

Argus Petroleum Coke Outlook



Near-term outlook

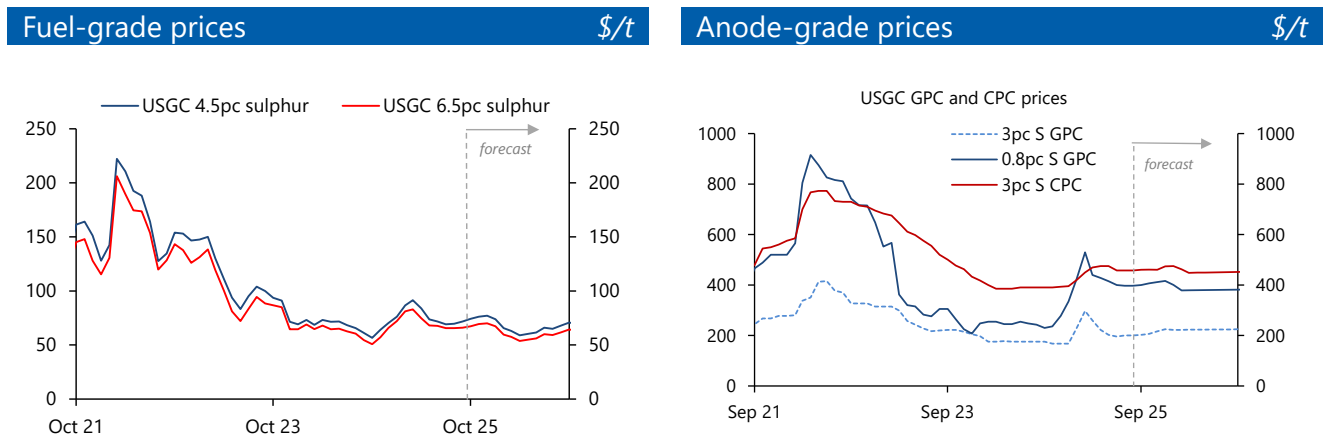
Destination fuel-grade coke prices are likely to remain supported by elevated freight rates and tight supply from refinery maintenance, despite competitive coal prices and relatively weak demand in key Asian markets. Chinese anode-grade GPC and CPC prices are expected to stay firm due to strong battery and aluminium demand as well as weak production in Shandong while crude import quota uncertainty poses upside risk for prices.

12-month outlook

Seaborne coal and coke demand are likely to face sustained downward pressure as China and India increasingly pivot toward domestic coal and renewable energy sources. Fuel-grade coke supply will grow as countries like Mexico and Croatia ramp up production at new coking units. Strong battery sector demand and government support for aluminium are expected to underpin anode-grade GPC and CPC demand and prices. Softening road fuels demand may weaken refining margins in Shandong, potentially curbing coke output.

Contents

<i>Forecasts</i>	
Fuel-grade prices	2
Anode-grade prices	3
Production and trade	4
<i>Supply fundamentals</i>	
US output and exports	8
Fuel-grade supply	10
Anode-grade supply	11
<i>Demand fundamentals</i>	
Anode-grade demand	14
Fuel-grade demand	15
Coal outlook summary	17
Freight & FX	24



Forecast review

In September, destination fuel-grade coke prices rose due to persistently high freight rates and an incremental increase in demand from markets like Turkey and India, broadly aligning with our forecast, while fob prices remained stable amid competitive Russian coal. Refinery maintenance is expected to tighten supply and support prices in the fourth quarter. But global demand may face downward pressure over the forecast horizon from growing domestic coal production and renewable energy adoption. Chinese anode-grade green petroleum coke (GPC) prices remained firm in September due to seasonal stockpiling, strong battery anode demand, and limited supply of certain grades, particularly medium-sulphur low-metal GPC. Dwindling crude import quotas in the Shandong province could limit petcoke supply in the fourth quarter. This could drive up GPC and calcined petroleum coke (CPC) prices which are also expected to be supported by growing battery anode and aluminium production.

Fuel grade

Destination fuel-grade prices continued rising in September while fob prices remained relatively stable. Destination prices were mostly boosted by freight rates which remained at historically high levels. Demand for seaborne coke increased in Turkey following the cancellation of an import duty on US-origin material, but prices remain under pressure from competitive Russian coal prices. Demand from Indian cement makers is picking up in anticipation of higher cement demand in January to March 2026. But coal remains competitive following Delhi's removal of 400 rupees/t tax (\$4.50/t) on the fuel last month.

Declining port inventories in China supported prices for

high-sulphur supply. Most of the shot coke at these ports was procured at much higher costs than current price levels, so many sellers are reluctant to sell at current prices. But China's low-sulphur fuel-grade coke market continued to face headwinds with key downstream consumers such as glassmakers experiencing persistently weak demand. Increasingly stringent environmental regulations in China have also started to drive a growing shift toward cleaner energy sources like liquefied natural gas (LNG).

China and India's pivot towards domestic coal and increased renewables penetration lead us to expect pressure on seaborne coal and coke demand and prices throughout the forecast horizon.

Despite a return of Venezuelan crude imports, US Gulf coast crude slates are likely still skewing lighter compared to earlier this year. Firstly, despite Chevron seeing their waiver to operate in Venezuela being reinstated, crude flows to the USGC have yet to fully rebound to the levels seen earlier this year. Secondly, Mexico's upstream sector remains challenged, with crude production falling and exports trending down since mid-2023.

At the same time, fuel oil imports have increased and residual fuel oil stocks in the US are declining which could mean increasing consumption of fuel oil at refineries that would support higher petcoke production. But with refineries undergoing maintenance in the fourth quarter and lowering utilisation rates after the summer driving season, coke supply is likely to tighten anyway which should support prices. A recent fire at Chevron's El Segundo refinery – which

Fuel grade price forecasts	(period average price) \$/t											
	Sep	±	Oct	Nov	3Q25	4Q25	1Q26	2Q26	2024	2025	2026	2027
fob USGC												
4.5pc S	71.6	4%	74.3	76.2	70.1	75.9	67.5	60.3	67.8	76.8	65.9	58.2
6.5pc S	66.0	2%	67.3	69.3	65.7	68.9	61.4	54.9	62.3	70.9	60.0	53.0
fob USWC												
2pc S	119.8	6%	127.5	129.5	118.3	129.7	119.8	111.0	121.8	128.5	119.3	107.8
4.5pc S	70.1	4%	72.8	76.2	68.2	76.4	75.8	70.3	84.2	79.9	75.5	68.2
cfr China												
2pc S	150.9	5%	158.9	173.7	147.7	170.7	160.4	151.0	164.7	162.9	159.4	146.8
3pc S	162.6	4%	169.4	169.8	164.5	171.4	155.9	140.9	142.1	167.3	150.6	137.9
6.5pc S	110.3	10%	120.8	122.2	104.3	121.2	105.4	95.9	111.8	109.5	101.6	94.3
cfr Prices												
cfr India 6.5pc S	115.9	1%	117.4	119.0	111.3	119.0	103.7	94.4	108.0	112.4	100.1	92.8
cfr Turkey 5.5pc S	103.6	5%	108.6	109.9	99.7	109.5	96.2	87.6	93.0	103.1	93.5	85.7
cfr ARA 4.5pc S	98.2	5%	102.9	104.0	94.8	103.7	90.0	81.4	88.8	99.3	87.4	79.5

Forecast review

has a 72,000 b/d coking unit – could squeeze US mid-sulphur supply and support prices for this grade, but it has been reported that units are already being restarted at this refinery. Maintenance at both of Saudi Arabia’s refineries that produce petcoke, Satorp Jubail and Yasref Yanbu, will also reduce fuel-grade coke availability in the fourth quarter.

Anode-grade

Seasonal stockpiling demand, continued firm battery anode demand and lower domestic supply of some grades kept Chinese seaborne and domestic anode-grade GPC prices firm in September. Industrial buyers typically stock up ahead of the early October Golden Week holiday, and there was tight availability especially for medium sulphur GPC with low metals content, which saw a particular jump on the high end of the range. In the CPC market, prices were mixed but mostly in a similar range as August, as many smelters and calciners concluded quarterly settlements in September at a rollover to the second quarter.

While battery demand for low-sulphur GPC remains strong, there were some potential clouds on the horizon for the industry, as BYD, China’s largest car maker, in September reported its first year-on-year fall in new energy vehicle sales since March 2024. However, generally, strong demand from the battery anode industry has supported anode-grade prices more than we previously expected which has led us to revise up prices through the forecast horizon.

Although Chinese calciners are struggling with weak margins because of high GPC prices compared with CPC, the country’s aluminium demand picture was slightly stronger after the government announced a plan on 28 September to support aluminium and other non-ferrous metals industries

and maintain stable growth in the non-ferrous industry for 2025-26. Heavy investment in data centers in China is also expected to support long-term demand for aluminium, and stronger market sentiment surrounding this announcement contributed to higher base metals prices on the Shanghai Futures Exchange in mid-September.

However, aluminium production growth is limited in China due to the government cap of 45mn t which the country was already close to reaching last year. This is also resulting in the expansion of production overseas by Chinese aluminium companies. In the US, the restart of 50,000 t/yr of previously idled production at the Century Aluminium Mt Holly, South Carolina aluminium smelter is expected to increase demand for CPC.

Shandong independent refineries raised their combined crude unit utilisation rates by two percentage points from August to 70pc, *Argus* surveys show — a nine-month high. The rally may prove short-lived as independents are running low on crude import quotas. Many will have used up 89pc of their crude import quotas by 30 September, according to *Argus* estimates, and there has not been a clear indication that another batch of quotas will be issued this year. This could drive down utilisation rates to just 30-40pc in October-December, forcing independent refiners to switch to processing straight-run fuel oil through their secondary units. Refiners typically cannot blend more than 15-20pc fuel oil into their crude, so this would still result in utilisation rates significantly lower than normal levels. For this reason, we assume that another batch of quotas is likely to be issued and refiners will be able to produce a relatively normal amount of petcoke. But this leaves significant upside in pricing if another batch is not issued, and Shandong refinery rates are driven down.

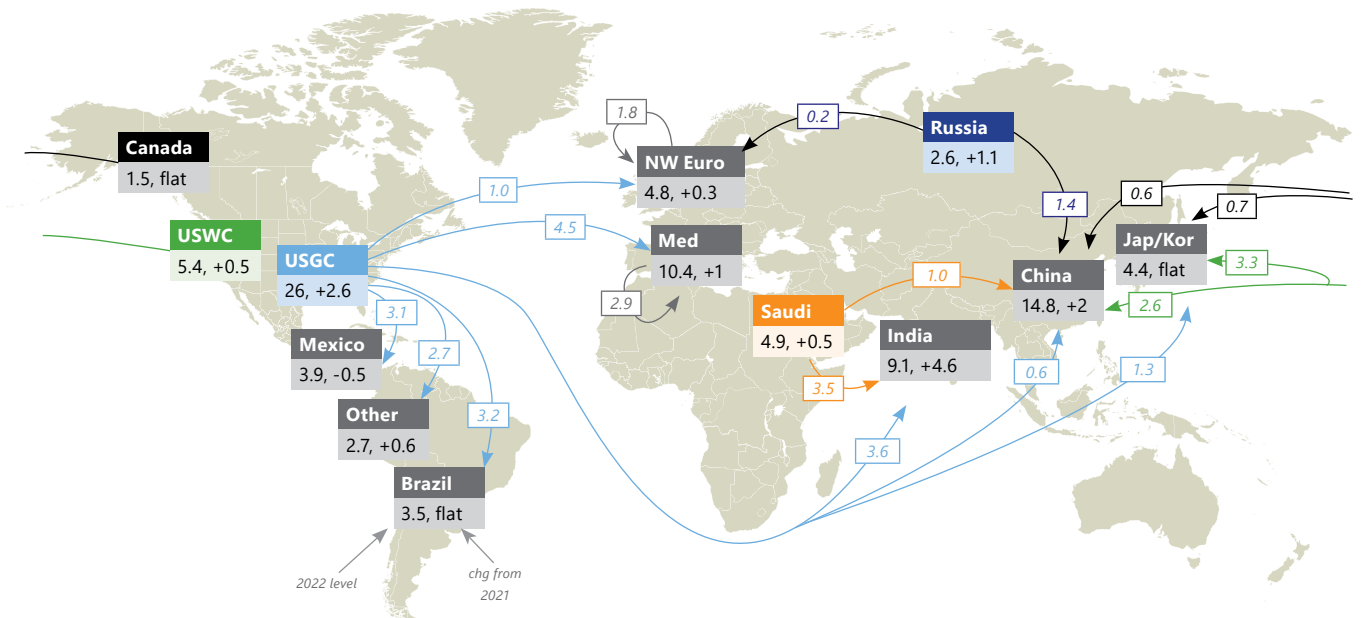
Anode grade price forecasts	(period average price) \$/t											
	Aug	±	Sep	Oct	3Q25	4Q25	1Q26	2Q26	2024	2025	2026	2027
GPC												
cif USGC 0.8pc S	397.5	0.6%	400.0	406.8	398.3	411.5	386.0	379.8	256.0	422.2	382.3	385.5
cif USGC 3pc S	200.0	1.3%	202.5	206.0	200.8	215.8	222.7	223.4	175.2	221.5	223.8	226.8
fob Mideast Gulf 4% S	315.0	0.0%	315.0	320.4	310.0	327.5	304.3	301.6	199.8	330.0	303.0	306.1
ex-works China 0.8% S	544.2	1.3%	551.3	563.7	539.2	568.0	503.3	498.6	-	555.3	501.0	506.1
ex-works China 3% S	368.6	10.5%	407.4	416.1	378.2	423.1	344.0	326.9	-	381.8	332.0	331.9
CPC												
fob USGC 3% S	457.5	0.5%	460.0	460.7	458.3	465.1	461.6	449.5	392.5	459.8	453.7	456.3
cif Mideast Gulf 3% S	515.0	2.4%	527.5	544.7	515.0	524.7	488.8	490.4	407.1	526.2	491.2	497.8
fob China 3% S	485.0	1.0%	490.0	514.9	475.0	496.7	448.1	449.5	361.7	491.0	450.3	456.3
cif ARA 1.5pc S	437.5	-0.6%	435.0	433.6	438.3	442.5	442.6	444.1	377.1	442.5	444.8	450.8

Petroleum coke production									<i>mn t</i>
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total	132.6	125.1	127.1	139.5	145.8	144.4	144.8	146.2	149.1
North America	53.9	50.8	49.8	52.7	53.1	51.7	51.1	50.3	50.3
USA	41.7	38.5	37.4	40.3	40.7	39.3	38.7	37.9	37.9
Canada	12.3	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
Latin America	9.9	9.3	9.5	12.4	13.3	14.3	14.8	15.8	17.1
Mexico	1.6	1.5	1.5	1.4	1.7	2.6	2.9	3.9	5.1
Brazil	4.6	4.6	4.5	4.6	4.7	4.6	4.7	4.7	4.7
Chile	0.5	0.3	0.2	0.5	0.5	0.5	0.5	0.5	0.5
Argentina	1.3	1.1	1.3	1.3	1.4	1.3	1.3	1.3	1.3
Venezuela	1.0	1.0	1.0	3.9	4.1	4.4	4.5	4.5	4.5
Colombia	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Mediterranean	7.5	7.4	7.3	8.0	8.3	8.0	8.4	9.3	9.3
Spain	3.8	3.5	2.9	3.5	3.5	3.5	3.8	3.8	3.8
Turkey	1.3	1.5	1.8	1.8	1.8	1.3	1.5	1.8	1.8
Hungary	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Romania	0.7	0.5	0.6	0.7	0.8	0.8	0.7	0.7	0.7
Croatia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Serbia	0.0	0.1	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Greece	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Egypt	0.9	0.9	0.9	1.0	1.3	1.3	1.3	1.7	1.7
NW Europe	4.1	4.0	4.3	4.1	4.1	4.1	4.1	4.1	4.1
Germany	1.7	1.7	1.7	1.6	1.6	1.8	1.6	1.6	1.6
UK	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Belgium	0.7	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8
Norway	0.4	0.4	0.5	0.5	0.2	0.2	0.5	0.5	0.5
Poland	0.1	0.3	0.3	0.3	0.5	0.4	0.3	0.3	0.3
Netherlands	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4
China	28.1	26.9	27.4	30.2	33.4	32.8	31.8	31.0	31.0
India	14.0	12.5	13.9	15.4	15.3	15.0	15.0	15.5	15.9
Asia ex	3.2	3.4	3.5	3.6	3.6	3.6	3.6	3.6	3.6
Japan	1.1	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Korea	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Indonesia	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Philippines	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Malaysia	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Taiwan	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
FSU	4.4	4.2	4.4	5.8	6.6	6.3	7.2	7.8	8.9
Russia	3.4	3.3	3.3	4.2	5.0	4.7	5.4	6.0	7.1
Kazakhstan	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Azerbaijan	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Turkmenistan	0.2	0.2	0.2	0.3	0.3	0.3	0.5	0.5	0.5
Uzbekistan	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Belarus	0.0	0.0	0.1	0.4	0.5	0.5	0.5	0.5	0.5
Middle East	7.0	6.2	6.6	6.8	7.7	8.2	8.3	8.3	8.4
Saudi	5.3	4.1	4.3	4.5	5.2	5.2	5.2	5.2	5.2
UAE	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Kuwait	1.0	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Oman	0.5	0.5	0.5	0.5	0.7	1.2	1.3	1.3	1.3
Africa	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

Petroleum coke trade									<i>mn t</i>
	2019	2020	2021	2022	2023	2024	2025	2026	2027
GPC exports	53.8	49.5	48.7	57.2	58.3	60.6	56.8	56.4	57.4
North America	34.8	33.7	32.0	35.2	35.9	37.2	33.3	32.3	32.1
USGC	25.1	24.5	23.3	26.3	27.4	28.9	25.0	24.5	24.5
USWC	5.8	5.0	4.9	5.4	6.1	5.5	4.8	4.3	4.3
Other US	2.4	2.7	2.3	2.0	0.9	1.3	2.0	2.0	1.8
Canada	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.5
Latin America	1.9	1.6	2.3	4.9	6.3	6.6	5.6	5.6	5.7
Venezuela	0.1	0.0	0.2	3.0	3.3	3.5	2.5	2.5	2.5
Colombia	1.0	0.9	0.9	0.7	1.0	1.0	1.0	1.0	1.0
Chile	0.2	0.1	0.0	0.1	0.0	0.0	0.2	0.2	0.3
Argentina	0.4	0.3	0.5	0.5	0.7	0.8	0.6	0.6	0.6
Brazil	0.3	0.4	0.6	0.6	1.2	1.2	1.3	1.3	1.3
Mexico	0.0	0.0	0.0	0.0	0.0	0.2	0.8	1.5	2.5
Middle East	6.4	5.0	5.6	6.0	5.6	7.2	6.6	6.6	6.6
Saudi	5.3	4.0	4.3	4.9	4.1	5.1	5.2	5.2	5.2
Kuwait	0.5	0.6	0.8	0.7	0.9	1.1	0.7	0.7	0.7
Oman	0.6	0.4	0.5	0.3	0.5	1.0	0.7	0.7	0.7
Asia	2.6	1.9	1.6	1.7	1.3	1.2	1.7	1.7	1.7
China	0.9	0.4	0.3	0.3	0.2	0.2	0.3	0.3	0.3
India	0.8	0.5	0.3	0.4	0.1	0.1	0.5	0.5	0.5
Malaysia	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Indonesia	0.3	0.4	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Taiwan	0.5	0.5	0.7	0.7	0.6	0.6	0.5	0.5	0.5
Mediterranean	3.6	3.2	2.6	3.4	3.2	3.2	3.8	3.8	3.8
Spain	3.0	2.9	2.2	3.0	2.8	2.8	3.5	3.5	3.5
Turkey	0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Romania	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
NW Europe	3.0	2.3	3.0	3.7	2.7	2.1	2.0	2.0	2.0
UK	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
ARA	2.6	2.0	2.7	3.3	2.4	1.6	1.6	1.6	1.6
Poland	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
FSU	1.4	1.8	1.6	2.3	3.3	3.1	3.9	4.5	5.5
Russia	1.0	1.5	1.2	2.0	2.8	2.7	3.3	3.9	5.0
CPC exports	5.2	4.9	5.8	5.9	5.6	5.6	5.9	5.9	5.9
US	2.8	2.7	3.3	3.5	2.7	2.7	2.7	2.7	2.7
US integrated	1.3	0.9	1.5	1.5	0.9	0.9	0.9	0.9	0.9
US merchant	1.6	1.7	1.8	2.0	1.8	1.8	1.8	1.8	1.8
Latin America	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Brazil	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Argentina	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Asia	1.5	1.5	1.6	1.5	1.8	1.7	1.6	1.6	1.6
China	1.4	1.4	1.5	1.3	1.4	1.5	1.4	1.4	1.4
India	0.1	0.1	0.1	0.2	0.4	0.2	0.2	0.2	0.2
Middle East	0.3	0.3	0.3	0.4	0.6	0.7	1.1	1.1	1.1
Kuwait	0.2	0.1	0.3	0.3	0.3	0.2	0.7	0.7	0.7
UAE	0.1	0.1	0.0	0.0	0.1	0.2	0.1	0.1	0.1
Oman	0	0	0	0.148	0.3	0.3	0.25	0.25	0.3

Petroleum coke trade									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
GPC imports	51.9	49.8	47.8	55.6	56.6	61.1	65.5	64.2	66.1
Asia	25.5	25.2	21.9	29.4	32.3	33.8	36.7	35.8	37.6
China	8.0	10.1	12.4	14.8	16.0	13.4	15.5	13.5	11.5
India	10.5	9.0	4.4	9.1	10.8	14.4	14.7	15.0	18.0
Japan	4.9	4.2	4.2	3.6	3.8	3.7	3.7	3.7	3.7
Korea	1.3	0.6	0.3	0.8	0.6	0.6	0.7	0.7	0.7
Other	0.7	1.3	0.7	1.1	1.2	1.7	2.1	2.9	3.7
Latin America	8.1	7.7	9.4	9.2	9.1	8.8	10.0	9.7	9.5
Brazil	2.6	2.4	3.6	3.5	3.5	4.3	4.7	5.2	5.2
Mexico	3.3	3.3	3.9	3.3	3.0	1.9	1.9	1.2	1.0
Other	2.1	2.0	1.9	2.5	2.6	2.6	3.3	3.3	3.3
NW Europe	4.6	3.6	4.4	4.1	3.4	4.5	4.1	3.7	3.7
Mediterranean	10.3	10.3	9.2	9.9	9.0	10.7	11.0	11.3	11.5
Turkey	2.7	3.1	2.1	2.8	2.5	4.5	4.7	5.0	5.2
Spain	0.8	0.9	1.1	0.8	0.7	0.7	0.8	0.5	0.5
Egypt	0.9	1.3	0.8	1.0	0.7	0.7	1.0	1.5	1.5
Italy	1.3	1.2	1.3	1.2	1.3	1.1	0.5	0.5	0.5
Other	4.6	3.8	3.9	4.1	3.8	3.7	4.0	3.9	3.8
North America	2.3	1.9	1.9	1.8	1.6	1.6	2.0	1.8	1.7
US	0.4	0.5	0.9	0.9	0.6	0.7	1.0	1.0	0.9
Canada	1.9	1.4	0.9	0.9	1.0	0.9	1.0	0.8	0.8
Middle East	0.7	0.9	0.9	0.8	1.0	1.6	1.4	1.4	1.4
Africa	0.4	0.3	0.2	0.4	0.2	0.2	0.3	0.5	0.8

Green petroleum coke trade flows, 2022

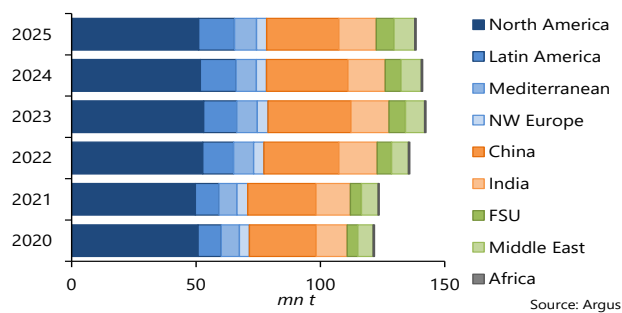


Supply summary

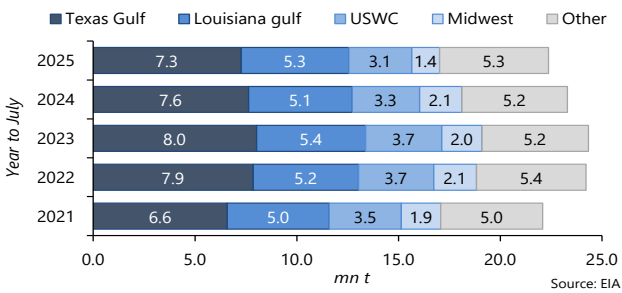
Supply is tightening

Many refineries are undergoing maintenance, and US refineries are reducing utilisation rates after the summer driving season. Shandong refineries have little left of their crude import quotas.

Petcoke output forecasts



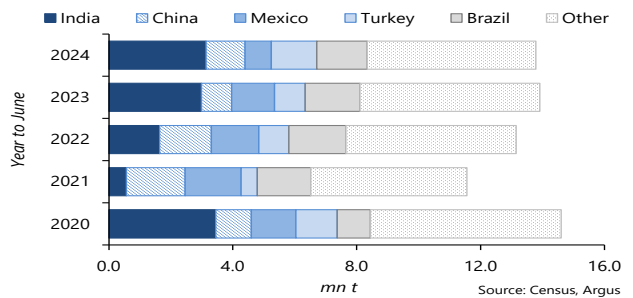
US petcoke production



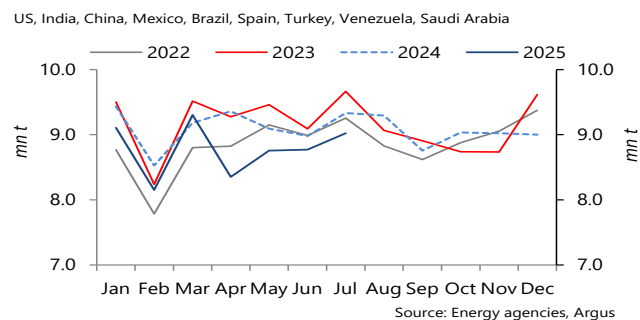
Global refinery watchlist

Country	Refinery	Development
USA	Holly Frontier Puget Sound Anacortes	Turnaround occurring Oct-Dec
USA	Marathon Carson	Undergoing maintenance in Oct
USA	Pemex Deer Park	Undergoing maintenance Oct-Nov
India	Nayara Energy Vadinar	Forced to cut throughput due to EU sanctions
Russia		Several refineries plan to undergo DCU maintenance in October
Saudi Arabia	Satorp Jubail	Scheduled turnaround during Nov-Dec
Saudi Arabia	Yasref Yanbu	30-45 day turnaround starting in Oct
Serbia	Nis Pancevo	Coker shut for two weeks from 1 Oct

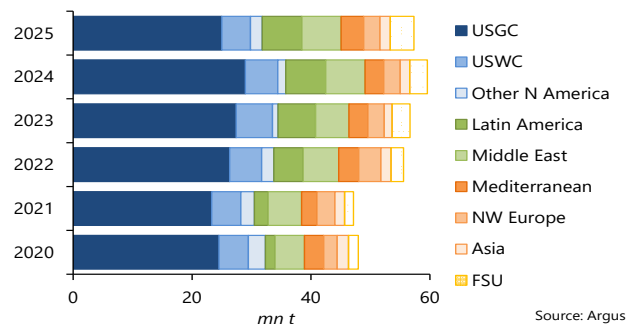
USGC petcoke exports



Monthly supply from key countries



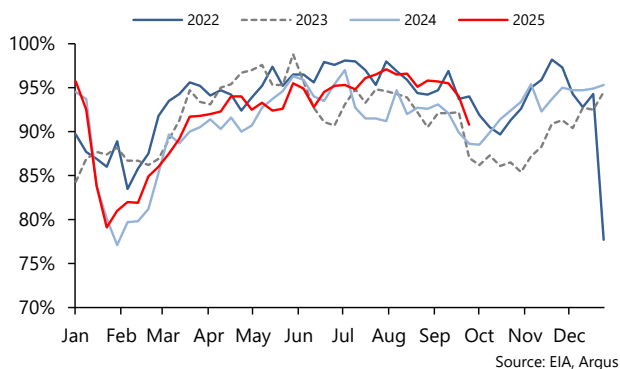
Global exports forecast



US output and exports

July US coke output underperformed output from the same month over the past three years, despite a stronger average CDU utilisation rate, suggesting that lower availability of heavy crudes is impacting coke yields. Total output was 3.2mn t, 5pc lower than July 2024 and 1pc lower than June 2025. Increases in Midwest and Rocky Mountain production were offset by declines in all other regions. The Gulf coast produced 1.8mn t of coke, 11pc less than this time a year earlier. This was partially because of the shutdown of LyondellBasell's Houston, Texas refinery earlier this year. But there have been significant declines elsewhere in the Gulf coast as well which seem to be related to refineries running lighter crude slates. Lower output in the North Louisiana-Arkansas region may be a result of this. Output fell to zero in June and remained at zero in July, having previously produced 15,000t on average the first five months of this year.

USGC refinery utilisation



GPC exports from the US were 3pc lower in July compared to a year earlier. India was the US' top destination in July at 435,600t, up by 35pc year-on-year, although cargoes were still down by 61pc from June, when US coke exports to India surpassed a five-year high. The large year-on-year rise was likely related to low US-origin coke prices on a cfr India basis and to a strong increase in US suppliers shifting to the Indian market after the US-China trade war caused Chinese buyers to reduce purchases. But a significant amount of high-sulphur fuel-grade coke cargoes booked by Indian cement makers in April for June-loading may have discouraged purchases for July-loading, accounting for the drop between June and July.

Despite concerns surrounding higher tariffs on US coke from the Chinese government, US coke shipments to China

totalled 235,000t in July, up by 2pc on the year but down by 4pc on the month. The initial pause in higher tariffs was only expected to apply to US cargoes landing by 10 August, likely encouraging an uptick in China's early July-loading US coke purchases to ensure cargoes would reach the country before steeper tariffs went back into force. US Gulf coast coke made up 73,200t of US exports to China despite low coal prices and weak high-sulphur fuel-grade coke demand throughout much of this year. Shipments of coke from the US west coast to China totalled 162,000t in July, down by 30pc on the year. Many glass makers had already secured enough coke for their second-quarter needs by May and lower US west coast coke production in June also contributed to fewer exports out of the region in July.

US exports to Latin American countries dropped by 37pc on the year and 27pc on the month to 515,400t. Brazil was the US' second leading coke destination but shipments fell by 21pc on the year and from June to 257,000t. Shipments to Mexico dropped to 91,400t on the year, down by 64pc on the year, following a trend of weaker seaborne coke demand from Mexico. No shipments went to Guatemala which received 88,000t a month earlier and almost 140,000t in July 2024.

US coke supply is likely to stay tight as refinery utilisation rates fall seasonally and refineries undergo maintenance. The PBF Martinez refinery continues to operate at partial capacity after a fire damaged the plant in February. And the Chevron El Segundo refinery is restarting units after an October 2 fire. Also on the west coast, the Marathon Carson refinery is undergoing maintenance in October and the HollyFrontier Puget Sound Anacortes refinery will perform maintenance throughout the fourth quarter. On the Gulf coast, PEMEX Deer Park will undergo maintenance in October and November. This sees around 196,000 b/d of coking capacity expected to be offline for maintenance in October.

Heavy sour crude supplies to the US Gulf have not picked up as much as we expected. Venezuelan crude imports into the US Gulf coast averaged 194,000 b/d in January – May. This fell to 78,000 b/d in June as Chevron's waiver was revoked. But since being reinstated in September, imports have rebounded to 102,000 b/d, although this remains well down on the level seen prior to June. A narrower discount to light crudes is likely to keep refineries running lighter crude slates.

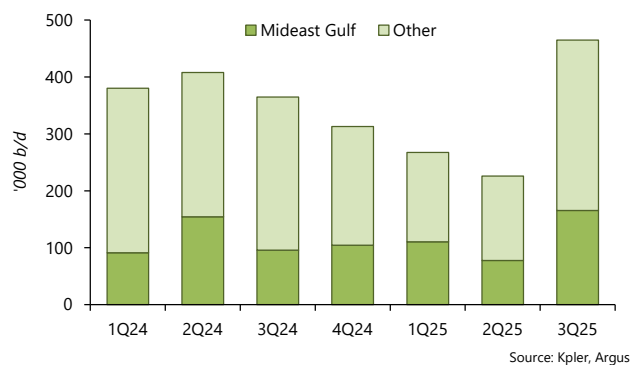
US output and exports

US supply, exports and consumption									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Production	41.7	38.5	37.4	40.3	40.7	39.3	38.7	37.9	37.9
PADD 3	23.0	21.9	20.9	23.4	23.8	23.6	22.8	22.5	22.5
PADD 2	9.2	8.8	8.9	9.1	9.2	8.7	9.3	9.3	9.3
PADD 5	7.7	6.2	6.2	6.4	6.2	5.6	5.1	4.6	4.6
PADD 4 & 1	1.8	1.6	1.4	1.4	1.5	1.4	1.5	1.5	1.5
Exports									
GPC	33.3	32.2	30.5	33.7	34.5	36.7	31.8	30.8	30.6
USGC	25.1	24.5	23.3	26.3	27.4	28.9	25.0	24.5	24.5
USWC	5.8	5.0	4.9	5.4	6.1	5.5	4.8	4.3	4.3
Other	2.4	2.7	2.3	2.0	0.9	1.3	2.0	2.0	1.8
CPC	2.8	2.7	3.3	3.5	2.6	2.3	2.7	2.7	2.7
Imports	0.4	0.5	0.9	0.9	0.6	0.7	1.0	1.0	0.9
Consumption	6.5	7.0	6.6	6.9	6.3	6.5	6.4	5.9	6.4
Utility receipts	3.2	3.5	3.5	3.6	3.0	3.4	3.5	3.5	3.5
Other	3.2	3.5	3.1	3.3	3.3	3.1	2.9	2.4	2.9

But Canadian crude production keeps hitting new record highs so any gains in heavy sour crude prices are likely to be capped further down the road.

At the same time, fuel oil imports are rising, and domestic fuel oil stocks have been declining, indicating fuel oil con-

USGC fuel oil imports



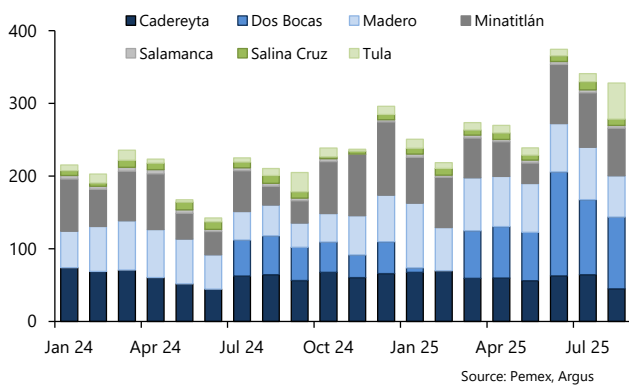
sumption in Gulf refineries could be rising. 3Q25 imports of fuel oil are up by 28pc compared to 3Q24, to 465,000 b/d. Fuel oil imports from the Mideast Gulf specifically are up by 73pc to 166,000 b/d as the end of power generation season in the Middle East has boosted export availability. Also, US residual fuel oil stocks fell to 20.63mn bl in the week of 26 September compared with 24.5mn bl in the same week last year, according to EIA data.

These factors create mixed signals for US Gulf coke production as increasing fuel oil consumption could result in higher volumes of petcoke, especially considering refiners may be feeding coking units rather than asphalt units since diesel cracks have remained stubbornly high for much of the year. But running lighter crude slates should result in lower petcoke volumes. Furthermore, with refinery utilisation declining owing to heavy maintenance, we generally expect that coke production will remain tight.

Fuel-grade supply and exports

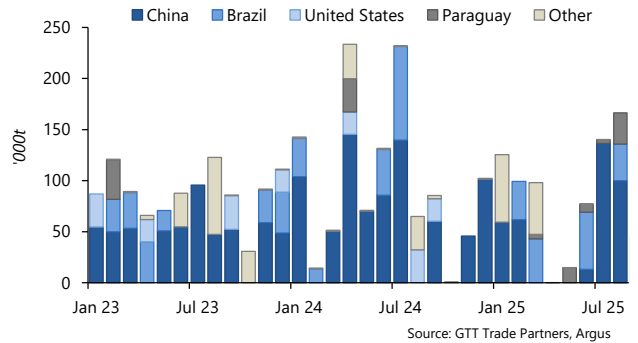
In Mexico, coke production grew by around 60pc on the year in August to almost 340,000t. This was partially due to ramping up production at the Dos Bocas refinery which produced almost 100,000t of coke. But this was also due to a significant increase in coke output at the Tula refinery. Tula's crude processing increased on the year by 31pc to around 216,000 b/d in August. Pemex recently stated that improvements will likely boost crude processing at the refinery, but the refinery's new coking unit likely will not be fully operational until the end of 2025. However, coke output at Tula increased significantly from 11,000t to 50,000t in August which could be an indication that the new unit is quickly ramping up.

Mexico petcoke output by refinery



Colombia's exports grew in August to at least 166,000t with shipments going to Brazil, Paraguay and China. Colombia supplied 100,000t to China, compared with no shipments in August 2024. But shipments fell by 27pc from July. Exports to China jumped in July when US-origin shipments started to decline, but many Chinese traders started to reduce seaborne low-sulphur fuel-grade coke purchases for August arrival because of soft downstream demand from glassmakers. We expect exports to continue this trend going forward as we anticipate demand from Chinese glassmakers, key consumers, will remain weak. The real estate sector, a key driver of glass demand, continues to struggle as investment

Colombia petcoke exports



continuously underperforms previous years.

Saudi Arabia exported around 570,000t of coke in July, the highest amount since April of 2024. This included a significant increase from the month earlier in exports to China and India at 160,000t and 355,000t. Year-to-date exports from Saudi Arabia have not been strong, with only 3mn t exported, almost 10pc less than this period a year earlier. This is likely largely influenced by weaker demand from China for high-sulphur fuel-grade coke this year. And supply is tightening in the fourth quarter as the Aramco/TotalEnergies Satorp refinery in Jubail is undergoing a 60-day turnaround and the Aramco/Sinopec Yasref refinery in Yanbu has a 30-45 day turnaround scheduled to start this month. This is likely to increase interest in supply from other countries such as the US.

Indian private refiner Nayara's coke production has continued to be around 30,000 t/month lower after being hit by EU sanctions in July, which has limited domestic supply. And the refiner raised its coke prices in October for the fourth consecutive month. This cut in production was reflected in August data which was 5pc lower than a year earlier at 1.2mn t. And year-to-August production data in India shows a 3pc decrease from this period a year earlier to around 9.7mn t.

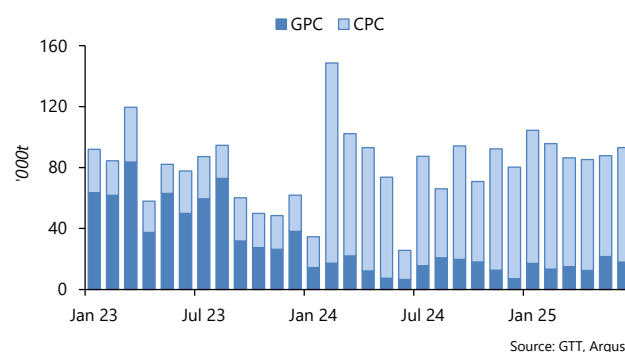
Anode-grade supply and exports

Shandong independent refineries raised their combined crude unit utilisation rates by two percentage points from August to 70pc – a nine month high. However, many of these refineries had used around 90pc of their crude import quotas by 30 September, according to Argus estimates. A lack of crude imports could drive down utilisation rates to just 30-40pc in October, forcing refineries to switch to processing straight-run fuel oil through their secondary units. This may only slightly improve utilisation rates though as refineries typically cannot blend more than 15-20pc fuel oil into crude. The Chinese government has not given an indication that they will allow refineries to borrow from next year's crude import allowances, but we assume it will allow this as utilisation rates would otherwise be significantly lower than normal levels. But this leaves significant upside in pricing if another batch is not issued, and Shandong refinery rates are driven down.

China's supply of mid-sulphur coke could increase, however. Six of a state-owned enterprise's refineries are currently converting or planning to convert their production and change their crude slates. Chinese refineries have been importing less crude from Saudi Arabia and have increased their consumption of Russian and Iranian crudes, which produce higher quality coke. This could potentially result in a more than 200,000 t/yr increase in mid-sulphur coke supply, although this number is a rough projection. With China's definition of mid-sulphur coke being less than 3pc, some of this coke could be 1.5 to 2pc sulphur. This will result in less high-sulphur coke availability but there likely will not be higher demand for this grade as a result since the Chinese government is still focused on reducing demand for this quality. But this would result in less demand for low- to mid-sulphur anode grade coke imports.

It seems that Germany has started calcining more of its GPC as opposed to exporting it in raw form. In 2024, GPC exports fell by 72pc from 2023, and year-to-date exports in 2025 are

Germany GPC and CPC exports

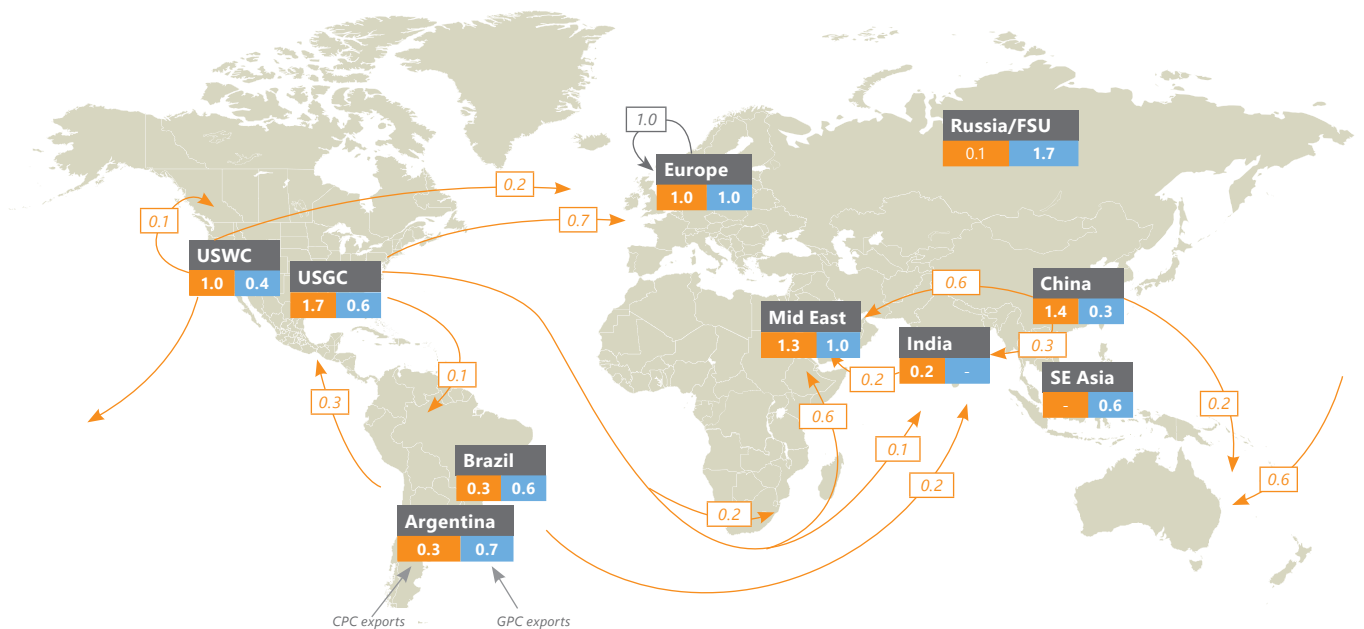


relatively stable with this period in 2024. At the same time, CPC exports more than doubled from 2023 to 795,000t in 2024. Year-to-date CPC exports in 2025 are also relatively stable with this period in 2024, maintaining their strength. It seems most of this is attributed to trade flows with the Netherlands. GPC exports to the Netherlands fell by around 400,000t from 2023 to 2024 and CPC exports to the Netherlands grew by 480,000t from 2023 to 2024. Per ton of CPC, around 1.25t of GPC is needed, so the reduction in GPC exports could explain most of the gain in CPC exports, though not all of it. Explanations for this change could include the closure of a calcining unit in the Netherlands or a new unit in Germany or new aluminium or battery anode material production in the Netherlands.

Rail shipments of Russian coke declined by nearly 9pc in August from July to 238,000t. This was partially due to maintenance at multiple refineries in Russia which is expected to continue. And a longer winter shipping route to China will contribute to weaker exports in the next few months. Russian coke production has also dropped, in part because of a Ukrainian military campaign to attack Russian oil infrastructure with drone strikes.

Anode-grade GPC and CPC exports									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
US Exports									
CPC	2.8	2.7	3.3	3.5	2.6	2.3	2.7	2.7	2.7
GPC	0.6	0.6	1.1	1.4	1.5	1.5	1.5	1.5	1.5
China									
CPC	1.4	1.4	1.5	1.3	1.4	1.4	1.4	1.4	1.4
GPC	0.8	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Russia/FSU GPC									
	1.1	1.3	1.4	1.7	2.2	2.2	2.2	2.2	2.2
Europe									
GPC	1.0	1.0	1.1	1.4	0.5	0.5	0.5	0.5	0.5
CPC	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
India CPC									
	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Brazil									
GPC	0.3	0.4	0.6	0.6	1.2	1.3	1.3	1.3	1.3
CPC	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Argentina									
GPC	0.4	0.3	0.3	0.4	0.4	0.5	0.6	0.6	0.6
CPC	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Mid East									
GPC	1.2	0.8	0.7	0.8	0.9	1.1	1.1	1.1	1.1
CPC	0.6	0.7	0.8	1.1	1.1	1.1	1.1	1.1	1.1

Anode grade CPC trade flows, 2022



Demand summary

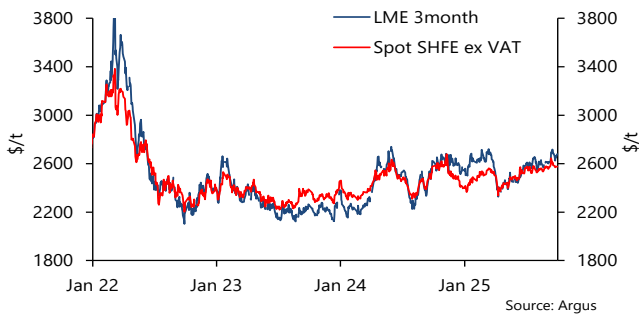
Coal and aluminium prices rising

Coal prices are slowly rising but remain competitive against coke prices. Aluminium prices and output are relatively strong.

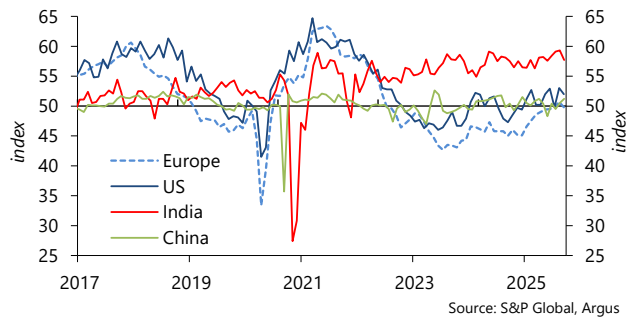
Key indicators for petcoke demand

	Last month	Comment
India imports, Aug	1,800kt	Highest volume received since Aug 2016
China imports, Aug	1,030kt	Lowest level of imports since Dec 2024
API 8 coal prices, Sept	\$82.1/t	Coal prices are slowly rising
LME Aluminium prices, Sept	\$2,653/t	Aluminium prices rose throughout most of Sept
Primary aluminium output, Aug	1.2pc	Output growth slowed again

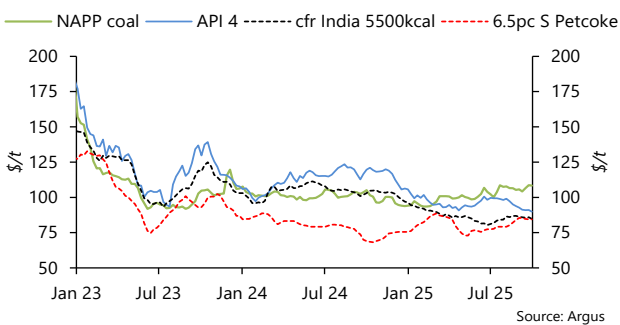
Aluminium prices



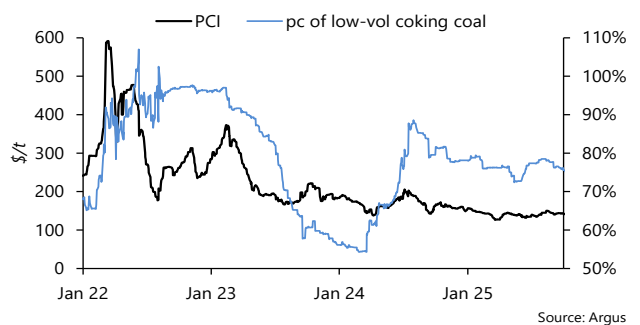
PMI indices



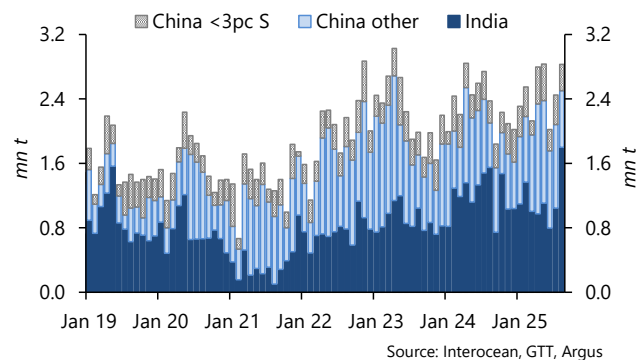
del India coal and petcoke prices (5,500kcal basis)



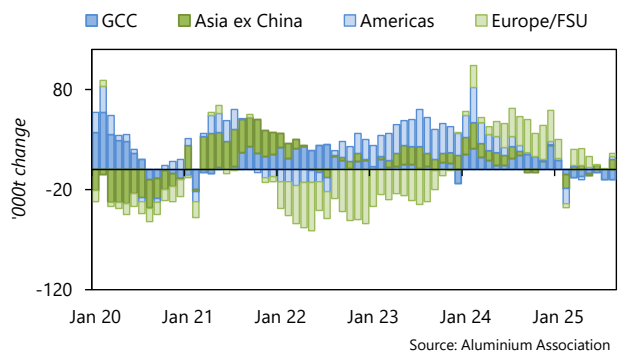
PCI prices



China and India GPC imports



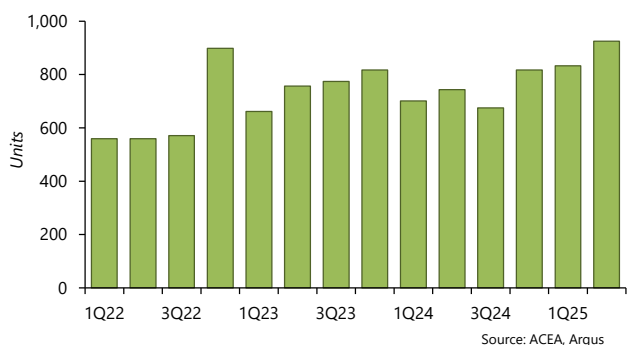
Change in ex-China aluminium output



Anode grade applications

As electric vehicle and battery demand grows in Europe, battery supply chain projects are expected to increase while the continent also looks to diversify supply away from China. Europe EV sales in the first half of 2025 are up 22pc to 1.8mn units, and Argus forecasts that sales will reach 3.8mn units in 2025 and 4.5mn units in 2026. Europe aims to become less dependent on China by working with other countries. For example, Japanese industry group Battery Association for Supply Chain, as well as the European Battery Alliance and Brussels-based industry association for lithium batteries Recharge signed an initial agreement on 15 September, aiming to strengthen co-operation to improve their battery supply chain and ramp up collaboration on battery recycling.

Europe quarterly EV sales



The continent will also raise their independence by increasing critical raw material production and using alternative bat-

tery technologies. Sodium-ion batteries use less critical raw materials that are predominantly from China. For this reason and others, Europe is likely to increase investment into the development of these alternative battery chemistries. This will take some market share away from lithium-ion batteries which use graphite, often synthetic graphite, a key end use for needle coke and anode-grade petroleum coke. However, Europe also has projects planned to increase critical raw material extraction and processing for materials used in lithium-ion battery manufacturing as this is still a popular battery and this will slightly reduce dependence on China. Synthetic graphite is expected to remain a common anode material, suggesting growing demand for needle and anode-grade petroleum coke, but natural graphite is expected to become more common and has the benefit of less carbon cost.

China aluminium production rose by 1.2pc in August on the year to 3.8mn t while global production reached 6.3mn t. Nearly every region recorded higher output. The sole exception was the Middle East where smelters have focused on enhancing operational efficiency in 2025 rather than expanding production lines and producers turned to overseas investments instead of domestic expansion. For example, Emirates Global Aluminium invested in an aluminium smelter that is expected to come online by 2030 in the US. This could lead to changes in trade flows of CPC as flows to the Middle East remain flat while flows to the US increase.

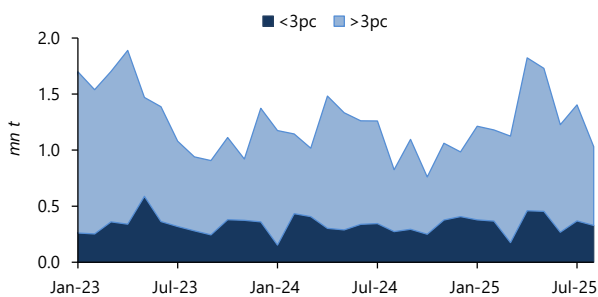
Primary aluminium production									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
China	35.3	36.7	38.2	40.2	41.2	43.2	42.0	42.0	42.0
Americas	5.2	5.2	5.2	5.3	5.7	5.5	6.1	6.1	6.1
Europe	4.5	4.4	4.3	3.8	3.3	3.3	3.4	3.4	3.4
FSU	4.3	4.3	4.2	4.5	4.7	4.6	4.6	4.6	4.6
India	3.6	3.6	3.9	4.0	4.0	4.1	4.4	4.4	4.4
Asia ex China, India	3.0	2.9	3.1	3.1	3.4	3.6	4.0	4.0	4.0
Middle East	5.7	5.8	5.9	6.1	6.1	6.1	6.1	6.1	6.1
Africa	1.4	1.4	1.4	1.4	1.6	1.6	1.4	1.4	1.4
Total	63.1	64.3	66.3	68.4	69.8	71.1	72.1	72.1	72.1

Fuel-grade fundamentals - end use

China received around 1mn t of coke in August, the lowest since December 2024. Low imports of greater-than-3pc sulphur coke contributed to this, with imports of this grade falling to around 700,000t, none of which came from the US for the first time since June 2019. This could have been related to the sharp jump in freight rates out of the US Gulf following Israel's attack on Iran, the additional 10pc tariff on US imports or high stockpiles formed by high volumes of US imports in the second quarter. High-sulphur fuel-grade demand has generally been weak throughout the year anyway among weak industrial activity. And competition for coke is increasing as coal production is expected to recover somewhat toward the end of the year after a recent decline due to government crackdowns on overproduction. Because of this rising production, we expect a decline in seaborne coal and coke imports. And we also expect that increasing power generation via solar and wind will reduce the share of fossil fuels in China's generation mix.

China's imports of less-than-3pc sulphur coke were only slightly lower than a month earlier at 328,000t in August. But low-sulphur fuel-grade coke has faced persistently weak demand from glassmakers. Increasingly stringent environmental regulations in China have started to drive a growing shift toward cleaner energy sources like liquified natural gas (LNG), and some large glassmakers in south China have already converted to LNG for part of their production. One glassmaker said it already uses LNG for 20-30pc of its production, although coke is still preferred for the remainder because of its lower cost.

China petcoke imports



Source: GTT, Argus

The Egyptian government requested cement plants take measures to halt price increases in the domestic market, including by limiting exports to no more than 30pc capacity. Egypt's domestic cement demand has been on the rise because of ongoing government infrastructure projects and increasing residential and commercial construction. At the same time, the country's cement and clinker exports rose by about 11pc in the first half of this year. But Egyptian cement and clinker producers typically face strong competition from the export market as their cement prices are typically \$2-\$4/t more expensive than other regional suppliers because of higher costs. The government also encouraged cement plants to restart nine cement production lines, in an effort to stabilize cement prices in the domestic market. All nine lines are expected to come back online by the end of 2026. This rising cement production will increase fuel consumption. The Egyptian government was also said to be urging the use of waste fuels to replace imported fuels like coal and petroleum coke, but companies are not currently permitted to import alternative fuels and there is not enough supply in the local market. Therefore, we still expect to see steady to rising imports of coal and coke in 2026.

The strong monsoon in India continues to eat into power-sector coal demand which has elevated coal stocks at mines and power plants and will likely lead to reduced interest in imports of coke and coal. Domestic coal production has slowed down in the meantime in line with lower consumption. Looking forward we remain generally bullish on domestic coal production prospects in the next couple of years because of growth from private sector players and as geopolitics and tariffs drive a general re-emphasis towards energy security. This will increase competition in the fuel market and keep a lid on coke prices. However, fuel consumption is still expected to grow due to the growing cement sector over the short and long term. In the short term, cement sales are expected to pick up late this year and early next year on a seasonal pickup in construction activity. Cement demand will also be supported by the recent cut on taxes on cement from 28pc to 18pc which will provide support to overall coke and thermal coal consumption. Long-term cement demand will be supported by increasing construction activity as India's population grows and continues to urbanize.

Fuel-grade fundamentals - imports

Turkey terminated retaliatory tariffs on a range of US imports in September – including a 4pc tax on petroleum coke. This could help to make US supply more competitive against coke from other origins that were not subjected to this import tax, like Spanish, Mexican or Venezuelan exports. Cement makers in Turkey typically seek at least a 20pc discount for coke relative to coal, but buyers may revise this in accordance with the terminated tax. But even with the 4pc tax reduction on most coke supply, Russian coal remains an attractive alternative. Russian thermal coal prices have been low due to a combination of weak demand in key markets, oversupply and sanctions, and we anticipate prices will stay under pressure. Also, Turkish cement makers may be limiting seaborne coke procurements to reduce stockpiles ahead of the end of the year and focusing on small purchases from local refiners.

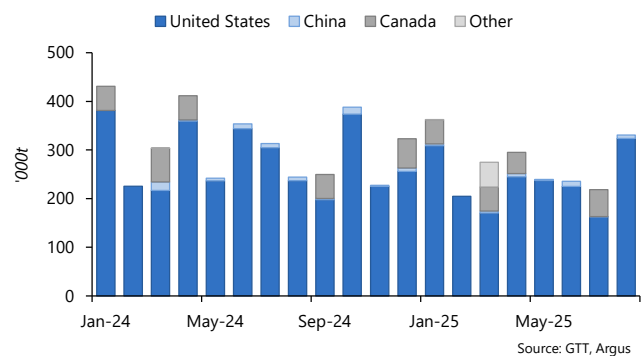
Over the long term, we anticipate that cement production will grow in Turkey as the macroeconomic environment improves and export demand grows. However, in 2026, economic uncertainty, a limited number of new construction projects and strong competition in key export destinations are expected to limit any growth in Turkish cement and clinker production and sales. The domestic market is plagued by high interest rates and a high inflation rate and local demand may be further weighed on next year as most reconstruction projects from the 2023 earthquake are scheduled for completion in 2026, according to a cement firm representative. Oxford Economics anticipates improving economic conditions in Turkey as inflation eases gradually through 2026, but it does not see inflation returning to single digits until H2 2028. Cuts in the central bank rate are expected to slowly follow which could encourage investment and construction activity.

Strong competition in key demand markets including the US and west Africa is likely to hold back Turkey’s cement export

growth. Buyers in west Africa can get less expensive supply from countries including Egypt, Algeria, Saudi Arabia and Pakistan. Turkish plants that are currently exporting may also face fresh competition from the cement plants in southern Turkey, which could restart exports next year as earthquake rebuilding projects are completed. And there are signs that China could soon start to export cement as its domestic market weakens which would be another challenge for exporters.

Japan’s crude steel production fell on the year for the fifth consecutive month in August, pressured by weaker domestic demand. The decline was driven by sluggish demand from the construction industry. The overall downward trend in crude steel production is poised to continue for the time being, according to Japan Iron and Steel Federation. Despite declining crude steel output, Japan’s coke imports jumped by 36pc on the year in August and imports of US-origin coke rose to the highest since October 2024 at 324,000t. This may have been a result of China’s proposed prohibitive tariffs on US-origin supply which caused some sellers to shift offers to countries like Japan. Coke imports are likely slowing now though as Japan has limited coke demand beyond its long-term contracts.

Japan petcoke imports



Coal outlook summary

We are bearish on very near term prospects for most vintages of thermal coal because of Indian tax changes and soft coal burn in Germany. But we see some strength in API 8 and ICI markets. Looking into 4Q '25 and the start of the northern hemisphere heating season, we think supply and demand look tightly balanced and that price risks are skewed to the upside.

Thermal coal

- **India tax changes weigh on already soft import demand**
- **Korea, Pakistan bright spots for 2H '25 demand**
- **Kazakhstan, Indonesia supply forecasts raised**

Key changes to price forecasts

The very short-term coal outlook for global NAR 5,500 - 6,000 kcal/kg demand and prices has turned more negative because of Indian tax changes and soft end-summer coal burn in Germany which has resulted in an oversupply of high-grade South African coal. We think most prices of this vintage should remain under pressure or soften further over the next month. But we anticipate price declines to be modest given spot prices are near marginal production costs in many regions, and given some Russian suppliers appear to be having difficulties with supply from Russia's far eastern ports that service markets such as South Korea.

We also see some relative strength in the beleaguered API 8 and ICI markets in the very short term, because of a continuation of stricter domestic production oversight in China through October and rain-related supply disruption in Indonesia.

But looking into October and 4Q as a whole, we think high-CV supply and demand appears more balanced. Accordingly, we see upside price risk for most NAR 6,000 kcal/kg markers as northern hemisphere winter demand and supply risks scud into view. Of the key high-CV buyers, we anticipate sharply higher on-year demand over 4Q '25/1Q '26 from South Korea as well as a modest on-year rise in German demand and only a slight contraction in Japanese coal usage. Meteorologists are increasingly confident that La Nina may develop during 4Q, raising the likelihood of sub-par temperatures in key northeast Asian demand hubs, as well as heavy rainfall in supply centres such as Indonesia, Australia,

South Africa and Colombia. Back-to-back La Ninas in 2020-2022 contributed to spiralling coal prices. And while it can be argued that energy markets globally are in a less precarious place in 3Q 2025, the fragmented nature of today's coal market, given a plethora of trade barriers in the form of sanctions and tariffs, means it remains prone to upside demand spikes and price volatility. Particularly since seaborne supply, including from Colombia and the US, has adjusted lower this year in the face of softer prices/demand.

Looking into 2026 and 2027, we continue to anticipate softer coal prices generally, driven by lower overall seaborne demand, a lower seaborne cost curve and an anticipated decline in oil and, particularly, gas prices. We anticipate moves in China and India to pivot further towards domestic coal over imports to weigh particularly heavily on lower-CV coal demand and prices in the next couple of years. We also anticipate regular price squeezes in the high-CV space during periods of sub-par renewables generation and because of scarce ScoTA-specification material. This will likely mean that API 2 prices are volatile at lower levels.

API 4 and API 2 under pressure

API 4 daily spot prices have fallen to their lowest level since 2021 and we think the Indian tax changes outlined later in this report are particularly bearish for South African markers, given the Indian market accounts for around half of South African export volume. Some Indian traders have been looking to resell RB1 cargoes in the spot market due to oversupply and/or blend RB1 with RB48 to create RB3. Despite anticipating near-term weakness, we expect API 4 month-average prices to stabilise in the low \$80s/t fob Richards Bay in 2H '25, given price risks associated with winter heating demand in Europe and northeast Asia.

API 2 daily spot prices have trended into the low \$90s/t but at the time of writing \$91-92/t still appears a key support level, underpinned by the fob Richards Bay marginal cost plus freight from South Africa into ARA. In theory, the next lower price target would be the landed cost into ARA of Colombian coal+freight. This price level is difficult to judge with accuracy given the recent scale-back in Colombian production and the costs associated with washing up Colombian coal to meet ScoTA specification, but could represent around \$70/t fob Colombia +freight, so around \$80/t cif ARA. As mentioned

Coal outlook summary

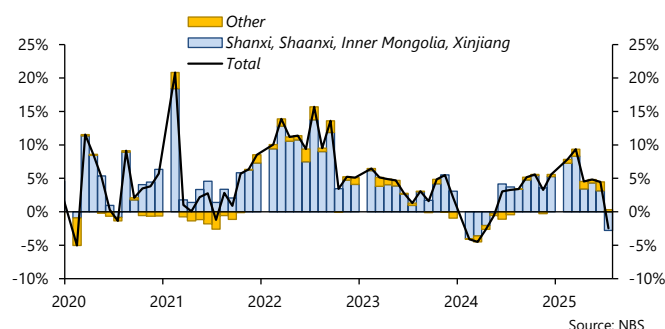
above, we have revised lower our API 2 price forecast for the balance of 2H '25 as spot prices have lagged on weaker-than-expected German coal burn and the improvement in South African supply. But supporting the 4Q '25 demand and price outlook is that Germany's high-efficiency Datteln 4 plant should be available again from early/mid October, having been offline since late August. The facility was also offline for the duration of 4Q 2024 because of a fire.

Key changes to supply/demand projections

China coal production curbs may relax towards end-2025

We anticipate a continuation of relatively tighter Chinese domestic coal supply ahead of the fourth plenary session of the 20th Central Committee of the Communist Party of China (CPC) in October. Lagged data shows production continues to underperform, driving domestic coal prices back towards \$100/t fob Qinhuangdao and giving a boost to seaborne imports. Domestic output declined by 2.4pc on the year in July, the first on-year contraction in 14 months, National Bureau of Statistics data show. This was driven by stricter inspections by authorities, ostensibly to crack down on overproducing firms, as well as because of mining accidents, rain-related disruption and reduced profitability for certain miners. Restrictions were also tightened ahead of the 3 September military parade.

China coal production (yoy change)



Chinese inventories have drawn lower because of the lower production, and firmer temperature-driven thermal power generation. But stocks remain comfortable by historical standards, which should prevent domestic coal prices from pressing much higher, particularly as the peak summer cool-

ing season is now in the rear-view mirror, and availability from Indonesia remains ample. We have revised our 2025 seaborne coal import projection for China up by 25mn t this month to 305mn t, to reflect the stronger recent inflows and the better price arbitrage for imported coal. But this would still represent a 71mn t on-year decline from 2024. Looking into 2026 and 2027, we continue to forecast falling seaborne imports, as robust domestic production and competitively-price overland imports from Mongolia and Russia drive out imported seaborne supply, and as coal's share in China's power generation mix is gradually squeezed by non-thermal sources.

Indian tax change hits already flagging demand outlook

We have revised our Indian demand projections for 2025 and 2026 down by around 3mn t each to 163mn t and 165mn t, mostly to reflect a more negative import demand outlook for the power sector.

India has removed a levy of 400 rupees/t (\$4.54/t) on thermal coal — domestic and imported — while raising its good and services tax (GST) from 5pc to 18pc. This raises costs for some imported coal-based power producers. The change is effective from 22 September, according to a government statement issued on 3 September. Some market participants think that the tax changes will have a positive impact on domestic coal-based power plants because of a regulated price regime where domestic fuel is at a discount to imported coal. We are projecting that India's power sector coal imports will drop to 48mn t this year, from 67.4mn t in 2024, and decline further to 39mn t by 2027.

Adding to the bearish undertone for the power sector, India's imported coal-fired generation has nose-dived on firm renewables generation including bumper hydro and modest overall electricity demand amid a strong Monsoon. The expiry on 30 July of a government directive mandating utilities to import coal has also contributed. Coal production has moderated in part because of heavy rains, enabling only a modest draw-down in power plant inventories. But we remain bullish on the mid- and long-term outlook for domestic Indian coal production for similar reasons to China, as the Indian government's pivot to increase domestic output bears more fruit than it did in the 2010s. This should particularly weigh on power-sector imports, as low-grade Indonesian

Coal outlook summary

coals favoured by power-sector utilities are somewhat comparable with low-grade domestic coal supplies.

On the flip side, the removal of the levy is beneficial for industrial consumers of imported and domestic coal such as cement, steel, paper, chemicals and textile manufacturers. The increased coal GST in the case of these consumers can be offset through an input tax credit while paying taxes on finished goods. "The cess was a cost for producers but GST paid on inputs can be claimed back and there is no real impact," said a procurement executive at a cement producer. Meanwhile, an overhaul of GST rates across the board is also expected to spur demand and lift India's economic activity, potentially boosting demand for imported and local coal. But we have made only modest upward revisions to our projections for cement and DRI imported coal demand in 2025-2027 because of this, as while high grade imported coal should be relatively insulated from domestic coal competition because of technical/quality reasons, we still expect domestic coal to gain some ground as domestic production is prioritised by the government. Additionally, the industrial demand outlook also faces several headwinds in the form of US tariffs.

Japan nuclear cut supports import outlook

We have revised our 2025 import projection for Japan up by 2mn t this month to 106mn t to reflect a cut to Japan's nuclear outlook and strong recent coal imports. This would still represent a 5.6mn t drop in imports from 2024, and we anticipate further erosion in Japan's annual demand to 95mn t by 2027 as renewables generation and shifting emission policies dent coal burn.

We have lowered our expectation for October '25 nuclear availability by 0.44GW, following adjustments to the country's nuclear schedule. But we still expect nuclear availability to rise 10.6pc on the year in 4Q as a whole. This, coupled with more stringent GHG emissions restrictions that we outlined in last month's report, is likely to squeeze Japanese coal burn during the upcoming shoulder season, and we anticipate Japan's power-sector coal consumption to drop by 4pc on the year to 54.7mn t. This outlook assumes a 4pc rise in Japan's total electricity consumption in 4Q '25, with heating demand buoyed by the re-emergence of La Nina. We estimate that Japanese coal burn slipped by 2pc on the year

in August, on softer overall power demand and an uptick in nuclear generation.

Korea coal outlook still firm, Taiwan nuclear volte fails

South Korea's power-sector coal burn continues to perform strongly. We estimate August coal burn at around 8mn t, flat to July and up by 7pc on the year. Coal burn remained firm despite easing power demand as hot temperatures abated, with the solid fuel continuing to reclaim share from gas in the power mix. We estimate coal took a share of 58pc in the combined coal/gas mix last month. As flagged in last month's report, Korean coal plants have seemingly had their brakes taken off, as authorities in Korea were unhappy with high electricity prices in 2Q '25. We think coal burn in Korea is likely to remain strong into 4Q '25, driven by lower on-year nuclear availability, and the prospect of sub-par temperatures associated with a possible La Nina driving increased heating demand. We are forecasting Korea's 2H '25 power-sector coal consumption at 38.6mn t up by 11pc on the year. We think the lower- on-year nuclear availability in 4Q '25 should reduce the likelihood of electricity grid bottlenecks that penalise coal plant despatch, but absolute level of coal burn will ultimately be dictated by Korea's winter emissions policy that is usually finalised in November. We have left our 2025 import forecast at 75mn t, representing a 4.1mn t decline from 2024.

We have left our Taiwan coal import projections for 2025-2027 flat to last month and are predicting a modest decline from 2024 imports of 47.9mn t to 42mn t in 2027. July coal burn dropped by 9pc on the year, the latest month for which data is available, squashed by strong gas and renewables output. A vote to restart Taiwan's shuttered 1.9GW Maanshan nuclear plant in a 23 August referendum failed, supporting the short term outlook for coal demand.

Datteln outage dents Germany coal burn outlook

German coal burn nosedived in August on a major coal plant outage, soft power demand, strong solar and wind generation and greater fuel switching towards gas. Germany's imported coal burn dropped by 23pc on the year to just 1.2TWh last month, a record low for August, Fraunhofer Ise data show. An unplanned outage at Uniper's 1.1GW Datteln 4 plant knocked the unit fully offline on 26 August and it seems likely the plant will remain off until early/mid October after

Coal outlook summary

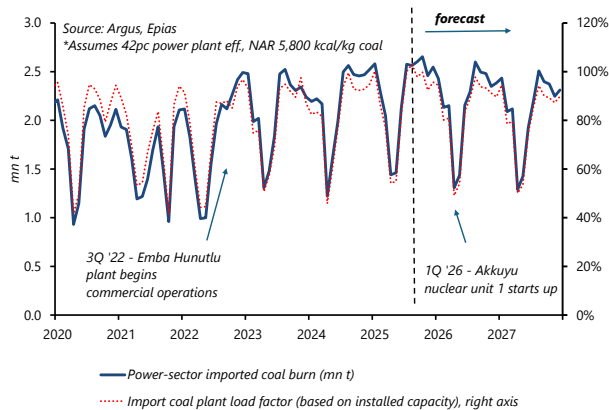
it has completed maintenance. The outage has contributed to us revising down our 2025 German import projection by 0.5mn t to 11mn t, up by 1mn t on the year.

Elsewhere in the EU, coal burn continues to run below the year-1 level, except for in the Netherlands and Italy. We have made only minor adjustments to our European demand projections this month, and expect overall EU+UK steam coal imports in 2025, 2026 and 2027 at 28.4mn t, 24.5mn t and 20.3mn t respectively.

2025 may be the peak for Turkey power-sector coal imports

We have lowered our 2027 coal import projection for Turkey by 1mn t to 35mn t, flat to 2026 and only just above our forecast for 2025 of 34.5mn t. We anticipate power-sector coal imports to edge lower in 2026 and 2027, but think this should be offset by stronger coal imports for cement usage. Turkey's domestic cement demand and exports to nearby trade partners should continue to be sustained by post-earthquake construction activity.

Turkey coal burn v plant load factors



We think Turkey's electricity generation from imported coal is likely to peak in 2025 at 77.5TWh before dipping modestly, but remaining at a high level, through the end of the decade. We see several reasons why 2025 is likely to be the peak for Turkey's power-sector coal imports:

- Poor hydro generation performance in 2025 may not repeat in 2026, 2027

- The start-up of Akkuyu nuclear unit 1 in 1Q '26 will add

- 7-15TWh/yr baseload generation

- No plans to add to Turkey's 10.1GW imported coal fleet, which is already running near max

- Quick solar capacity additions, and to a lesser extent wind, drive coal load factors lower

Hydro generation appears the key swing factor going forwards, and a similar shortfall in output to this year is a key upside risk to our outlook and will likely mean imported coal burn falls less than the 4.2pc drop we are predicting for 2026. Additionally, imported coal retains a large price advantage over gas in Turkey's power sector, in part enabled by comparatively cheap Russian coal imports. This should remain the case for the foreseeable future, meaning that the start-up of Akkuyu unit 1, which we are factoring in for 1Q '26, will likely displace more gas than imported coal from Turkey's electricity mix. But if these generation economics are upended, either due to policy changes or as a result of a large ramp up in LNG imports, possibly related to a swathe of LNG supply deals agreed by state-owned gas firm Botas lately, then this would pose a significant downside risk to our coal import forecasts. We are only expecting a negligible impact on imported coal generation from the pilot phase next year of Turkey's carbon emissions trading scheme.

Pakistan fundamentals continue to improve

We have left our 2025-2027 Pakistan seaborne import projections unchanged this month at 7.2mn t, 9.3mn t and 15.1mn t, respectively. Demand-side indicators continue to improve, with power plants that run on imported coal now burning more product and cement sales on the rise. Domestic coal supply has also faced constraints because of strong Monsoon rains. All imported coal units, except the newly incorporated Jamshoro facility, have been running in the past month. We understand that the newly-inaugurated Jamshoro unit is suffering some teething problems with its supplies so estimating when this facility will ramp up is difficult, but we assume these troubles should be overcome before the end of the year. Overland imports from Afghanistan, much of which is destined for Pakistan's cement sector, remain constrained because of customs difficulties, with August transit volume slipping to just 25,000t versus 69,000t in August 2024. Accordingly, we have revised down our full-year 2025

Coal outlook summary

Afghanistan-Pakistan flow projection by 300,000t to 1mn t.

Vietnam imports down, Bangladesh up

Availability of up-to-date high frequency power data from Vietnam is patchy but growth in coal burn appears to have slowed in the past couple of months, squashed by strong hydro output. This has had a knock-on impact on steam coal imports with aggregate January-August imports dropping by 2.2pc on the year to 35.9mn t. Similar to the metallurgical coal space, we think the mid- to long-term outlook for Vietnam's steam coal imports remains buoyant with new capacities expected to come online, and with robust industrial and electricity growth prospects. But we have downgraded our 2025 import projection by 2mn t this month to reflect the recent import weakness. We are now expecting full-year imports at 53mn t, flat to 2024, before they grow to 60mn t in 2026 and 65mn t in 2027. In the wider Asia-Pacific region, we have made modest upgrades to our 2025 demand projection for Malaysia and a slight downgrade to our 2025 forecast for the Philippines to reflect strong and soft recent coal burn, respectively.

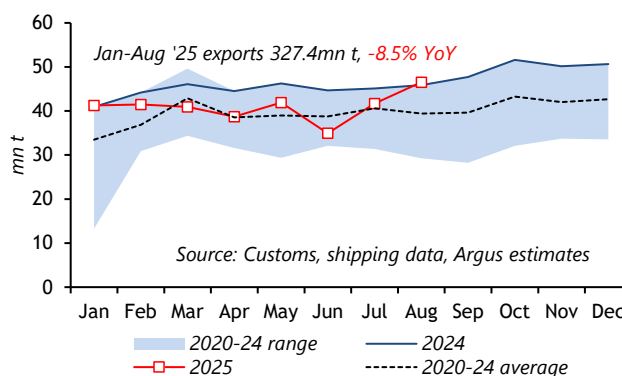
In Bangladesh, the Matarbari deep-sea port has received government approval to develop infrastructure that enables anchoring large vessels in the jetty. This will enable smoother transit of coal supply to nearby existing and under-development coal-fired power plants. The port project will not be finished until 2030 but it gives us greater confidence that Bangladesh's coal imports will continue to rise in the mid- and long-term. We are forecasting imports to increase from a record high 14mn t in 2025 to 22mn t by 2030, but note there is a high degree of uncertainty to this outlook depending on how under-development projects progress.

Indonesia 2025 export projection raised

We have raised our 2025 export projection for Indonesia by 15mn t to 490mn t, representing a 68mn t drop from 2024. This reflects stronger recent exports, which rose to around 46mn t in August following renewed demand from China, as well as the Indonesian government's decision to scrap its mandatory usage of benchmark HPB coal prices in coal sales, a measure we think should support exports in the short term by giving buyers greater confidence in agreeing contracts. That said, exports in the very short term still face some headwinds. Heavy rain in Kalimantan has disrupted some Indone-

sian supplies over the past month, prompting some market tightness that might linger until the end of this month. But we are yet to see a major impact on Indonesian coal supply from the wave of political unrest that has swept Indonesia in the past few weeks. Our longer term view on Indonesian exports and prices is still bearish, as we anticipate generally falling demand for mid- and low-calorific value coals in very late 2025 and into 2026, which we think should weigh on Indonesia outflows and prices.

Indonesia steam coal exports



Kazakh supply forecast up

We have raised our 2025 and 2026 export projections for Kazakhstan by 0.5-1mn t to 10.5mn t each, to reflect strong shipments so far this year. We estimate Kazakhstan's January-July seaborne exports at 6.4mn t, 29pc higher on the year. Preliminary customs data suggests Poland remains Kazakhstan's largest market, taking 1.7mn t (+12pc YoY) in 1H '25, but exporters have expanded sales strongly into Germany, Turkey and Japan this year. Flows into China have ticked lower, totalling just 165,000t in 1H '25. We have left our 2025 overland export estimate for Kazakhstan at 2.5mn t.

Australia, Colombia, US, S Af supply

Most of our other export projections are broadly flat to our last report and we continue to expect broad supply discipline, particularly from Colombia, US and Australian suppliers in the face of sub \$100/t high-CV coal prices. Australian exports have dipped after a couple of strong months, while South African supply is generally performing well after Transnet's annual maintenance in July, a derailment in early September notwithstanding. We are cautiously bullish that positive momentum built up in TFR performance lately will

Coal outlook summary

persist into 2026, continuing to drive a rise in railed volume to RBCT, which is typically lower cost than trucking, thus enabling suppliers to absorb slightly lower RB1 prices. Transnet's decision to open up the coal export network to private firms should also help to enable this. We assume that railings into RBCT will rise from 54mn t this year to 57.5mn t by 2027, a slightly more conservative view than Transnet's own mid-term forecast of 60mn t/year.

We continue to view strong domestic US coal demand as a downside risk to US exports and upside risk to API 2 prices over the coming winter. The US Energy Information Administration (EIA) expects US coal-fired generation to rise this year to 709.3bn kWh, up from 648.2bn kWh in 2024 representing the first year-over-year increase in coal generation since 2021. The EIA expects US coal-fired generation to fall in 2026 to 683.6bn kWh, but this is higher than the 670.1bn kWh it had projected for 2026 in August. Utilities have been increasing power generation to meet growing demand from data centres and from industrial users. We are forecasting US steam coal exports at 39mn t in 2025 and 38mn t in 2026, down from 46.4mn t in 2024.

Metallurgical coal

- *We see mostly flat prices into 4Q '25*
- *Canada supply forecast cut on Westshore outage*
- *Post-Monsoon restocking the bright spot for demand*

Key changes to price forecasts

Most metallurgical coal spot prices have trended sideways over the past month, supported by the re-emergence of post-Monsoon Indian demand. We expect prices to continue to trend sideways, with further price upside unlikely in the near term given little prospect of incremental spot demand outside of India's post-Monsoon restocking. Supply is generally ample, despite long-standing outages at mines in Australia including Anglo-American's Moranbah North and US Core Natural Resources' Leer South.

Our view on price direction for 2026 and 2027 is broadly the same as last month. We deem a sustained improvement in macro-economic conditions, global steel demand and hence

metallurgical coal import demand unlikely until the middle of next year. We think that a slow-down in China's steel exports is likely required in order to drive a sustained demand-led price recovery and a new metallurgical coal upward price cycle.

Key changes to supply/demand projections

China demand forecast down, India flat

We have lowered our 2025 seaborne import projection for China to by 4mn t to 44mn t, down from 60.5mn t in 2024, to reflect recent import weakness and the soft outlook for seaborne imports. Heavy rain across some areas of north China and persistent high temperatures in the south have weighed on downstream steel demand and prices. Most China-related macro-economic indicators remain weak, with steel, iron and coke production all contracting on the year in July, while August's manufacturing PMI was again negative. Similar to in the thermal coal space, we see transitory support for seaborne imports is the form of greater oversight of domestic production. But our outlook for 2026 and 2027 is for continued seaborne import contraction as overland inflows from Mongolia, and to a lesser extent Russia, take market share, while the long-term direction of travel for China appears to be towards favouring domestic sources of supply.

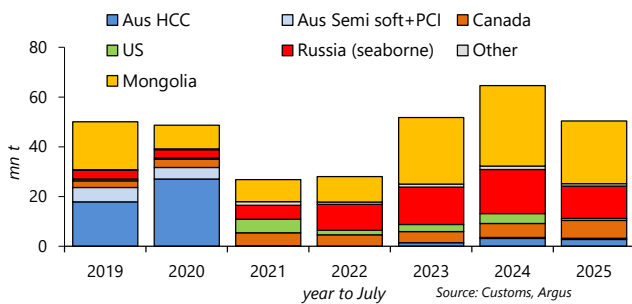
Indian imports continue to perform relatively strongly with August inflows rising by 5pc on the year. We have left our 2025, 2026 and 2027 import projections for India flat this month at 75mn t, 79.5mn t and 84.3mn t respectively. Post-monsoon restocking should sustain imports in the near term, while most macro-economic and steel production indicators are positive, albeit with the large caveat that the US has, for now, imposed high tariffs on Indian goods. Indian coking coal imports have lately shown signs of diversification, with greater inflows from non-major supply regions like Canada, Mozambique, Indonesia and Russia. Traders expect this trend to continue as Canadian coals hold a competitive edge in terms of pricing, as compared to Australian coals.

Demand-side fundamentals in northeast Asia remains negative but we have raised our aggregate 2025 import projection for Japan, South Korea and Taiwan (JKT) by 2.9mn t to 83.9mn t to reflect higher-than-expected recent imports. But this would still represent an approximate 10pc decline in imports versus 2024. Japan's crude steel output fell by 2.5pc on

Coal outlook summary

the year to 6.9mn t in July, with a slowdown in construction industry particularly evident that month. Most of our other import projections are largely flat against our last report with iron and steel production across Europe and Latam countries below year-ago levels.

China metcoal imports



Canada supply hit by fire

We have lowered our 2025 export projection for Canada by 0.5mn t to 29mn t to reflect a 16 August fire at one of two berths at the Westshore Terminals in British Columbia. The berth is expected to be offline for 10 weeks from the incident. Westshore is the largest coal export terminal on the west coast of North America, handling as much as 29mn t of US and Canadian coal in recent years. Most of the Canadian volume that is exported is metallurgical.

Australian metallurgical coal exports dropped by 7pc on the year in January-August and we continue to expect exports to

recover slightly towards the end of the year now some mines, such as Glencore’s Oaky Creek and GM3’s Appin operation, have returned to service. We are forecasting full-year 2025 exports at 147mn t versus 153mn t in 2024, unchanged from our last report. Now that the proposed acquisition of Anglo-American’s coal assets by US miner Peabody has seemingly fallen through, we have adjusted our by producer supply projections of this report to reflect this. It is unclear what Anglo will do with its mines, having pledged to simplify its asset portfolio and divest from coking coal last year, although several other mining firms expressed an interest in buying the coal operations before the sale to Peabody was agreed.

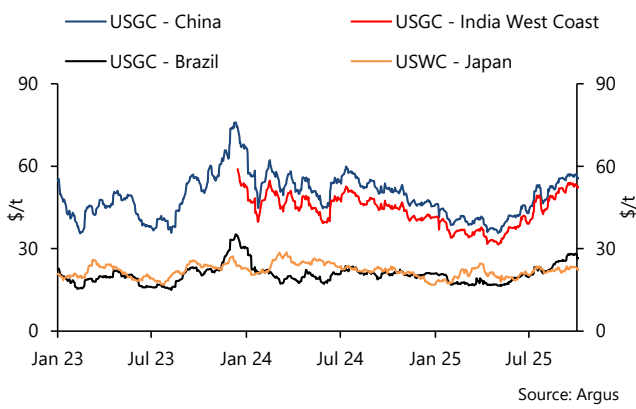
We have left our 2025 and 2026 US export projections at 43mn t and 44mn t this month, down from a revised 48.1mn t in 2024. Exports remain under pressure due to think producer margins and lukewarm spot demand from Europe and Latin America. Mills in Brazil have been reassessing dependence on the US since President Donald Trump imposed harsh tariffs on Brazilian imports in July. But on the positive side for supply, US coking coal producer Allegheny Met has restarted its longwall mine in West Virginia after a devastating fire in July last year. Allegheny Met came out of Chapter 11 bankruptcy in June, after filing for protection in November last year. International trading firm AMCI started marketing the firm’s output last month, market participants said, offering cargoes of high-volatile coking coal for October loading to Indian steel mills.

Freight and FX

Freight rates are poised to ease back from their current high levels. The freight forward curve suggests that prices will slowly fall at the end of this year but still remain relatively high until the first quarter of next year. As grain season comes to an end, more vessels could become available and lower rates but already reduced vessel availability in the US Gulf due to the upcoming implementation of USTR fees could continue to support rates.

The USD Index has somewhat stabilized after falling -10pc between January and July amid further comments from Fed. Chair Powell emphasizing a likely cautious approach to further rate cuts in 2026. As the dollar slightly weakened in September, the Chinese yuan appreciated against it. Oxford Economics believes the central bank will prioritize stability and the yuan will hold steady through the end of the year.

Supramax freight rates



USD CNY exchange rate





Argus Petroleum Coke Outlook is published by Argus Media group

Registered office

Lacon House, 84 Theobald's Road,
London, WC1X 8NL

Tel: +44 20 7780 4200

ISSN: 2398-9696

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 PETROLEUM COKE 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

Martin Gijssels

President, Oil

Euan Craik

SVP Consulting services

Lloyd Thomas

Head of forecasting

Francis Osborne

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

