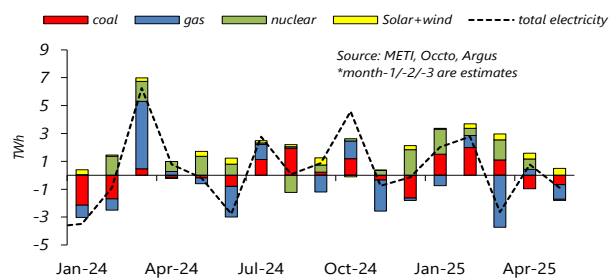
Policy changes, nuclear shape outlook

The outlook for Korean coal burn over the summer months is boosted by heavy nuclear maintenance and the end to Korea's seasonal curbs on coal-fired generation. But with the country's long-standing fuel consumption tax discount for coal set to expire at the end of June, this should negatively impact the cost economics for coal versus gas and might make coal-gas fuel switch dynamics more important again.

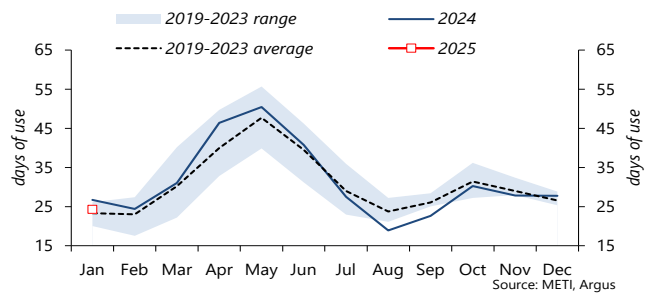
Northeast Asia fundamentals

Indicator	mn t	month	Outlook
JKT Coal burn	12.8	May	Regional coal burn falls 6pc YoY
Japan	5.3	May	Coal burn down 5pc YoY
Korea	3.9	May	Nuclear works/end of seasonal curbs support outlook
Taiwan	3.6	May	Nuclear phaseout may support 2Q coal
JKT imports	17.4	May	Imports slip
Asean imports	14.5	Jan	Lagged data shows comfortable stocks

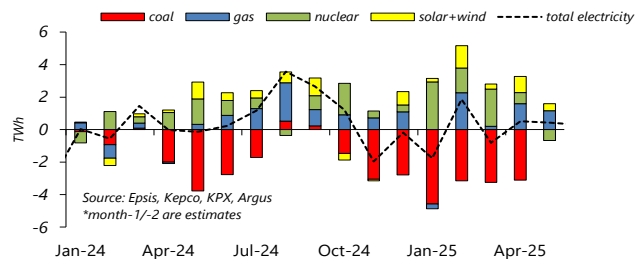
YoY change in Japan power generation by source



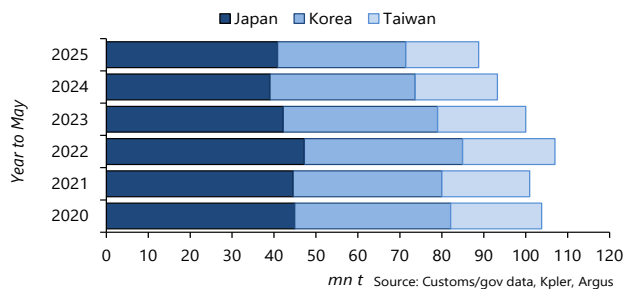
Japan generator stocks



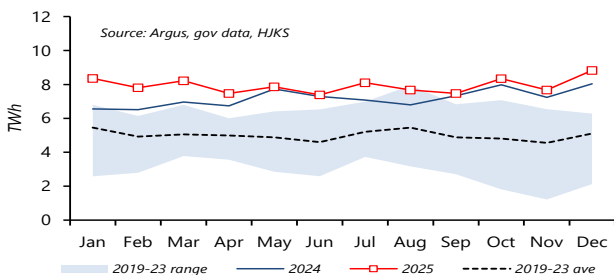
YoY change in Korea power generation by source



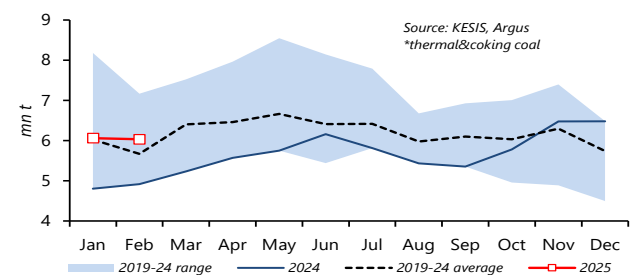
Japan, Korea, Taiwan thermal coal imports



Japan nuclear availability



Korean coal stocks



Thermal coal – South and Southeast Asia fundamentals

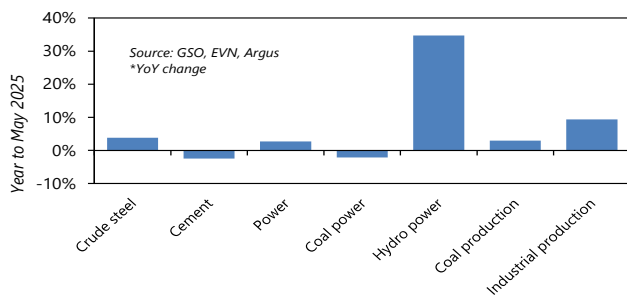
Hydro caps Vietnam coal potential

Strong hydro generation is limiting recourse to coal-fired generation in Vietnam, but structural growth in coal-fired capacity, lower international coal prices and strong GDP growth expectations should support stronger seaborne imports in both the short and mid-term. We have not adjusted our forecasts in the wake of Pakistan on 2 June suspended imports of thermal coal from Afghanistan at three border crossings between the countries.

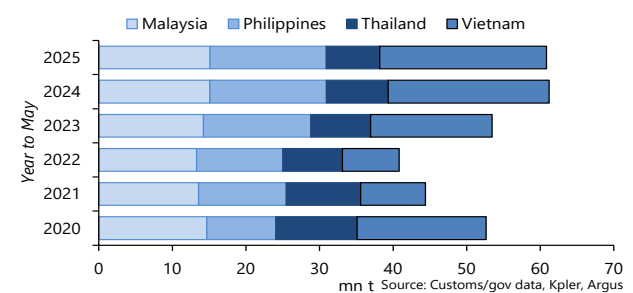
Asia Ex fundamentals

Indicator	mn t	month	Outlook
Asean imports	13.3	May	Imports slow after quick 1Q
Viet coal generation	-2pc	May	Hydro growth squashes coal burn
Viet coal production	+6pc	May	Coal production higher YoY
Pakistan imports	0.4	May	Jan-May imports flat YoY
Pakistan imported coal gen.	+89pc	1Q	Burn up from a low base
Pakistan cement sales	+8.8pc	May	Sales growth continues

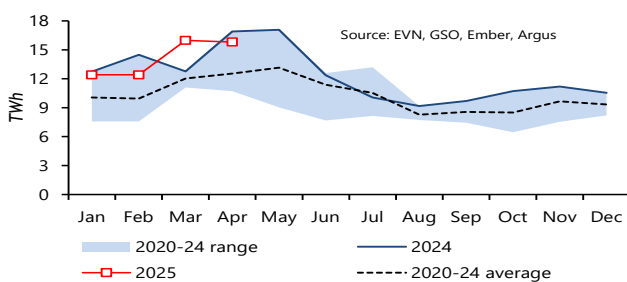
Vietnam power and industrial output



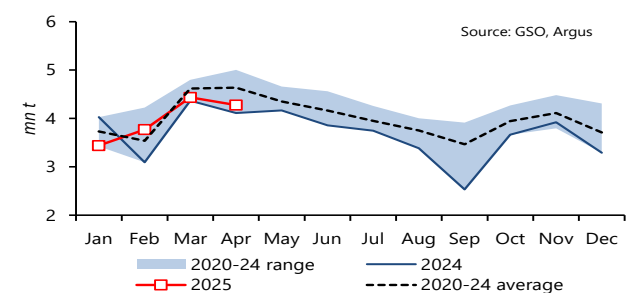
Asean imports



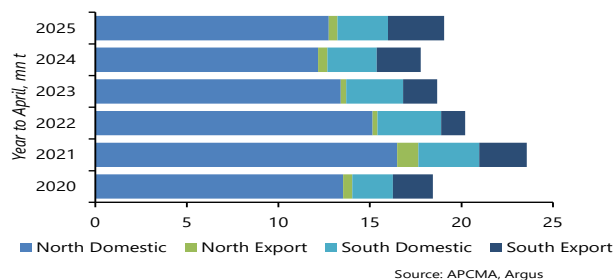
Vietnam coal-fired generation



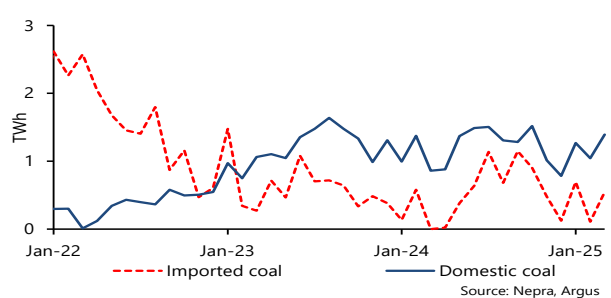
Vietnam coal production



Pakistan cement sales



Pakistan coal-fired generation



Metallurgical coal – Exports

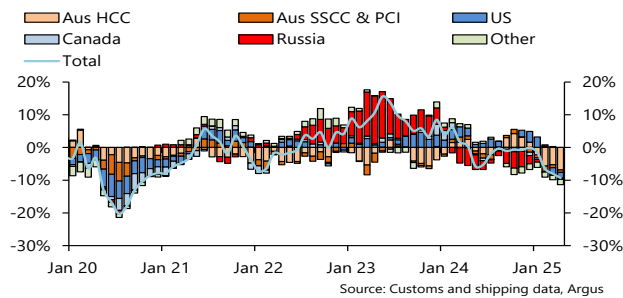
Patchy performance

We have lowered our supply projections for 2025 for Australia, the US and Russia to reflect a slow-down in exports. Some of this is weather-related, for example in Australia, where heavy rains and port congestions have hampered outflows. A slew of mine accidents across Australia and the US have also contributed to the slow-down. Producer restraint is also factoring into our view, particularly in the US.

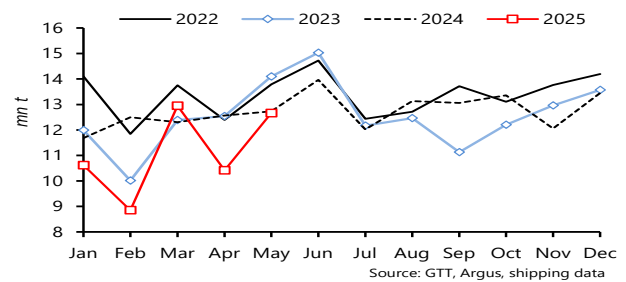
Metallurgical coal exports

Country	mn t	mt	YTD ±	Outlook
Aus	12.7	May	-10	Exports recover last month
US	3.1	May	-11	Exports tick lower again
Can	2.4	May	+1	Exports flat
Rus	2.7	May	-12	Exports continue to slow
CHN coke	0.8	Apr	-31	Chinese metcoke exports fall

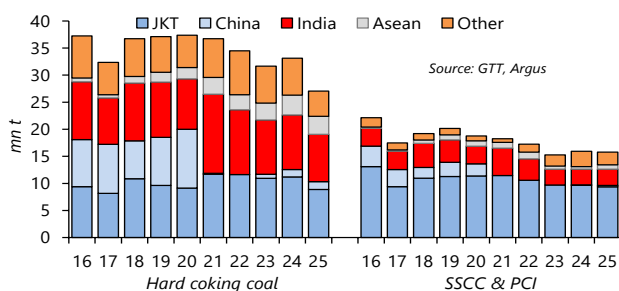
Contribution to seaborne supply growth



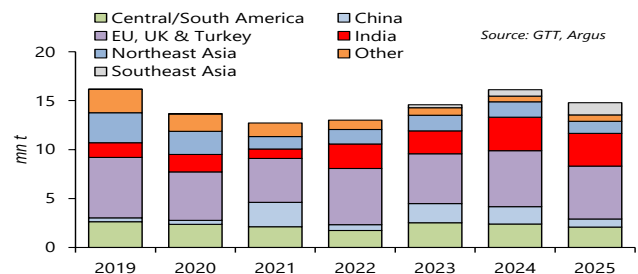
Australian met coal exports



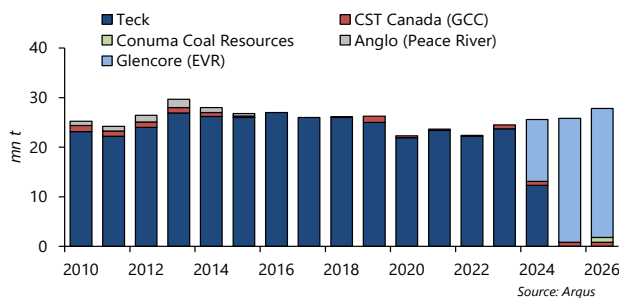
Australia met coal exports year to April



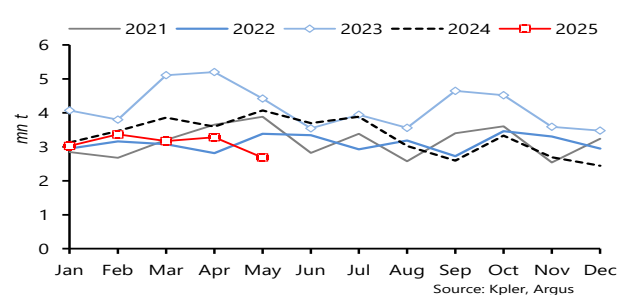
US met coal exports year to April



Canada exports



Russian seaborne coking coal exports



Metallurgical coal – China fundamentals

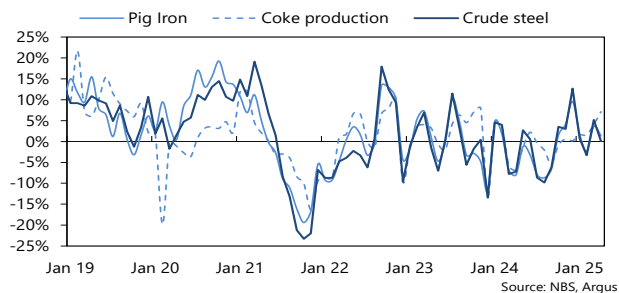
Still negative

Market sentiment in China is cautious, with the traditional peak season for steel consumption coming to an end. Steel mills and coke plants are in no rush to procure additional coking coal and are mainly using up their existing inventories to maintain a profit, as June is a traditionally a low season for both production and consumption in China.

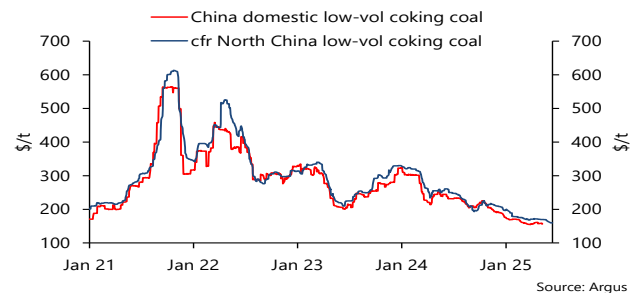
China fundamentals

Indicator	pc	mt	Outlook
Crude steel	+0	Apr	Growth stalls
Iron production	+1.3	Apr	Growth rate dips
Coke output	+7.1	Apr	Growth ticks up
Steel exports, mn t	10.5	May	No sign of exports slowing
Imports - Seaborne, mn t	4.1	Apr	Seaborne imports slow
Imports - Mongolia, mn t	4.1	Apr	Jan-Apr imports down 18pc

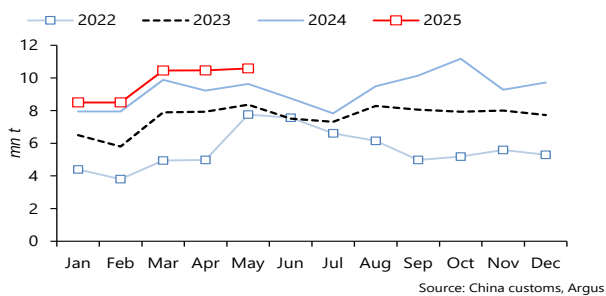
Crude steel and iron production



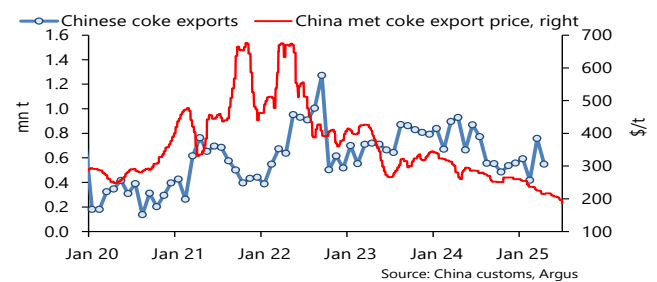
China domestic and import coking coal prices



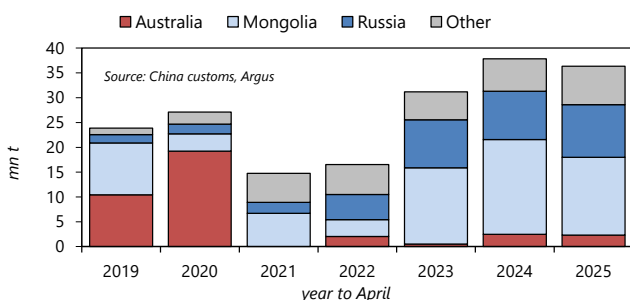
China steel exports



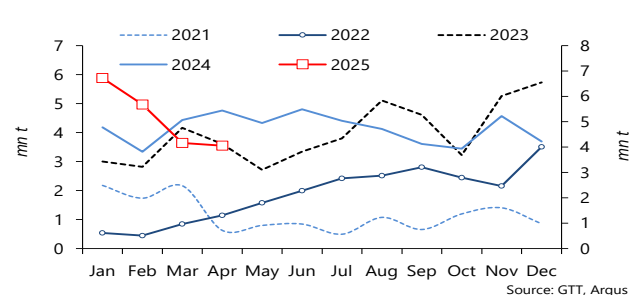
China metcoke exports and prices



China met coal imports



Mongolia exports to China



Metallurgical coal – India fundamentals

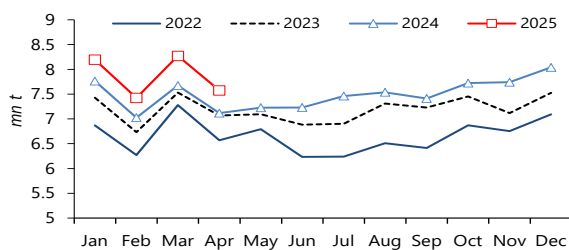
Early monsoon dampens prospects

The early arrival of this year's monsoon adds an additional bearish factor to an already tepid short-term demand outlook. The steel market is typically quieter during the rainy season because of reduced construction activity. Accordingly, all eyes are now turning to policy developments, particularly the fate of the quantitative restrictions (QR) policy on low-ash coke imports.

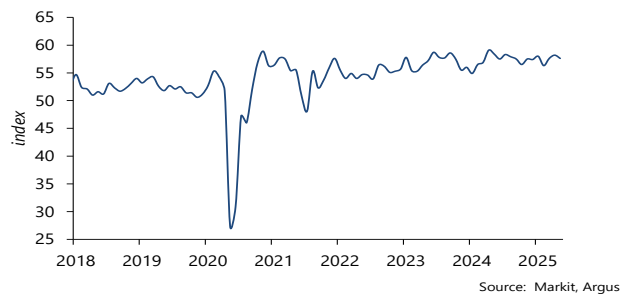
India fundamentals

Indicator	pc	month	Outlook
Crude steel	+5.6	Apr	Steady growth
Iron production	+6.4	Apr	Steady growth
DRI production	+11.4pc	Apr	Steady growth
Imports, mn t	6.8	May	YTD imports flat YoY
Industrial production	+3.4pc	Apr	Growth rate slows
PMI	57.6	Apr	PMI ticks down

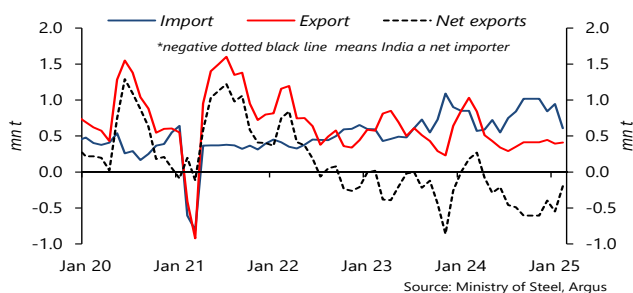
India iron production



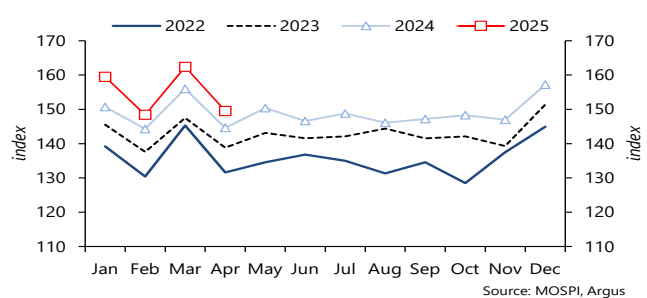
India PMI



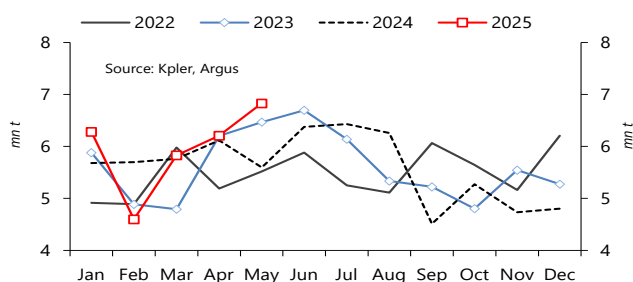
Steel imports and exports



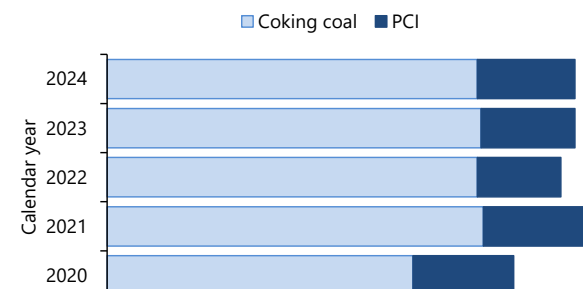
Manufacturing activity



India met coal imports



India PCI and Coking coal



Metallurgical coal – Global steel fundamentals

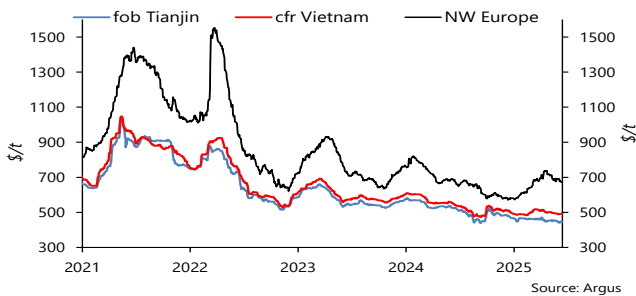
Mostly weak

Steel markets in most regions remain weak. In Japan, for example, crude steel production in April fell by 6.4pc on the year to 6.6mn t with the downtrend in output expected to continue, as sluggish global steel demand is weighing on Japan's steel products exports. China and India are entering seasonal low seasons for steel.

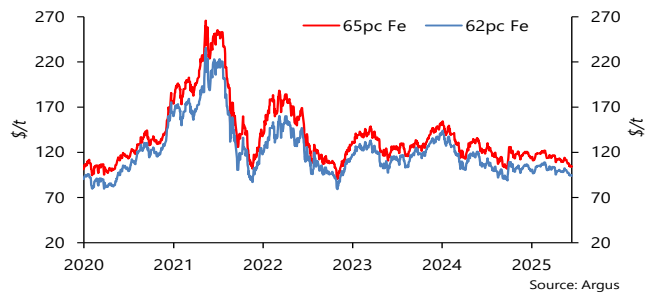
Other fundamentals

	pc	month	Outlook
Crude steel	0pc	Apr	Production flat YoY
JKT iron	-9pc	Apr	Contraction deepens
Europe Iron	-9pc	Apr	Production continues to fall
Latam Iron	-3pc	Apr	Output slips
Iron ore 62% Fe	\$94/t	Jun	Prices tick lower
HRC	\$448/t	Jun	Prices slip

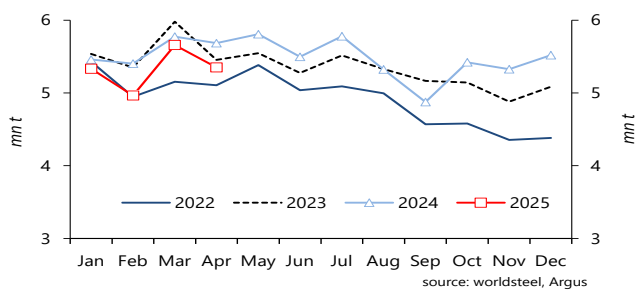
HRC Steel prices



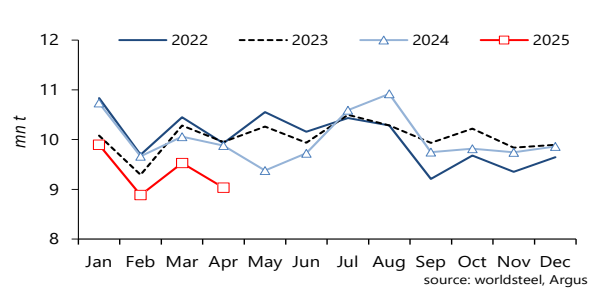
Cfr China iron ore prices



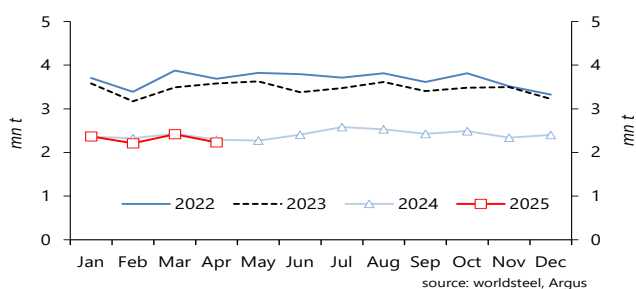
Europe iron production



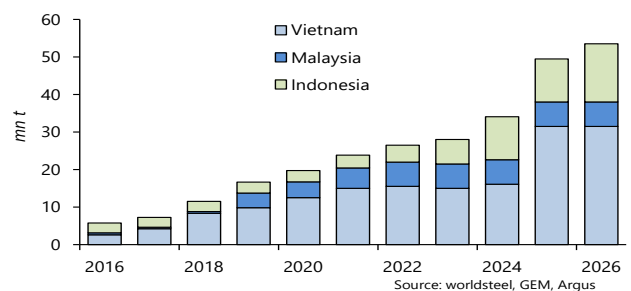
Japan, Korea and Taiwan iron production



Latam iron production



Asean BOF output



Macro indicators

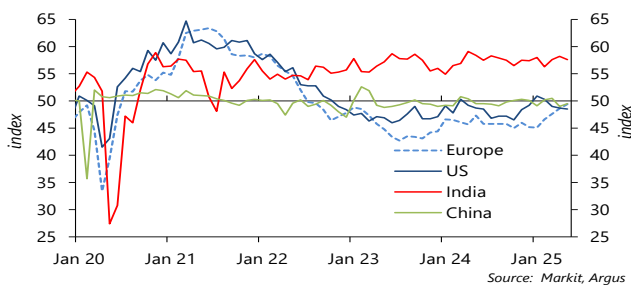
Uncertainty reigns

There are signs of thawing relations between the US and China following a recent phone call between Trump and Jinping, which has supported oil and other prices. More central banks are cutting interest rates while the US dollar continues its decline.

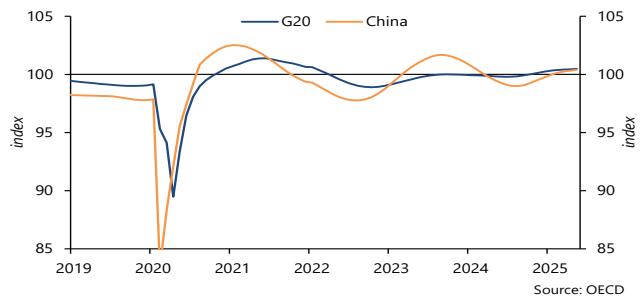
Macro fundamentals

	pc	mtb	Outlook
Global PMI	49.6	May	Index in contraction
OECD leading indicators	+0.7	May	CLI growth stable
Global IP	+3.7	Mar	Growth rate improves
Global trade	+6.5	Mar	Growth rate steady
FX trends			Most currencies have strengthened vs the USD
Monetary policy			Rate cuts intensify

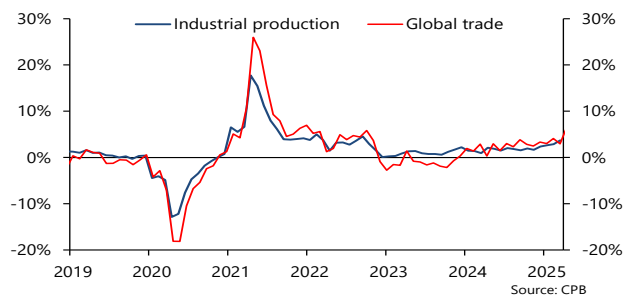
PMI Indices



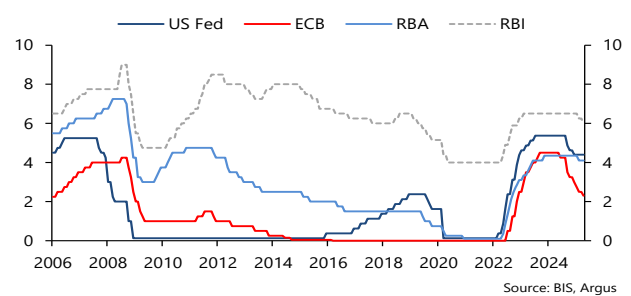
OECD Leading indicators



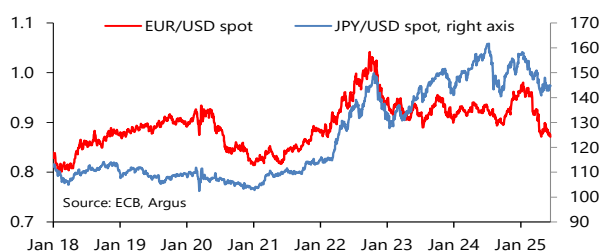
Global industrial production and trade



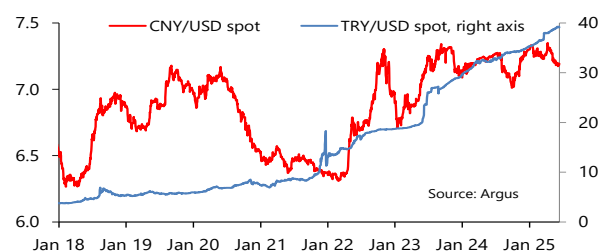
Monetary policy rates



EUR/USD & JPY/USD FX rates

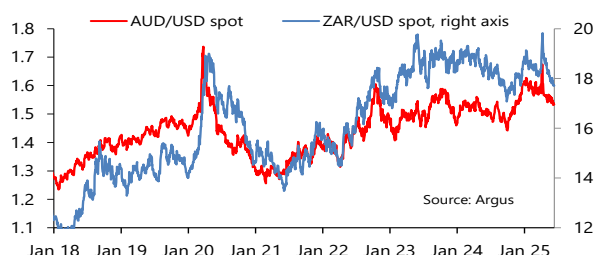


CNY/USD & TRY/USD FX rates



Macro indicators

AUD/USD & ZAR/USD FX rates



RUB/USD FX rate



Disclaimer

Data and information contained in this study come from a variety of sources including official agencies, original research and analysis conducted by Argus personnel, proprietary sources maintained by Argus and market contacts. Argus has endeavoured to ensure that the information and data contained in this study are reliable, but the inherent difficulties in obtaining information on often opaque and commercially sensitive markets should be noted by the client. In addition, rounding errors, differing definitions and/or the use of multiple sources may have led to instances in which some data and/or information may appear to be inconsistent. Argus has endeavoured to resolve these apparent inconsistencies, but some may remain. Any projected market or price developments, growth or future performance contained in this study merely reflect the reasonable judgment of Argus, developed using standard analytical and projection techniques, at the time of the preparation of this material. Such future projections are based on consideration of a wide range of factors including market, economic and political — many of which are inherently uncertain and potentially subject to unpredictable and unforeseeable events. Accordingly, Argus offers no assurance whatsoever regarding the consistency of any projections relative to actual outcome in the future. While Argus has made efforts in good faith to ensure that the information and data contained in this study are accurate, Argus Media Ltd offers no implied warranty of merchantability or fitness for any particular purpose, nor accepts any responsibility whatsoever for any damages arising from the use of the information contained in this study. This study has been prepared for the sole benefit of the client. No part of this report shall be provided to third parties without the written consent of Argus Media Ltd. Any third parties in possession of the report may not rely upon its contents. Throughout this study, all references to tonnes (t) are to metric tonnes. All weights are given in tonnes, unless explicitly stated in the text. All references to dollars are to US dollars. Currency conversions have been made either at current or relevant historical exchange rates, as required by the context. Numbers have been correctly rounded at the last point of calculations, with intermediate calculations preserving full accuracy. This means that table totals may differ slightly from the sum of individual figures, and percentages may sometimes appear not to total exactly 100pc.



Argus Seaborne Coal Outlook is published by Argus Media group

Registered office

Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200

ISSN: 2633-500X

Copyright notice

Copyright © 2025 Argus Media group
All rights reserved

All intellectual property rights in this publication and the information published herein are the exclusive property of Argus and/or its licensors (including exchanges) and may only be used under licence from Argus. Without limiting the foregoing, by accessing this publication you agree that you will not copy or reproduce or use any part of its contents (including, but not limited to, single prices or any other individual items of data) in any form or for any purpose whatsoever except under valid licence from Argus. Further, your access to and use of data from exchanges may be subject to additional fees and/or execution of a separate agreement, whether directly with the exchanges or through Argus.

Trademark notice

ARGUS, the ARGUS logo, ARGUS MEDIA, INTEGER, ARGUS SEABORNE COAL OUTLOOK, other ARGUS publication titles and ARGUS index names are trademarks of Argus Media Limited.
Visit www.argusmedia.com/Ft/trademarks for more information.

Disclaimer

The data and other information published herein (the "Data") are provided on an "as is" basis. Argus and its licensors (including exchanges) make no warranties, express or implied, as to the accuracy, adequacy, timeliness, or completeness of the Data or fitness for any particular purpose. Argus and its licensors (including exchanges) shall not be liable for any loss, claims or damage arising from any party's reliance on the Data and disclaim any and all liability related to or arising out of use of the Data to the full extent permissible by law.

All personal contact information is held and used in accordance with Argus Media's Privacy Policy
<https://www.argusmedia.com/en/privacy-policy>

Publisher

Adrian Binks

Global compliance officer

Vladas Stankevicius

Chief commercial officer

Jo Loudiadis

President, Expansion Sectors

Christopher Flook

SVP Consulting Services

Lloyd Thomas

Senior Analyst

Alex Thackrah
Tel: +44 (0) 2045 836543
coaloutlook@argusmedia.com

Customer support and sales:

support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200

Houston, Tel: +1 713 968 0000

Singapore, Tel: +65 6496 9966