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Argus Petroleum Coke Outlook



Near-term outlook

Destination prices are expected to continue rising in the fuel-grade market among high freight rates and relatively low supply. Anode-grade prices will continue to be supported by increasing demand from the aluminium and battery anode industries.

12-month outlook

Rising cement production in India and Turkey may boost fuel-grade coke demand, though coal's growing price advantage, especially after India's removal of a thermal coal cess, remains a key factor. Meanwhile, anode-grade coke prices are likely to stay supported by strong demand from the aluminium and battery sectors, driven by expanding EV production and sales. Declining road fuels demand could continue to weigh on refining economics in Shandong and therefore petcoke production.

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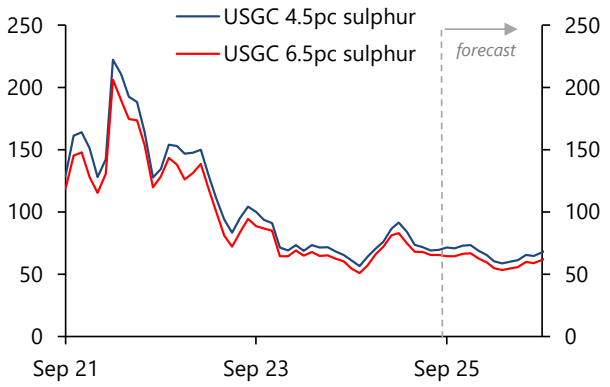
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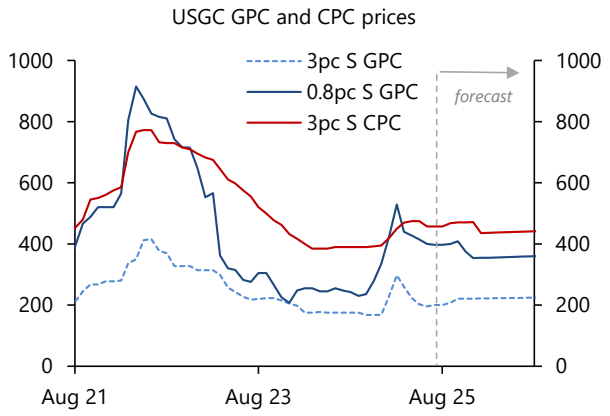
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Fuel-grade prices $/t



Anode-grade prices $/t



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Forecast review

High freight rates and tight supply continued to support fuel-grade coke prices in August, despite weak demand in key markets like China, India, and Turkey. Venezuelan crude flows to the US Gulf Coast have resumed but remain uncertain due to geopolitical tensions, which could impact petcoke production and sulphur content. Meanwhile, coal maintains a pricing advantage over coke, limiting demand recovery, especially in Turkey and China, where thermal coal supply or coke stockpiles remain sufficient. Anode-grade coke prices rose in August due to strong demand from aluminium smelters and battery anode material producers. CDU run rates in Shandong remain relatively low which could keep petroleum coke supply tight.

Fuel-grade

High freight rates continued to influence petroleum coke pricing by putting pressure on fob prices while raising destination prices despite weak demand in key markets. At the same time, tight supply lent support to fob prices through most of August.

Lighter crude slates have increased mid-sulphur production while reducing overall petcoke production. But heavy crude availability is increasing in the USGC as Chevron was able to resume lifting cargoes from Venezuela and exported about 2mn bl to the US Gulf coast in August. However, commercial vessel traffic off Venezuela's coast could be dissuaded from operating in the area due to US naval vessels positioned there after the US destroyed a vessel allegedly carrying narcotics in early September. No additional Chevron-linked tankers appeared to be loading in Venezuela as of the afternoon of 5 September, based on tracking data. Only the Ionic Anax is on its way to the US after loading about 120,000 bl of Boscan crude at Bajo Grande, Venezuela, on 3 September, headed for Corpus Christi, Texas.

If crude flows from Venezuela to the US continue to be stalled, petcoke supply could remain tight and continue to support prices. But if Venezuelan crude flows can continue and if heavy crude availability continues to rise in the US Gulf from other sources as well, we could see petcoke production and sulphur content rise. Sulphur content at some refineries is already rising as they run heavier crudes which is restricting supply of mid-sulphur coke and widening its premium against high-sulphur coke. But petcoke production still may not increase significantly as we are approaching the autumn turnaround season when refinery utilisation rates are likely to fall.

Freight rates from the US Gulf to key markets remained elevated due to strong demand for US grain exports as well as lower vessel supply in the region. Tonnage availability in the US Gulf is being limited by shipowners re-arranging their fleets within the global tonnage pool ahead of the implementation of the US Trade Representative's (USTR) China focused port-fees. We expect that freight rates will remain elevated through the end of the year and continue to influence prices.

Cfr China 3pc prices rose significantly in July as Chinese buyers anticipated the return of higher import tariffs for US

Fuel grade price forecasts												***(period average price) $/t***
	Aug	**±**	**Sept**	**Oct**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2024**	**2025**	**2026**	**2027**
fob USGC												
4.5pc S	69.5	3%	71.5	70.7	76.4	70.0	72.3	64.8	67.8	75.9	65.0	57.0
6.5pc S	65.5	-2%	64.4	64.3	70.2	65.1	65.8	59.0	62.3	70.0	59.2	51.9
fob USWC												
2pc S	118.8	1%	119.7	124.9	123.3	118.2	133.0	123.0	121.8	129.4	123.3	110.6
4.5pc S	68.3	6%	72.5	75.7	76.8	69.0	80.6	77.8	84.2	81.1	78.0	70.0
cfr China												
2pc S	147.5	2%	150.9	158.9	153.1	147.7	170.7	160.4	164.7	162.9	159.4	146.8
3pc S	164.0	-3%	158.4	158.9	172.6	163.1	164.9	147.6	142.1	165.3	146.7	135.1
6.5pc S	102.5	4%	106.7	108.0	94.5	103.1	110.5	100.8	111.8	106.5	99.7	92.6
cfr Prices												
cfr India 6.5pc S	111.0	7%	118.7	117.9	105.1	112.3	120.3	103.3	108.0	113.0	101.6	94.3
cfr Turkey 5.5pc S	98.3	5%	102.9	102.8	96.7	99.4	105.4	94.3	93.0	102.0	93.3	85.3
cfr ARA 4.5pc S	94.0	4%	97.7	98.2	95.2	94.7	100.3	88.2	88.8	98.4	87.4	79.4

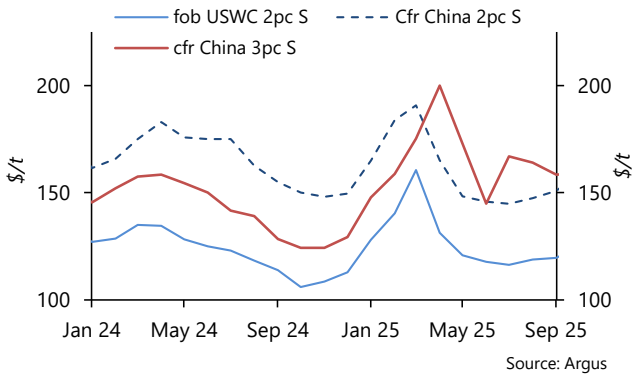
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Forecast review

low-sulphur supply which increased demand for Colombian 3pc S coke. Therefore, we expected that, following the announcement of the extension of the pause on higher tariffs, August prices would fall back to levels similar to those seen in June. Though prices fell once higher tariffs were delayed as we expected, they did not fall quite as sharply as forecast. It seems that Colombian supply could maintain its premium for a while longer as Chinese buyers remain cautious about US supply. For this reason, Cfr China 2pc and USWC 2pc S prices, which are indicative of US low-sulphur supply, also did not move as sharply as we expected in reaction to the pause extension.

Low-sulphur fuel-grade petcoke prices



Source: Argus

Coal has maintained its price advantage against coke in key markets like China, India and Turkey. Demand from Turkey's cement market has been weak with no indication that will significantly change soon. Whilst Turkish buyers have continued to purchase fuel, they have preferred thermal coal as opposed to coke due to its competitive pricing. The discount for 6.5pc cfr India coke versus its coal equivalent averaged around 81pc in August, compared to 64pc in this month a year earlier, so it does not seem discounted coke prices will stimulate interest soon. This is despite fuel demand from Indian cement makers increasing as they prepare for the busier Oct-Dec season. Even before considering coke discounts to coal, Chinese demand was already weak. This is also despite the pause on higher trade tariffs until November. Sufficient domestic high-sulphur fuel-grade coke supply as well as significant stocks at China's ports are preventing China from importing fresh cargoes. No high sulphur fuel-grade coke cargoes arrived at China's ports in August, and this is likely to continue into September.

Anode-grade

Anode-grade prices rose across most markets in August among firm demand from downstream industries like prebaked carbon anodes, aluminium smelters and battery anode producers. The continuous rise in GPC prices has contributed to higher offer prices for CPC from Chinese producers. And demand could benefit in the coming weeks from the lifting of air pollution restrictions that were imposed ahead of China's military parade which will lead to increased aluminium smelter run rates.

Aluminium producers are maximizing output because of high profit margins, driven by higher aluminium prices and low alumina feedstock prices. Growing aluminium output has been a consistent source of CPC consumption. China's average growth rate for aluminium production was 2.5pc in 1H25. We expect that aluminium production will continue to grow on the year, so if we assume that growth will remain at 2.5pc

Anode grade price forecasts												*(period average price) $/t*
	Jul	±	Aug	Sept	2Q25	3Q25	4Q25	1Q26	2024	2025	2026	2027
GPC												
cif USGC 0.8pc S	397.5	0.0%	397.5	399.5	414.2	398.2	379.5	355.2	256.0	414.2	358.5	365.6
cif USGC 3pc S	200.0	0.0%	200.0	208.1	207.0	202.7	221.0	222.0	175.2	223.3	224.0	228.5
fob Mideast Gulf 4% S	300.0	5.0%	315.0	327.7	322.5	314.2	316.8	288.6	199.8	328.4	291.3	297.1
ex-works China 0.8% S	522.1	4.2%	544.2	553.9	512.8	540.1	540.0	470.1	-	548.6	474.5	483.9
ex-works China 3% S	358.5	2.8%	368.6	371.9	360.0	366.4	351.1	300.3	-	360.8	303.1	309.1
CPC												
fob USGC 3% S	457.5	0.0%	457.5	468.1	469.2	461.0	470.7	436.1	392.5	461.9	440.2	448.9
cif Mideast Gulf 3% S	502.5	2.5%	515.0	520.1	525.8	512.5	503.6	470.1	407.1	520.3	474.5	483.9
fob China 3% S	450.0	7.8%	485.0	494.1	463.3	476.4	469.0	417.9	361.7	484.5	421.7	430.1
cif ARA 1.5pc S	442.5	-1.1%	437.5	442.1	445.0	440.7	442.1	423.1	377.1	443.0	427.0	435.5

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Forecast review

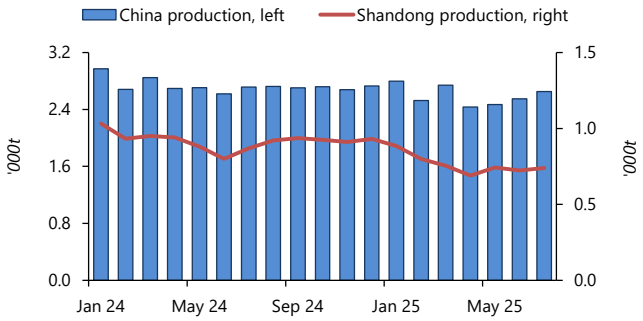
for the rest of the year, then China could produce around 44.5mn t of aluminium this year. The year-on-year growth rate has however been slowing as the year progresses with June's growth rate at only 1.7pc, so if we instead assumed that the growth rate remains at 1.7pc for the rest of the year then China would produce around 44.3mn t of aluminium in 2025.

The aluminium industry should see growing production and demand over the long term amongst plans for capacity increases and increasing demand from EVs, but near-term growth could be stifled by a difficult market environment. Century aluminium recently announced it will restart more than 50,000 t/yr of previously idled production at its Mt Holly, South Carolina smelter by June 2026, which will boost CPC demand in the US. But some global aluminium smelters are facing a difficult market environment, with Norway's Norsk Hydro announcing cost cutting measures, Russia's Rusal recording an $87mn net loss in the first half and Australia's South 32 announcing plans to close its Mozal aluminium smelter in Mozambique early next year. Also, the US Bureau of Industry and Security added over 400 steel and aluminium derivatives to its list of products subject to 50pc Section 232 tariffs, effective on 18 August. Market participants expect Chinese exports of aluminium derivatives to fall in the near-term and the tariffs could put pressure on aluminium and calcined petroleum coke demand globally.

Battery anode demand continues to increase amid rising EV and battery sales. NEV sales and production were up by 39pc on the year in January-July, according to data from the China Association of Automobile Manufacturers. Strong sales and production have supported plans for battery anode material plants therefore increasing the need for anode-grade coke. For example, Qingdao Xintaihe Nano Technology said on 9 August that it plans to begin construction on the second 50,000 t/yr phase of its graphite anode production plant in Shandong province in May 2026. This will likely require increased anode-grade coke or needle coke consumption as these are the most common carbon sources for graphite production. With synthetic graphite production continuing to increase, we expect anode-grade coke demand to remain strong going forward.

Anode-grade coke production in China is rising as a result of improved fuel oil refining economics in Shandong, but CDU run rates are still lower than last year. Our previous forecast anticipated that rising anode-grade coke production in Shandong would quickly result in loosened supply and falling prices in China, but with run rates still underperforming rates seen last year, it seems supply is still tight. And firm demand from the aluminium and battery anode industry has lent further support to prices. Weak domestic demand for transport fuels as well as limited crude import quotas and tightened sanctions on Iranian crude could further weigh on production going forward. Anode-grade coke production in Russia will be lower due to refinery maintenance in the near term, but production in Brazil and Argentina is expected to remain stable.

China and Shandong petcoke production



Source: NBS data, Argus

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Petroleum coke production									*mn t*
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Total	132.9	132.6	125.1	127.1	139.5	146.0	144.7	142.6	143.9
North America	55.8	53.9	50.8	49.8	52.7	53.1	51.7	51.1	50.3
USA	44.4	41.7	38.5	37.4	40.3	40.7	39.3	38.7	37.9
Canada	11.5	12.3	12.4	12.4	12.4	12.4	12.4	12.4	12.4
Latin America	9.6	9.9	9.3	9.5	12.4	13.3	14.4	15.0	16.1
Mexico	0.9	1.6	1.5	1.5	1.4	1.7	2.6	3.2	3.4
Brazil	4.7	4.6	4.6	4.5	4.6	4.7	4.6	4.6	4.6
Chile	0.4	0.5	0.3	0.2	0.5	0.5	0.5	0.5	0.5
Argentina	1.3	1.3	1.1	1.3	1.3	1.4	1.3	1.3	1.3
Venezuela	1.3	1.0	1.0	1.0	3.9	4.1	4.5	4.5	5.4
Colombia	1.0	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0
Mediterranean	6.8	7.5	7.4	7.3	8.0	8.3	8.1	8.9	9.3
Spain	3.8	3.8	3.5	2.9	3.5	3.5	3.5	3.8	3.8
Turkey	0.9	1.3	1.5	1.8	1.8	1.8	1.3	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	0.7	0.5	0.6	0.7	0.8	0.7	0.7	0.7
Croatia	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3
Serbia	0.0	0.0	0.1	0.3	0.3	0.2	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	0.6	0.9	0.9	0.9	1.0	1.3	1.3	1.3	1.7
NW Europe	3.8	4.1	4.0	4.3	4.1	4.3	4.1	4.1	4.1
Germany	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6
UK	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6
Belgium	0.4	0.7	0.6	0.7	0.7	1.0	0.8	0.8	0.8
Norway	0.5	0.4	0.4	0.5	0.5	0.2	0.5	0.5	0.5
Poland	0.0	0.1	0.3	0.3	0.3	0.5	0.3	0.3	0.3
Netherlands	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4
China	28.2	28.1	26.9	27.4	30.2	33.4	32.8	29.0	28.5
India	13.9	14.0	12.5	13.9	15.4	15.3	15.0	15.0	15.4
Asia ex	3.3	3.2	3.4	3.5	3.6	3.6	3.6	3.6	3.6
Japan	1.3	1.1	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Korea	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Indonesia	0.3	0.3	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	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7
FSU	4.5	4.4	4.2	4.4	5.8	6.6	6.3	7.2	7.8
Russia	3.4	3.4	3.3	3.3	4.2	5.0	4.7	5.4	6.0
Kazakhstan	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Azerbaijan	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Turkmenistan	0.2	0.2	0.2	0.2	0.3	0.3	0.3	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	0.0	0.1	0.4	0.5	0.5	0.5	0.5
Middle East	6.4	7.0	6.2	6.6	6.8	7.7	8.2	8.3	8.3
Saudi	4.9	5.3	4.1	4.3	4.5	5.2	5.2	5.2	5.2
UAE	0.0	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Kuwait	1.0	1.0	1.2	1.4	1.4	1.4	1.4	1.4	1.4
Oman	0.5	0.5	0.5	0.5	0.5	0.7	1.2	1.3	1.3
Africa	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

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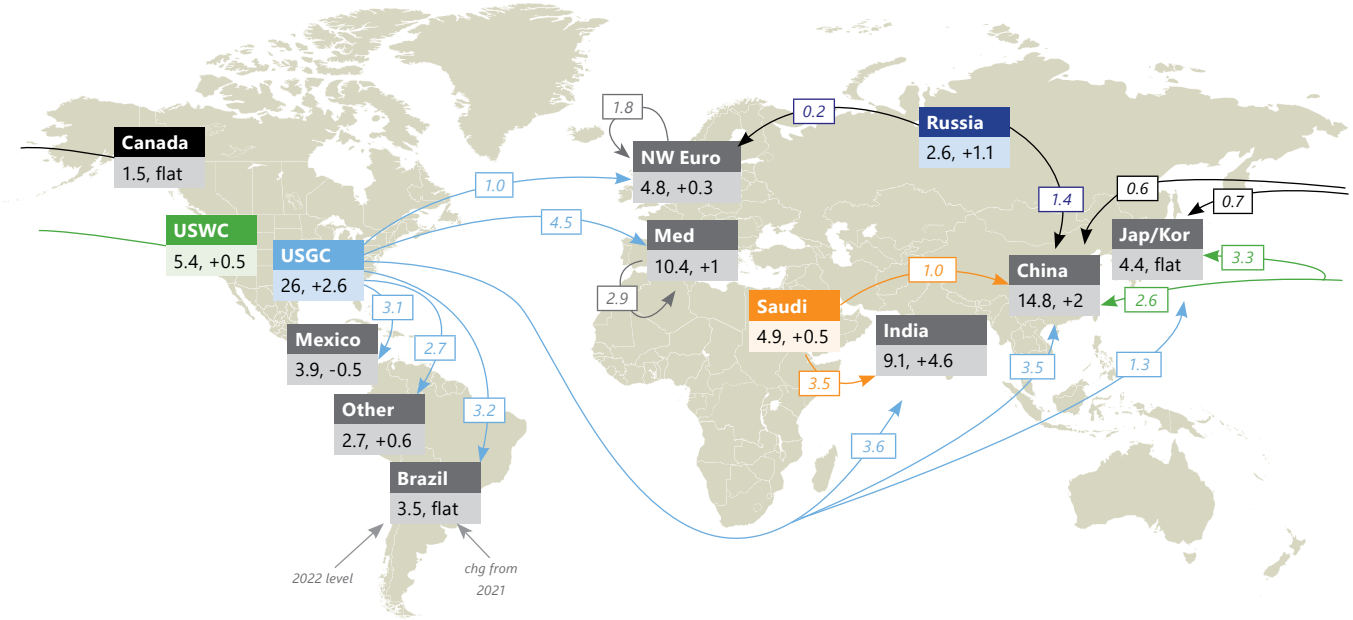
Petroleum coke trade									*mn t*
	2018	2019	2020	2021	2022	2023	2024	2025	2026
GPC exports	55.2	53.8	49.5	48.7	57.2	58.3	61.0	59.0	59.6
North America	36.9	34.8	33.7	32.0	35.2	35.9	37.2	33.3	32.3
USGC	26.1	25.1	24.5	23.3	26.3	27.4	28.9	25.0	24.5
USWC	6.8	5.8	5.0	4.9	5.4	6.1	5.5	4.8	4.3
Other US	2.6	2.4	2.7	2.3	2.0	0.9	1.3	2.0	2.0
Canada	1.5	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5
Latin America	3.0	1.9	1.6	2.3	4.9	6.3	6.6	6.7	7.7
Venezuela	1.2	0.1	0.0	0.2	3.0	3.3	3.6	3.6	4.5
Colombia	1.0	1.0	0.9	0.9	0.7	1.0	1.0	1.0	1.0
Chile	0.2	0.2	0.1	0.0	0.1	0.0	0.2	0.2	0.3
Argentina	0.3	0.4	0.3	0.5	0.5	0.7	0.5	0.6	0.6
Brazil	0.3	0.3	0.4	0.6	0.6	1.2	1.3	1.3	1.3
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.7
Middle East	5.8	6.4	5.0	5.6	6.0	5.6	6.6	6.6	6.6
Saudi	4.9	5.3	4.0	4.3	4.9	4.1	5.2	5.2	5.2
Kuwait	0.4	0.5	0.6	0.8	0.7	0.9	0.7	0.7	0.7
Oman	0.6	0.6	0.4	0.5	0.3	0.5	0.7	0.7	0.7
Asia	2.7	2.6	1.9	1.6	1.7	1.3	1.6	1.7	1.7
China	1.0	0.9	0.4	0.3	0.3	0.2	0.2	0.3	0.3
India	0.8	0.8	0.5	0.3	0.4	0.1	0.5	0.5	0.5
Malaysia	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Indonesia	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.3	0.3
Taiwan	0.5	0.5	0.5	0.7	0.7	0.6	0.6	0.5	0.5
Mediterranean	3.5	3.6	3.2	2.6	3.4	3.2	3.2	3.8	3.8
Spain	2.9	3.0	2.9	2.2	3.0	2.8	2.8	3.5	3.5
Turkey	0.4	0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Romania	0.2	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3
NW Europe	1.6	3.0	2.3	3.0	3.7	2.7	2.7	2.7	2.7
UK	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1
ARA	1.4	2.6	2.0	2.7	3.3	2.4	2.4	2.4	2.4
Poland	0.0	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
FSU	1.6	1.4	1.8	1.6	2.3	3.3	3.2	4.2	4.8
Russia	1.2	1.0	1.5	1.2	2.0	2.8	2.7	3.7	4.3
CPC exports	6.0	5.2	4.9	5.8	5.9	5.6	6.0	5.9	5.9
US	3.4	2.8	2.7	3.3	3.5	2.7	2.7	2.7	2.7
US integrated	1.3	1.3	0.9	1.5	1.5	0.9	0.9	0.9	0.9
US merchant	2.1	1.6	1.7	1.8	2.0	1.8	1.8	1.8	1.8
Latin America	0.5	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5
Brazil	0.3	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Argentina	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Asia	1.8	1.5	1.5	1.6	1.5	1.8	1.7	1.6	1.6
China	1.5	1.4	1.4	1.5	1.3	1.4	1.5	1.4	1.4
India	0.3	0.1	0.1	0.1	0.2	0.4	0.2	0.2	0.2
Middle East	0.3	0.3	0.3	0.3	0.4	0.6	1.1	1.1	1.1
Kuwait	0.3	0.2	0.1	0.3	0.3	0.3	0.7	0.7	0.7
UAE	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Oman	0	0	0	0	0.1	0.3	0.25	0.25	0.3

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Petroleum coke trade									*mn t*
	2018	2019	2020	2021	2022	2023	2024	2025	2026
GPC imports	53.8	51.9	49.8	47.8	55.6	56.6	60.7	62.0	60.7
Asia	22.5	25.5	25.2	21.9	29.4	32.3	34.0	34.3	34.1
China	9.6	8.0	10.1	12.4	14.8	16.0	13.4	13.0	11.5
India	5.7	10.5	9.0	4.4	9.1	10.8	14.4	14.7	15.0
Japan	4.7	4.9	4.2	4.2	3.6	3.8	3.7	3.7	3.7
Korea	1.4	1.3	0.6	0.3	0.8	0.6	0.6	0.7	0.7
Other	1.2	0.7	1.3	0.7	1.1	1.2	1.9	2.2	3.2
Latin America	9.2	8.1	7.7	9.4	9.2	9.0	8.8	9.4	8.4
Brazil	2.8	2.6	2.4	3.6	3.5	3.5	4.3	4.3	4.0
Mexico	4.5	3.3	3.3	3.9	3.3	3.0	1.9	1.9	1.2
Other	1.9	2.1	2.0	1.9	2.5	2.6	2.5	3.2	3.2
NW Europe	4.3	4.6	3.6	4.4	4.1	3.4	3.9	3.8	3.5
Mediterranean	13.9	10.3	10.3	9.2	9.9	9.0	11.1	11.2	11.5
Turkey	4.7	2.7	3.1	2.1	2.8	2.5	4.5	4.7	5.0
Spain	1.1	0.8	0.9	1.1	0.8	0.7	0.9	0.8	0.5
Egypt	1.4	0.9	1.3	0.8	1.0	0.7	0.7	1.0	1.5
Italy	1.4	1.3	1.2	1.3	1.2	1.3	1.0	0.5	0.5
Other	5.3	4.6	3.8	3.9	4.1	3.8	4.0	4.2	4.1
North America	2.5	2.3	1.9	1.9	1.8	1.6	1.6	2.0	1.8
US	0.8	0.4	0.5	0.9	0.9	0.6	0.7	1.0	1.0
Canada	1.8	1.9	1.4	0.9	0.9	1.0	0.9	1.0	0.8
Middle East	0.9	0.7	0.9	0.9	0.8	1.0	1.0	0.9	0.9
Africa	0.6	0.4	0.3	0.2	0.4	0.2	0.3	0.3	0.5

Green petroleum coke trade flows, 2022



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Supply summary

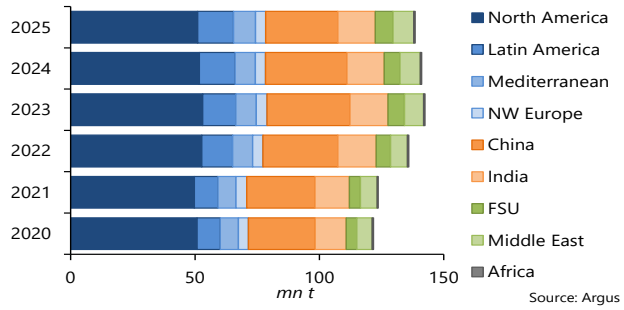
Supply tightness could continue

Possible disruptions to Venezuelan crude flows could keep US Gulf crude slates lighter than usual and petcoke production tight. Shandong run rates are still relatively low.

Global refinery watchlist

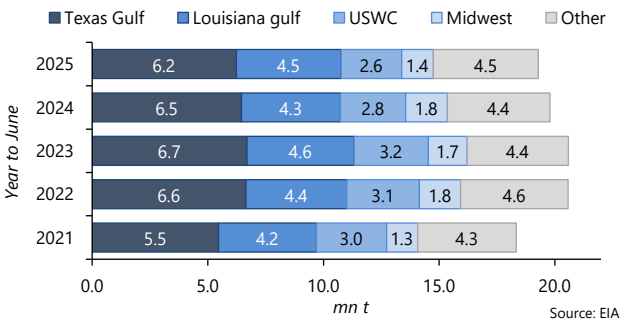
Country	Refinery	Development
USA	TotalEnergies Port Arthur, TX	Turnaround work from Aug to Oct
USA	HF Sinclair Puget Sound Anacortes, WA	Turnaround scheduled in the third quarter
USA	PBF Martinez, CA	Partially operating since late April following February fire
India	Nayara Energy Vadinar	Forced to cut throughput due to EU sanctions
Russia		Several refineries plan to undergo DCU maintenance in September
Saudi Arabia	Satorp Jubail	Scheduled turnaround during November-December

Petcoke output forecasts



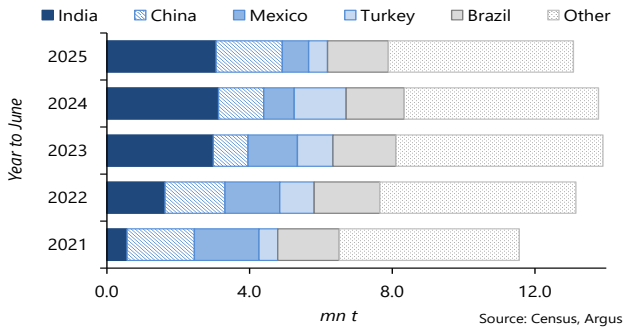
Source: Argus

Petcoke output forecasts



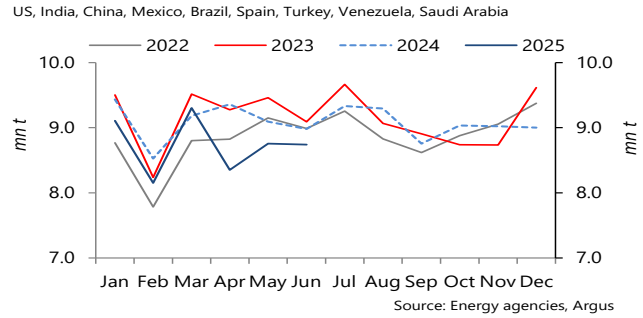
Source: EIA

USGC petcoke exports



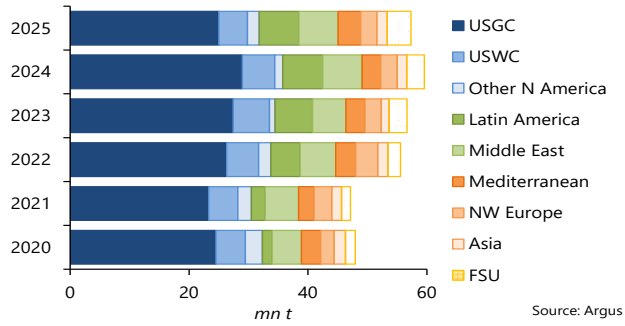
Source: Census, Argus

Monthly supply from key countries



Source: Energy agencies, Argus

Global exports forecast



Source: Argus

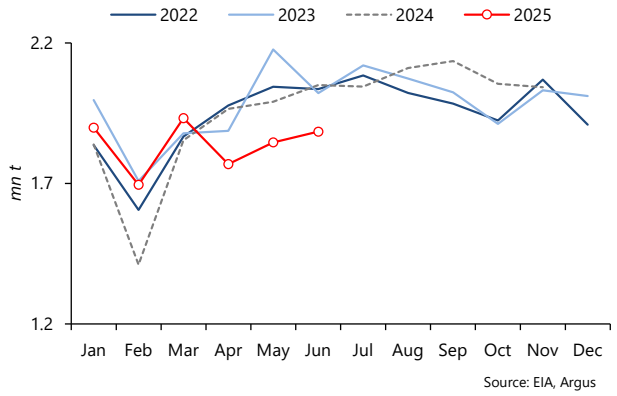
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US output and exports

US coke production fell by 5pc year-on-year in June to 3.2mn t. 1H25 production totalled just below 19mn t, slightly weaker than this period a year earlier. Production on the west coast and gulf coast has been particularly weak, due in part to the PBF Martinez, CA refinery running at partial capacity following a February fire and the closure of the LyondellBasell Houston, TX refinery. Gulf coast production continued to underperform year earlier production for the third month in a row in June at 1.9mn t. Lighter crude slates have reduced the amount of petcoke being produced in the region despite high utilisation rates in the summer driving season.

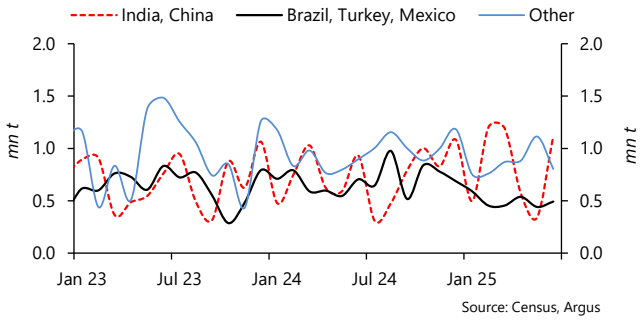
USGC petcoke production



Source: EIA, Argus

However, shipments of petcoke from the USGC jumped in June to 2.4mn t. This was in part due to higher shipments to India which more than doubled from May to almost 1mn t. After China in April announced it would place a 128pc tariff on US-origin coke imports, US sellers had to look to alternative destinations. This led many sellers to rapidly reduce offers of high-sulphur US coke to Indian buyers. By the end of April, Indian cement makers had booked at least 15 cargoes of high-sulphur fuel-grade coke, much of which was US-origin supply for June-loading.

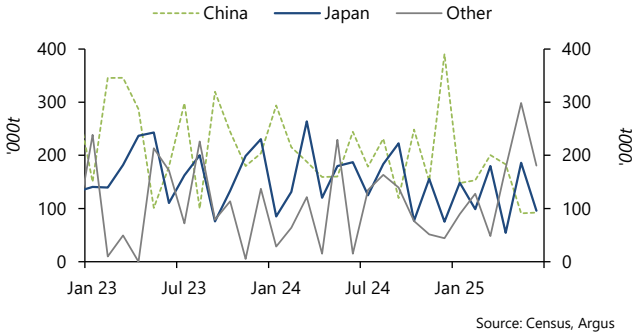
USGC exports



Source: Census, Argus

Total USWC exports were low in June as typical top destinations, China and Japan, took less coke than a year earlier. Shipments from the USWC fell by 17pc year-on-year and 36pc from May to around 370,000t. Though demand from the glass and cement industries in China had been weak, especially among tariffs, US west coast low-sulphur fuel-grade coke has few alternatives, so around 92,200t of coke shipped to China from Long Beach, California, in June, according to GTT.

USWC exports



Source: Census, Argus

Following the renewal of the Chevron's sanctions waiver, the company was able to resume lifting crude cargoes from Venezuela last month and exported about 2mn bl to the US Gulf coast in August. This is increasing heavy crude availability in the US Gulf along with the return of Canadian crude after the wildfires and eight predominantly sour crude producers in Opec+ raising their production target in September. However, commercial vessel traffic off Venezuela's coast could be dissuaded from operating in the area due to US naval vessels positioned there after the US destroyed a vessel allegedly carrying narcotics in early September. No additional Chevron-linked tankers appeared to be loading in Venezuela as of the afternoon of 5 September, based on tracking data.

Increased heavy crude availability was expected to increase petcoke production and raise petcoke sulphur content. But if Venezuelan crude flows are disrupted petcoke supply could remain tight while US refiners continue to run lighter crude slates. Autumn turnaround season could also contribute to lower petcoke production. The TotalEnergies Port Arthur, TX refinery which has around 60,000 b/d of coking capacity is undergoing turnaround work from August to October. The

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US output and exports

US supply, exports and consumption									*mn t*
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Production	44.4	41.7	38.5	37.4	40.3	40.7	39.3	38.7	37.9
PADD 3	25.0	23.0	21.9	20.9	23.4	23.8	23.6	22.8	22.5
PADD 2	9.2	9.2	8.8	8.9	9.1	9.2	8.7	9.3	9.3
PADD 5	8.1	7.7	6.2	6.2	6.4	6.2	5.6	5.1	4.6
PADD 4 & 1	2.1	1.8	1.6	1.4	1.4	1.5	1.4	1.5	1.5
Exports									
GPC	35.4	33.3	32.2	30.5	33.7	34.5	36.7	31.8	30.8
USGC	26.1	25.1	24.5	23.3	26.3	27.4	28.9	25.0	24.5
USWC	6.8	5.8	5.0	4.9	5.4	6.1	5.5	4.8	4.3
Other	2.6	2.4	2.8	2.3	2.0	0.9	1.3	2.0	2.0
CPC	3.4	2.8	2.7	3.3	3.5	2.6	2.3	2.7	2.7
Imports	0.8	0.4	0.5	0.9	0.9	0.6	0.7	1.0	1.0
Consumption	7.2	6.5	7.0	6.6	6.9	6.4	6.6	6.5	6.5
Utility reciepts	4.1	3.2	3.5	3.5	3.6	3.0	3.4	3.5	3.5
Other	3.1	3.2	3.5	3.1	3.3	3.4	3.2	3.0	3.0

PBF Martinez refinery which has 23,900 b/d of coking capacity continues to operate at partial capacity. The HF Sinclair Puget Sound Anacortes refinery which has around 22,400 b/d of coking capacity is starting maintenance in September that is expected to continue into October.

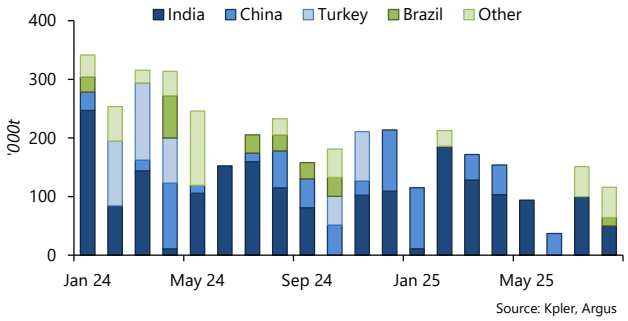
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Fuel-grade supply and exports

Exports from Venezuela picked up in July and August after a slump in June, according to data from vessel tracking firm Kpler. More than 100,000t were shipped out in each month. India was the top destination for both months as Indian cement makers have remained relatively consistent buyers of Venezuelan coke. Demand for Venezuelan coke grew among more buyers in August because the discount to US origin supply re-emerged and US sanctions on the country seemed to be easing. Around 15,000t was shipped to Brazil in August for the first time since October 2024 when Brazil was last buying Venezuelan coke relatively consistently. However this has now been called into question given the recent US attack on a Venezuelan vessel. Despite no new sanctions being forthcoming, the attack could deter shippers from operating in the region and lead to lower Venezuelan exports, but it remains to be seen exactly how this latest development unfolds.

Port of Jose, Venezuela petcoke exports



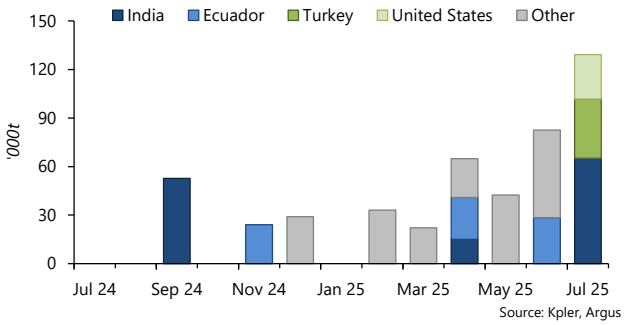
Source: Kpler, Argus

Saudi Arabia's supply is expected to tighten in the fourth quarter because of a major turnaround from November to December at the Satorp refinery in Jubail. The Jubail refinery produces high-sulphur fuel-grade coke and has a coking capacity of 90,000 b/d. Beyond refinery maintenance, Saudi Arabia supply is expected to remain stable, with no expectations for capacity additions or increased utilisation in the medium term.

The Nayara Energy refinery in Vadinar, India was forced to cut throughput after the Russian backed firm was hit by EU sanctions in July. Coke output from this refinery is typically 150,000t each month and is sold to cement plants, but output is expected to decline by 30,000t in August due to the reduced runs. This along with RIL Jamnagar's decision to stop selling coke to the domestic market has reduced domestic fuel-grade coke availability for the Indian cement market. But India's petcoke production is expected to grow over the medium term as some refineries increase CDU throughput to meet rising road fuels demand and add coking capacity. Oil India in Numaligarh is expected to revamp its DCU which will add 5,000 b/d of capacity in 2026 while HPCL in Barmer is expected to add 48,000 b/d of coking capacity. In 2027, Indian Oil is expected to revamp the DCU at the Baruani refinery and this will add 3,000 b/d of coking capacity.

Mexico's coke exports reached a peak in July according to Kpler. The port of Dos Bocas shipped 129,000t. Shipments were spread between India, Turkey and the US. This was the first time that the US and Turkey received petcoke from Dos Bocas. The port of Salina Cruz also shipped petcoke in July. This was the first shipment from Salina Cruz according Kpler data going back to September 2017. 14,000t of petcoke was shipped to China. China hadn't received any coke from Mexico since August 2023. This could have been a test for the Salina Cruz refinery to prepare for coke production expected when new coking capacity comes online at the refinery at the beginning of 2027.

Port of Dos Bocas, Mexico petcoke exports



Source: Kpler, Argus

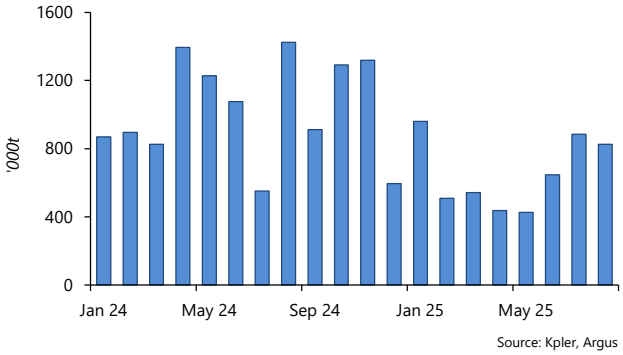
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Anode-grade supply and exports

Refineries in China's independent Shandong sector have increased fuel oil purchasing due to a change in tax policy to provide higher rebates with some refineries securing rebates as high as 90pc. This will likely increase anode-grade GPC production. While the tax rebate was lower in the first half of 2025, fuel oil imports to Shandong averaged around 590,000t a month, almost half compared to the same period a year earlier. But following the increase in the tax rebate in July, July imports reached almost 890,000t, and August imports were only slightly lower at 826,000t. Shandong independent refineries also increased crude unit utilisation rates in August. The weighted average crude unit utilisation rate of 15 Shandong independent refiners rose by two percentage points on the month, to 66pc, although this was still lower than the 69pc seen in August last year. Another source of increased GPC production could be the acquisition and restart of the shuttered Zhenghe refinery which was closed in June 2024. The firm is aiming for a September restart and has a coking capacity of 24,000 b/d.

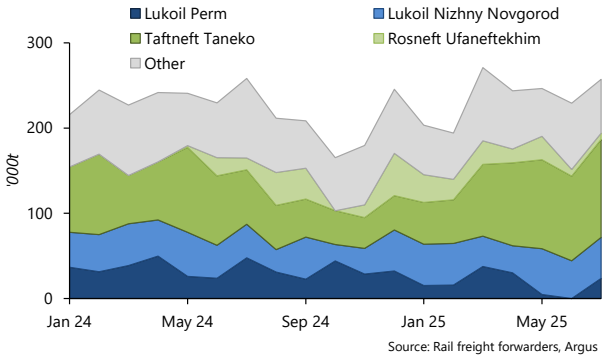
Shandong fuel oil imports



Source: Kpler, Argus

Refineries in Russia continue to undergo maintenance, owing to spate of drone attacks launched from Ukraine, which is lowering petcoke production. Though work on the DCU at the Lukoil Perm refinery should have been completed in August, the DCU at the Rosneft Ufaneftekhim refinery could remain shut down for repairs until early October. For this reason, coke exports from the Ufaneftekhim dropped by 70pc against January – May to 7,600t/month in June-July. The Rosneft Novokuibishev, Lukoil Nizhny Novgorod, Tatneft Taneko and Rosneft Komsomolsk refineries are all also undergoing DCU maintenance starting in September which will further weigh on petcoke production. But production is expected to increase over the medium term as refineries add coking capacity. The Gazpromneft Moscow, Rosneft Achinsk, Forteinvest Orsk and Neftekhimservis Yaysky refineries have plans to increase coking capacity by more than 100,000 b/d in total over the next three years. The type of coke these refineries will produce is unknown, but with most Russian refineries producing anode-grade coke, we anticipate the majority of this capacity will also produce anode-grade coke.

Russia petcoke exports by refinery



Source: Rail freight forwarders, Argus

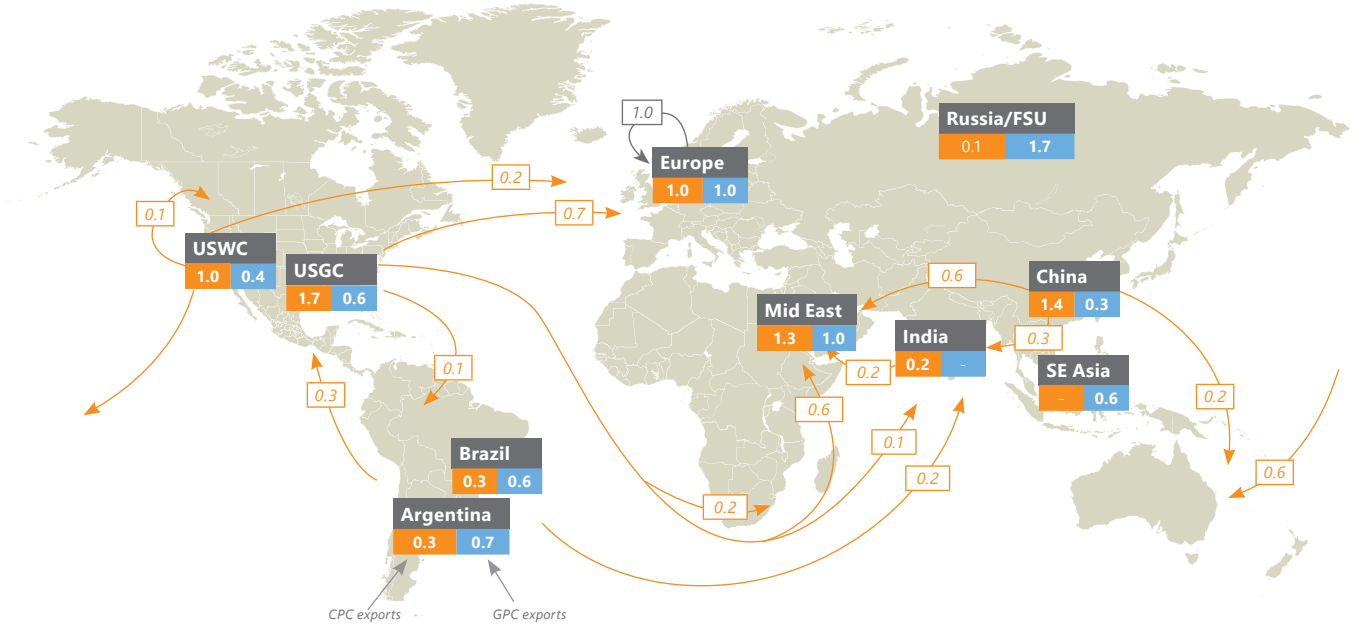
Shipments from Indonesia remain inconsistent due to port congestion at the Dumai port. Multiple months this year have seen less than 1,000t of coke exports and 1H25 shipments were down by almost 75pc to 39,000t. But shipments reached the highest monthly amount they have in more than a year at 30,000t in July, all of which went to China. This could be a sign that shipping logistics are improving but it was previously stated that conditions wouldn't improve until at least late 2025.

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Anode-grade GPC and CPC exports									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
US Exports									
CPC	3.4	2.8	2.7	3.3	3.5	2.6	2.3	2.7	2.7
GPC	0.6	0.6	0.6	1.1	1.4	1.5	1.5	1.5	1.5
China									
CPC	1.5	1.4	1.4	1.5	1.3	1.4	1.4	1.4	1.4
GPC	0.9	0.8	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Russia/FSU GPC	1.2	1.1	1.3	1.4	1.7	2.2	2.2	2.2	2.2
Europe									
GPC	0.9	1.0	1.0	1.1	1.4	0.5	0.5	0.5	0.5
CPC	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0
India CPC	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Brazil									
GPC	0.3	0.3	0.4	0.6	0.6	1.2	1.3	1.3	1.3
CPC	0.3	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Argentina									
GPC	0.2	0.4	0.3	0.3	0.4	0.4	0.5	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	1.1	1.2	0.8	0.7	0.8	0.9	1.1	1.1	1.1
CPC	0.5	0.6	0.7	0.8	1.1	1.1	1.1	1.1	1.1

Anode grade CPC trade flows, 2022



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Demand summary

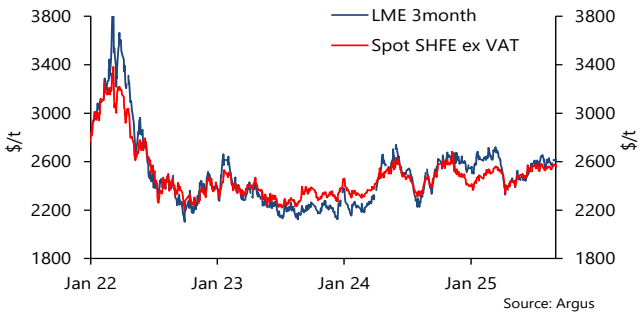
Coal's price advantage remains and aluminium output growth continues

Coke has yet to gain a good discount to coal and stimulate interest in key markets. Aluminium output continues to grow, keeping anode-grade coke demand firm.

Key indicators for petcoke demand

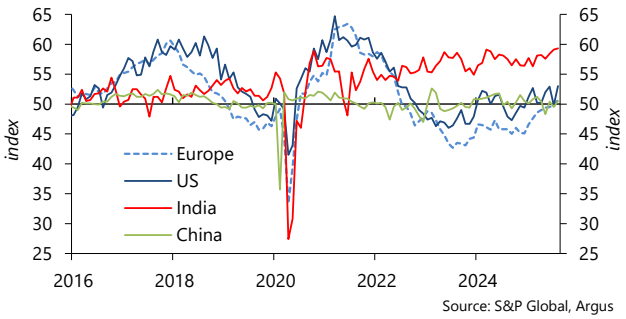
	Last month	Comment
India imports, July	1,046kt	Imports were still weaker than a year earlier
China imports, July	1,402kt	Imports from Russia reached a 15-month high
API 8 coal prices, Aug	$80.8/t	Coal prices rose slightly
LME Aluminium prices, Aug	$2,594/t	Aluminium prices fluctuated at lower levels than July
Primary aluminium output, July	2.7pc	Output growth was the highest since December

Aluminium prices



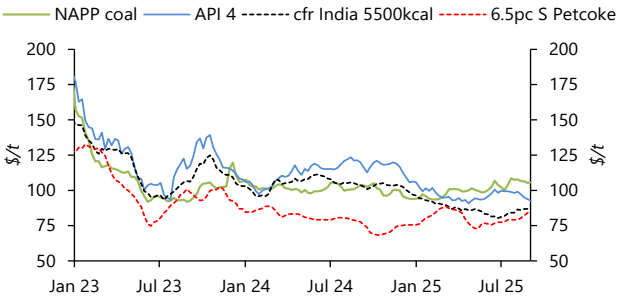
Source: Argus

PMI indices



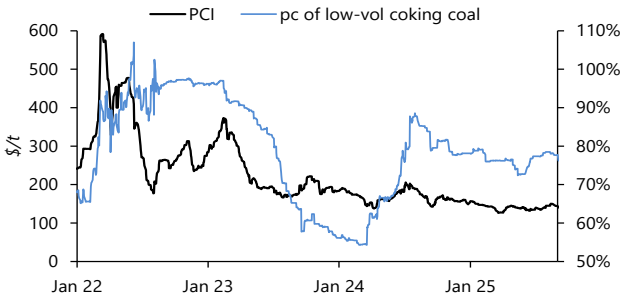
Source: S&P Global, Argus

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



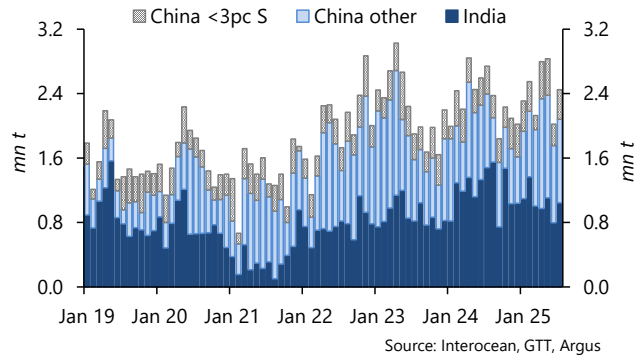
Source: Argus

PCI prices



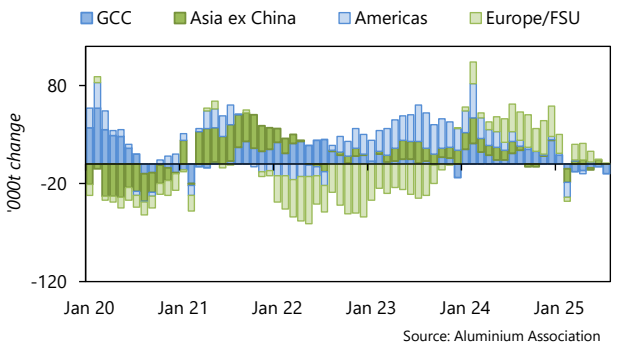
Source: Argus

China and India GPC imports



Source: Interocean, GTT, Argus

Change in ex-China aluminium output



Source: Aluminium Association

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Anode grade applications

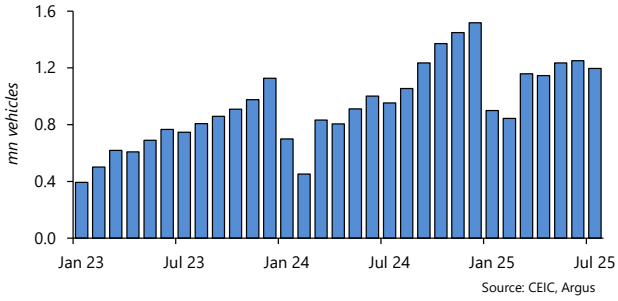
Demand from the battery anode materials industry continues to rise due to increased production of power, batteries and electric vehicles. China's production of power and batteries rose by 44pc from a year earlier in July because of firm demand from the new energy vehicle sector, according to the China Automotive Battery Innovation Alliance. Production of NEVs reached about 1.24mn in July, up 26pc on the year, as the government extended incentives. Major cities such as Beijing and Shanghai have also continued to ease NEV purchasing restrictions this year.

Strong demand from these end users is supporting graphite anode production which is expected to rise in the Shandong province over the medium term. Many Chinese anode material producers are adding capacity, some as soon as this year, such as Guangzhou Rongjie Energy's 50,000 t/yr anode materials plant whilst some are expanding in phases like the Qingdao Xintaihe Nano Technology anode materials plant. This plant is expected to start construction on its second 50,000 t/yr phase in May 2026, which should be completed in 2029. Feedstocks and technologies used in the battery anode production process are rapidly changing, so exact usage is unknown, but past reports have said that per tonne of anode material, 2t of GPC is needed. If this is the case then Guangzhou Rongjie Energy would need 100,000 t/yr of anode-grade GPC for its plant.

GPC and calcined coke demand could get a boost from the aluminium industry in the US. Century Aluminium announced it will restart more than 50,000 t/yr of previously idled aluminium production at its Mt Holly, South Carolina smelter by June 2026. Indonesia is another bright spot for the aluminium market. Multiple companies have plans to build aluminium smelters there over the next five years. For example, American firm Nanshan Aluminium plans to put into operation the first phase of its aluminium smelter project in the Riau Islands which has a capacity of 400,000 t/yr and will eventually reach 1mn t/yr.

The aluminium industry stands to benefit from growth in the NEV sector as well. China's NEV sales reached 7.7mn t in January – July 2025. Sales grew by 25pc year-on-year in both June and July. If sales continued to grow at 25pc for the remainder of the year, sales would fall almost entirely in line with *Argus* Media Consulting's forecast for full-year 2025 NEV sales of 14.1mn t. As EV sales grow, so too will aluminium consumption as EVs require a higher amount of aluminium for production than ICE vehicles.

China monthly EV sales



Source: CEIC, Argus

Some global smelters are seeing negative effects on their earnings from shifting trade flows and geopolitical tensions. Sales from both Saudi Arabia's Maaden and Brazil's CBA have dropped this year. Norway's Norsk Hydro announced cost cutting measures, Russia's Rusal recorded an $87mn net loss in the first half and Australia's South32 announced plans to close its Mozal aluminium smelter in Mozambique early next year. Though the aluminium market may underperform previous expectations in the near term, we still forecast long-term demand growth.

Primary aluminium production

	2017	2018	2019	2020	2021	2022	2023	2024	2025
China	36.3	36.2	35.3	36.7	38.2	40.2	41.2	43.2	42.0
Americas	5.3	5.0	5.2	5.2	5.2	5.3	5.7	5.5	6.1
Europe	4.7	4.6	4.5	4.4	4.3	3.8	3.3	3.3	3.4
FSU	4.2	4.2	4.3	4.3	4.2	4.5	4.7	4.6	4.6
India	3.3	3.7	3.6	3.6	3.9	4.0	4.0	4.1	4.4
Asia ex China, India	2.8	2.9	3.0	2.9	3.1	3.1	3.4	3.6	4.0
Middle East	5.1	5.3	5.7	5.8	5.9	6.1	6.1	6.1	6.1
Africa	1.4	1.4	1.4	1.4	1.4	1.4	1.6	1.6	1.4
Total	63.0	63.4	63.1	64.3	66.3	68.4	69.8	71.1	72.1

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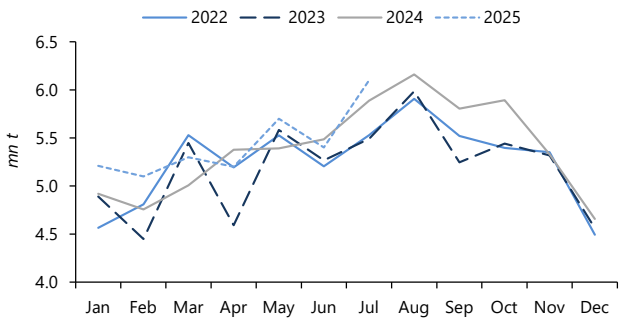
Fuel-grade fundamentals - end use

India cut taxes on cement from 28pc to 18pc to boost demand. The cut in the goods and services tax (GST) announced on 3 September is expected to substantially boost cement consumption in infrastructure and housing and allow manufacturers to operate at higher run rates and reduce per unit cost, said a procurement executive at a Mumbai-based cement maker. Cement producer Ambuja noted in its latest annual report that India's per capita cement consumption of 250kg is significantly below China's 1,600kg, offering substantial growth potential. Producers therefore have drawn ambitious growth plans to meet an anticipated rise in demand, including Ultratech's plan to raise its capacity from 189mn t/yr in March to 218mn t/yr by March 2027.

Delhi has also removed the 400 rupees/t ($4.54/t) cess on thermal coal — domestic and imported — while raising its GST from 5pc to 18pc. This is positive for cement makers and other industrial coal consumers because GST on an input can be offset through an input tax credit while paying taxes on finished goods. The cess removal coincides with a rising preference for imported thermal coal among cement makers, among firm coke prices. NAPP coal also attracts a lower import duty of 2.75pc against an 11pc duty on coke. The removal of the cess will make coal more competitive against seaborne coke and will likely further weaken demand for the fuel.

Brazil's cement sales surged in July to just above 6mn t, an increase of 3pc compared to the same month last year, according to the National Cement Industry Union (SNIC). Year-to-July sales have grown by 4pc from a year earlier to 38mn t. A growing job market and buoyant real estate sector have supported cement sales this year. However, high interest rates and credit shortages could weigh on the construction sector in the second half of the year. Oxford Economics forecasts that tight monetary policy which aims to subdue growth momentum and bring inflation down will slow the economy significantly in H2 2025. With this in mind, we could see cement sales fall below 2024 levels. This could reduce interest in seaborne coke. Coke imports already fell in June and July to 261,000t and 225,000t respectively, making year-to-date imports 15pc lower than a year earlier.

Brazil cement sales



Source: SNIC, Argus

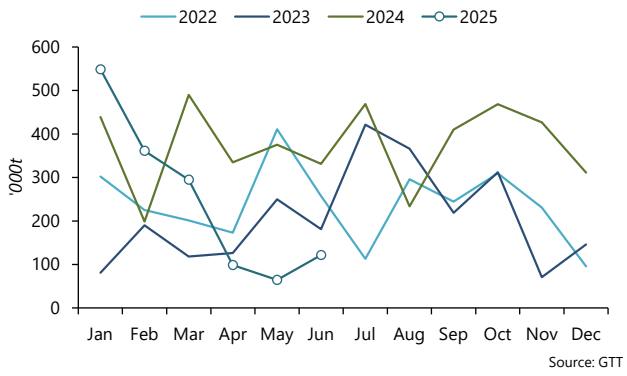
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Fuel-grade fundamentals - imports

Turkey cement production capacity is expected to grow. Mugla Cimento and Akros Cimento recently announced plans to build two new cement plants, according to S&P Global. According to the Turkish Cement Manufacturers' Association, year-to-April cement and clinkers production were down by 3pc to 25.2mn t and 2pc to 24.4mn t respectively compared to a year earlier. However, cement and clinker exports continue to outperform exports from a year earlier. July exports reached 2.4mn t, an increase of more than 50pc year-on-year. Top destinations in July included the US, Italy and Syria. Strong growth in the export sector could encourage cement makers to increase output and this could increase fuel consumption.

Turkey petcoke imports

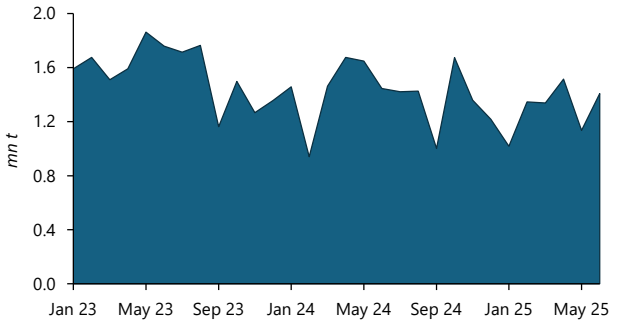


Source: GTT

Recently, firm domestic supply in Turkey and competitive pricing has contributed to lower coke imports, which dropped by 31pc from a year earlier in June to 1.49mn t, according to customs data compiled by Global Trade Tracker. Though Turkey's cement sector is taking advantage of less expensive Russian coal and reducing coke imports, it's expected to continue to have strong demand for domestic coke. This is because many plants need to keep a certain amount of coke in their fuel mixes and will reduce seaborne supply before cutting domestic procurement.

Meanwhile in Vietnam, to support domestic cement makers and improve their global competitiveness, the government cut the export tax on cement and clinker to 5pc from 10pc on 19 May, effective through 31 December 2026. 1H25 cement exports were 7.8mn t, down from 8.6mn t in the same period a year earlier. But cement production in 1H25 was 90mn t, up by 15pc on the year, and in June alone, output increased by 27pc on the year to 17.1mn t. It is likely full-year 2025 production will exceed 2024's volume of 184.2mn t and lead to a higher fuel requirement. This could lead to an increase in coke consumption. Vietnam currently hardly imports any coke, though it imported 50,000t in 2024. But we will likely see this increase over the medium term as cement production increases since Vietnam does not have a domestic supply of coke.

Vietnam cement exports



Source: GTT, Argus

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Coal outlook summary

We think the balance of risks for the high-CV coal markets remains skewed to the upside for the balance of 3Q '25 and into 4Q '25. But we expect either flat or slightly lower prices for low and mid-CV grades given soft seaborne demand from China and India. Domestic Chinese coal prices have risen, presenting an upside risk to this outlook, but we view the recent price bump as transitory.

Thermal coal

- ***High-CV coal price risks for 2H '25 still skewed to the upside***
- ***Low/mid CV demand,price outlook for 2H '25 still negative***
- ***Israel coal import forecast upgrade for 2026-2027***

Key changes to price forecasts

API 2 and API 4 prices have underperformed our expectation over the past few weeks, with prices squashed by lower-than-expected TTF gas prices (see chart). Soft coal burn in early August in Germany, as well as a partial recovery in ARA port stocks, means the very short term outlook for spot demand in Europe appears soft. As a result, we have revised down our API 2 price forecast for August versus last month's expectation. This is also because European gas balances for August appear relatively comfortable.

However, we continue to anticipate higher API 2, and high-CV prices generally, for September. We expect northwest European coal burn to pick up again and remain at above the year-1 level into 4Q '25, stimulating competition for scarce ScoTA-specification spot cargoes in the Atlantic Basin. Looking into October, the picture is less clear. On the one hand, we see the risk of a sell-off in TTF prices in the event of an oversupply caused by less flexible remaining unbooked capacity at certain German gas storage sites, which might limit the European gas market's ability to absorb surplus supply. This could also drag on coal prices. But we think the balance of risks for high-CV coal prices remains skewed to the upside given we anticipate strong near-term demand from Japan, South Korea and Taiwan (JKT) during 2H '25, as we outline later in this report. If European gas storage injections remain at a relatively slow pace in the next couple of months, this also skews price risk for late 3Q '25/4Q '25 to the upside from current levels in the event that early winter temperatures out-turn cold or there is a late dash to fill storages ahead of EU deadlines.

Asia-Pacific high-CV prices have generally moved upwards in line with our expectations over the past month, supported by strong northeast Asian demand. But we have raised our most of our fob Newcastle price forecasts for 2H '25 and early 2026 to reflect stronger high-CV restocking demand from Japan and South Korea in particular, where demand has been particularly firm over the summer. Going forwards, Newcastle prices will continue to be driven by demand from JKT, as well as trends on the supply-side, such as how much coal Australian producers choose to wash up to 6,000kcal/kg quality, and weather disruption at Australian mines and ports. Meteorologists are predicting a roughly 50:50 chance of La Nina or ENSO-neutral conditions this winter. Historically, La Nina conditions are correlated with heavy rainfall in coal-producing regions in Australia, raising the risk of supply disruptions, and with colder-than-average temperatures across northeast Asia, heightening the chance of strong heating demand and winter coal burn.

We remain generally bearish on the short-term outlook for low and mid-CV coal demand, driven by firm domestic production in China and India, as well as soft power-sector imported coal burn in part because of a strong Monsoon season and rampant renewables growth. The low and mid-CV space has derived some price support from firmer domestic prices in China, but as we outline later in this report, we think this price rally is built on shaky foundations. This is informing our view of a generally flat or lower price outlook for most mid- and low-grade coal prices in the next few months.

Our longer term view on the thermal coal market is little changed from last month. We continue to anticipate lower seaborne demand and a lower seaborne cost curve to drive falling prices on average in 2026 and 2027. At some stage we would expect the cycle to turn and for a lack of investment in coal supply capacity to catch up with stronger-than-expected demand and to drive prices higher. But in our view this inflection point is more likely to come after the period of our 18-month ahead time horizon.

Key changes to supply/demand projections

China mine inspections unlikely to halt production growth

Chinese coal inventories have drawn lower over the past

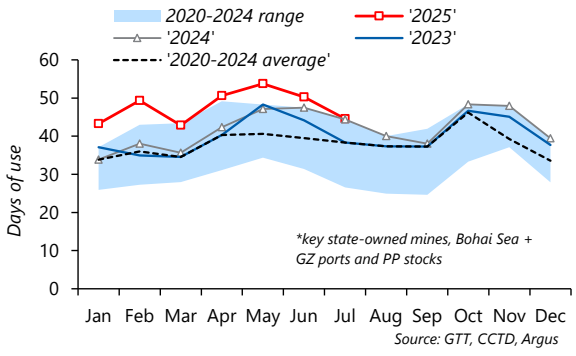
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Coal outlook summary

month (see chart), as a-July heatwave drove stronger consumption. Rallying domestic prices also drove a modest recovery in July seaborne imports, albeit inflows were still down 22pc on a year-on-year basis. Domestic NAR 5,500 kcal/kg prices were back above $90/t fob Qinhuangdao in early August, supported by the announcement of the construction of a new mega dam project in Tibet, and, perhaps more importantly, Chinese authorities looking to clamp down on overproducing coal miners. As we understand it, the mine inspections are designed to target suppliers overproducing by more than 10pc. These measures could spur some more transitory support for prices (both in China and for its key suppliers such as Indonesia and Australia). But since these inspections are relatively common in China, we don't think they change the overall trend that international demand for seaborne coal in 2H 2025 and 2026 – particularly for low-CV grades – appears soft. And given the wider tariff picture and China-US trade dispute, we retain our view that China is likely to continue to prioritise domestic coal production over imports, as it uses mining activity as a means of meeting GDP targets and also to reduce import reliance/achieve greater energy security. We have left our seaborne coal import projections for 2025, 2026 and 2027 mostly unchanged this month at 280mn t, 265mn t and 248mn t, respectively.

China coal inventory



Indian demand outlook remains bleak

The 2H '25 demand outlook for India remains soft with power-sector coal burn continuing to drag, pressured by a strong Monsoon which has supported hydro generation and crushed electricity demand. The latest forecast from India's Meteorological Department suggests that rainfall should remain above 106pc of the long run average through until the end of the season in September. India's coal-fired generation fell by 4.2pc on the year in July, with imported coal burn dropping by a steeper 18pc. As explained in the 11 July Seaborne Coal Outlook report, the expiry on 30 June of the Indian power ministry's directive requiring imported coal-fired utilities to boost generation should weigh on import demand in 2H '25 and into 2026. Strong renewables growth, particularly from hydro, wind and solar (see chart) is also weighing on Indian coal consumption, a trend which should persist for the balance of 3Q '25 at least. India's coal production has dropped in response to the soft power-sector demand, but stocks remain comfortable, with recent inventory draws in line with seasonal norms, and we have not heard of any major coal production stoppages because of the heavy rains.

On the industrial demand side, we think the demand outlook for imported coal from the cement and sponge iron sectors remains soft for 2H '25, but more robust in the longer term, in line with our view of the macro-economic outlook. India's cement demand grew by 4pc on the year in April-June, supported by sustained demand from housing and infrastructure sectors, according to cement firm ACC said. The company expects India's cement demand to grow by 6-7pc in the FY25-26 due to an increase in demand for affordable housing in rural and urban markets, higher spending on infrastructure and commercial real estate, it added. We see downside risk to India's coal consumption and imports from the US administration's intention to levy 50pc tariffs on certain Indian goods.

Reinforcing the bearish tone to the Indian import market, state-controlled producer Coal India (CIL) plans to boost its production and supplies in the April 2025-March 2026 financial year as part of broader efforts to raise domestic coal availability and trim reliance on imports. CIL plans to raise production to 875mn t in FY 2025-26, a 13pc increase from 773.6mn t produced in the FY 24-25. This is in line with the company's broader goal to steadily raise output to reach 1bn t/yr by FY 26-27. CIL's higher production and supply targets could add to the domestic coal surplus, especially as power sector demand remains weak. CIL plans to raise output further to 1.13bn t by 2029-30.

We have made some adjustments to our historical Indian coal balances this month to better reflect the composition between thermal and metallurgical coal imports. We are

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Coal outlook summary

now forecasting Indian thermal coal imports at 166mn t in 2025 versus 273.9mn t in 2024. We expect industrial demand growth to more than offset a drop in power-sector inflows and drive imports back above 170mn t by 2027.

2H '25 Germany coal burn outlook still firm

Imported coal burn in northwest Europe remains firm, with German hard coal-fired power generation rising on the year in July for a third straight month. Imported coal took a 25pc share in Germany's combined coal/gas mix in June and July, up from just 17pc in June/July 2024. Although coal burn in early August has been soft because of windy, sunny conditions, we expect coal to continue to hold a share of at least 25pc of the coal/gas mix through the end of the year, given favourable fuel-switch economics. But thereafter, we see coal plant phaseouts and lower gas prices driving coal ever more out of the mix into 2026 and 2027 (see chart). On an annual basis, we expect German hard coal-fired generation to fall by 13pc from 2025 into 2026 and by another 23pc into 2027. This is informing our forward view of German import demand, which we expect to slip from 11.5mn t in 2025 to 10mn t in 2026 and 7.7mn t in 2027.

In the wider EU, Spain's power-sector coal phaseout has taken a step closer after unit 2 at EDP's Abono power station completed its conversion from coal to gas in July. Unit 1 at Abono, which remains coal-fired, EDP's Soto de Ribera and Viesgo's Los Barrios coal plants are all slated for closure by the end of 2025, but Enel's Alcudia plant in Mallorca is likely to keep generating power until 2030. We have left our 2025 to 2027 import projections for Spain unchanged this month at 1mn t, 0.8mn t and 0.8mn t, respectively. In the coming years, we anticipate imports for the Alcudia plant to continue to be supplemented by imports for industrial usage.

In Italy, Enel's Brindisi Sud and Torrevaldaliga coal plants are expected to cease generation by the end of this summer, after which they will be moved into strategic reserve, only to be called on in the event of emergencies. The plants have barely run over the past couple of years, only firing up during the peak winter demand season, meaning EP's Fiume Santo and Enel's Sulcis plants in Sardinia have been the key drivers of Italian coal imports. We expect generation from these island-bound plants to remain firm in the coming years, and have left our Italy import projections for 2026 and 2027 unchanged this month at 1.5mn t each, versus 1.4mn t in 2024.

Croatia, Turkey coal burn on the rise

In Croatia, power generation from HEP's 217MW Plomin coal plant resumed on 10 July, after a six-month outage. As this was largely expected, we have left our 2025 import projection for Croatia flat this month at 0.3mn t, rising to 0.5mn t in 2026 and 2027.

In Turkey, imported coal-fired generation rose by 5pc on the year in January-July, Exist data show. Imported coal plants have been running at close to maximum capacity amid hot temperatures, while dry weather has also limited hydro generation. Strong power demand and competitive coal prices relative to gas should mean coal burn remains strong in 2H 2025, but the startup of the first 1.2GW reactor at the Akkuyu nuclear plant around the turn of the year could limit coal demand growth I the longer-term. On the import mix side, Turkish utilities continue to show a preference for competitively-priced Russian coal over Colombian alternatives, a trend that is likely to be cemented in the years to come by Turkish pension fund Oyak's agreement to buy German utility Steag's 51pc stake in Isken's 1.3GW Sugozu coal-fired plant. The Isken plant buys around 3mn t/year of coal, of which over 90pc is sourced from Colombia via a mix of Cerrejon and Drummond material. Because of the recent strong coal burn, we have raised our Turkey coal import projection for 2025 by 0.5mn t to 34.5mn t, but left our 2026 and 2027 forecasts at 35mn t and 36mn t, respectively.

Israel to delay coal phaseout, tightening RB1 supply outlook

We have revised higher our 2026 and 2027 coal import projections for Israel after press reports suggested the conversion of Israel's Rutenberg and Orot Rabin power stations to gas will be delayed until 2029. This comes amid concerns over possible disruptions to Israel's gas supply following June's conflict with Iran. We expect the power plants to be placed into "hot reserve" status for the next few years, meaning they will be able to ramp up quickly if required, but they are unlikely to run as hard as in the early 2020s. As a result, we anticipate Israel's coal import requirements at 3.5mn t in 2026, falling to 1.5mn t in 2029, versus an average of 5.2mn t/year in 2020-2024 (see chart). In the event the Israeli coal plants do run hard, this could tighten the South African RB1 market, which is likely to be the favoured option for Israeli

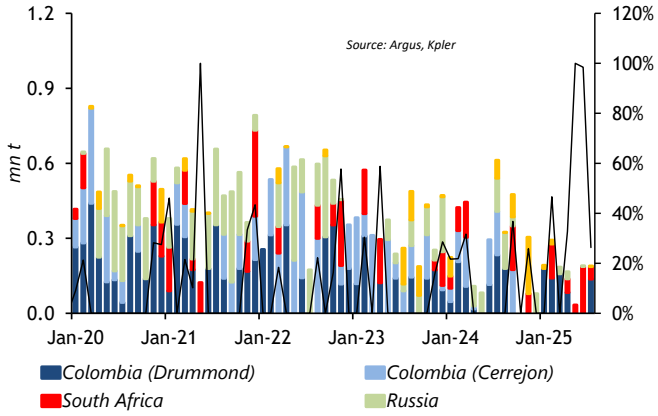
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Coal outlook summary

buyers, who typically prefer high-CV, low sulphur material. Russian coal remains shut out from Israel, while Colombian president Gustavo Petro has strengthened rhetoric over banning imports from Colombia, citing dissatisfaction with recent shipments from Drummond. We view tighter RB1 supply, as well as the stricter enforcement of Colombia's ban on exports to Israel, as bullish for API 2 prices, since the Drummond coal that has been flowing into Israel is likely non-ScoTA and will likely either be shut in or diverted to Asian markets rather than into ARA.

Israel coal imports



Japan Tsunami may prompt nuclear rethink

Several coal plants in Japan were taken offline on 30 July because of Tsunami warnings associated with an 8.8 magnitude earthquake that struck off Russia's Kamchatka peninsula. Although the direct impact on the market was minimal, providing only a small dent in coal consumption, the quake evokes memories of the Fukushima Daiichi disaster in 2011, which caused an abrupt volte-face in Japan's nuclear policy, and provided a shot in the arm for long-term coal and LNG demand. Japan is in the process of restarting several of its nuclear plants that were shuttered in the wake of the 2011 earthquake, and any additional large-scale seismic activity in the area could cause officials to rethink or delay nuclear plant restarts, thus extending the lifetime of coal imports. Late last month, utility Hokkaido Electric Power received government clearance to restart its 912MW Tomari No.3 nuclear reactor, but safety reinforcement works including the construction of a seawall, mean the unit is unlikely to restart until 2027 at the earliest.

Coal burn in Japan remains strong because of hot summer temperatures and few restrictions on coal plant operations during the peak summer cooling period. Coal held a 50pc share in the combined coal/gas mix in July, flat to July 2024, grid operator data show. The economics for coal-fired generation remain favourable versus gas for 2H 2025, but we think that going forwards absolute coal burn levels will be increasingly dictated by ever more strict shoulder-season greenhouse gas emissions restrictions that target coal rather than gas, in a similar vein to those seen in South Korea. Environmental curbs were particularly rigorous during the April/May shoulder season this year, with Jera's Hekinan and Taketoyo plants among those to ramp down sharply (see chart). Some curbs have already been announced for October 2025, and going forwards into 2026 and beyond we are assuming that the shape to Japan's annual coal-fired generation will become increasingly seasonally extreme (see chart). Separately, an increased likelihood of La Nina conditions prevailing in winter 2025/26 mean we have upgraded some of our power demand assumptions for the period versus our last report, particularly for 1Q '26, as La Nina is typically associated with colder-than-average temperatures across northeast Asia. Our latest projections assume that Japan's coal-fired electricity generation will drop by 1pc on the year to 260TWh in 2025, followed by an 8pc drop to 240TWh in 2026. We anticipate Japan's steam coal imports at 104mn t in 2025, from a revised 111.6mn t in 2024. We anticipate imports to fall to 96.7mn t in 2026.

Korean 2H '25 coal burn outlook still firm

South Korea's power-sector coal burn continues to rebound after a poor start to the year. Coal consumption has been aided by hot temperatures driving peak power demand to a record high 110TWh in July. Coal has also reclaimed some share from gas in in the thermal mix now coal plants have seemingly had their brakes taken off, as authorities in Korea were unhappy with high electricity prices in 2Q '25. Epsis data suggest coal took a 53pc share of the coal/gas mix in June, four percentage points higher year-on-year and versus just a 40pc share in February-April (see chart). And provisional July data suggests coal's share in the mix pressed even higher than 53pc. We think coal burn in Korea is likely to remain strong in 2H '25, driven by lower on-year nuclear availability, strong end-summer cooling demand, and the prospect of sub-par temperatures associated with a possible La Nina driving increased heating demand towards the turn

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of the year. We are forecasting Korea's 2H '25 power-sector coal consumption at 38mn t (basis NAR 5,800 kcal/kg, 38pc efficiency) versus 26.4mn t in 1H '25 and 34.8mn t in 2H '24. Because of our greater conviction in the bullish short-term outlook for Korean imports, we have raised our 2025 import forecast to 75mn t, representing a 4.1mn t from 2024.

We have adjusted some of our nuclear expectations for South Korea this month on several updates from utilities and the power exchange KPX. A KPX notice shows a restart date of 1 October 2025 for the mothballed 0.65GW Kori 2 nuclear unit, but we are sceptical that this resumption date is achievable given there are still several regulatory hurdles to overcome, and we are not assuming a restart until early 2026 in our projections. The 0.95GW unit 4 at the Kori plant was taken offline as planned on 5 August because of the expiry of its operational licence. A notice by KPX suggests the unit will be offline until mid-July 2026, although we think this restart date Is also at risk of being pushed back.

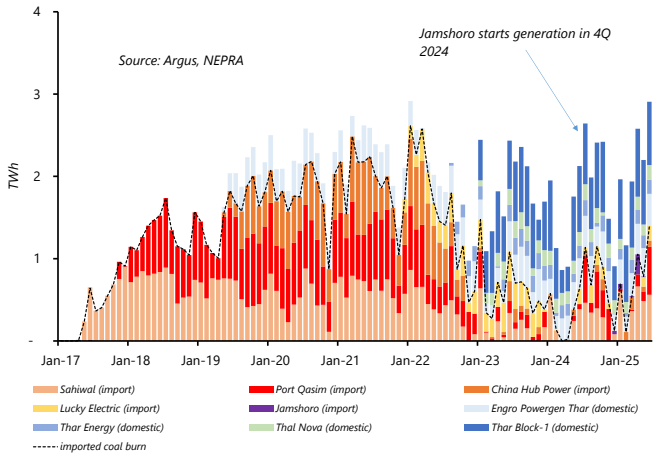
Taiwan 2H '25 coal demand outlook flat YoY

In Tawan, coal-fired generation came in slightly above our expectation in June, in part because of weaker-than-anticipated renewables growth. Coal-fired generation in 1H '25 totalled 48.7TWh, 10.4pc lower on the year. Conversely gas-fired generation rose by 11.9pc and renewables output soared by 22pc. Our forward view of Taiwan's coal imports is little changed versus last month, but we have revised down our 2025, 2026 and 2027 import projections by around 0.5mn t each to reflect the weaker soft coal burn and we are now envisaging imports at 44mn t, 43mn t and 42mn t respectively. We think coal burn likely ramped up in July and will remain strong in August/September since this is Taiwan's first peak summer power demand period when it cannot call on baseload nuclear generation. Plus, we think there is limited upside for gas-fired output from current levels until more capacities are built out. We expect Taiwan's power sector coal burn to be around 23mn t (basis NAR 5,800 kcal.kg, 38pc efficiency) in 2H '25, flat year-on-year and up from 19mn t in 1H '25.

Pakistan's imported coal bounce to persist

We have left our 2025 and 2026 import projections for Pakistan unchanged this month at 7.2mn t and 9.3mn t respectively. Seaborne imports continue to pick up, supported by firm power generation demand. July imports hit 1.2mn t, the highest since August 2022, and as we signalled in last month's report, a flurry of recent buy-side tender awards should mean imports remain firm during 2H '25. Pakistan's coal-fired generation from import plants hit 1.4TWh in June, the highest since January 2023 (see chart). Seaborne import demand has also been aided by stronger cement-sector performance; Pakistan's cement sales rose by 33pc on the year in July. In addition to the firmer demand-side fundamentals, imports may also be aided in the short term by constraints on Afghan coal supply, and domestic Thar output. Pakistan suspended imports of thermal coal from Afghanistan at three border crossings on 2 June after Pakistani customs mandated a certificate of origin, with the flows remaining at an impasse as of early August. Meanwhile, heavy rains have disrupted domestic coal production and dispatch logistics.

Pakistan coal-fired power generation



Vietnam demand to rise on heatwave, GDP growth

Vietnam's steam coal imports dipped by 1.8mn t on the year to 32mn t in January-July, provisional customs and shipping data suggest. But we have left our full-year import projection flat at 55mn t, up from 53.2mn t in 2024, and our 2026 and 2027 forecasts at 60mn t and 65mn t, respectively. Vietnam has experienced sweltering temperatures lately, driving electricity consumption in parts of northern Vietnam to record highs, which we think should stimulate more restocking demand in the coming months. Power-sector and industrial coal import demand should also be aided by strong economic growth. The country's GDP grew by 7.5pc on the year 1H 2025, the fastest growth rate in 15 years, according to its

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National Statistics Office. Manufacturing, which is correlated to electricity consumption, was the largest growth driver with an increase of 10pc. Construction grew by 9.6pc, also the fastest for the first half of the year in 15 years.

US coal exports in spotlight as domestic demand soars

US exports slowed sharply in June and July, prompting us to downgrade our 2025 export forecast by 3mn t to 39mn t. Strong domestic US coal-fired generation remains a potential headwind for exports, and a supportive factor for API 2 prices in 2H '25, if US suppliers can achieve better returns in the domestic market rather than in the international arena. US spot power prices and dark spreads have soared in recent weeks (see chart), while discussions continue behind the scenes over US coal plant lifetime extensions as the Trump administration displays its backing for the US coal industry. At this stage, we do not buy the narrative that more US coal plants will be constructed in order to meet surging data centre power demand, but it appears increasingly apparent that US domestic coal demand will be stickier than previously expected. Major US producer Core Natural Resources said in its latest earnings update that it had seen a "notable" increase in domestic utility-driven demand and customers seeking thermal coal in both spot and term contracts. Coal-fired generation in the Midcontinent Independent System Operator (MISO), the second-largest US power grid, rose on the year for an eighth straight month in July.

Indonesia export projection lowered, Australia raised

We reduced our 2025 export projection for Indonesia by 10mn t to 475mn t. Indonesian exports picked up above 40mn t in July as the arbitrage window into China opened. But we remain bearish on the demand outlook for mid- and low-calorific value coals in late 2025 and into early 2026, which we think should weigh on Indonesia outflows. Supporting our view is the news that Indonesia has shifted back to the policy of one-year coal mining quotas from the current validity period of three years in an effort to curb overproduction. We think this should make Indonesian supply more responsive to weaker international demand, eventually helping to ease the oversupply in the global market. We have not adjusted any of our projections on the back of Jakarta's plan to impose an export tax on coal. Concrete details on the levy are thin on the ground and at this stage we think it unlikely that any additional tax will be introduced in the near term, given Indonesia's coal industry is already undergoing a challenging period.

Australian exports have rebounded strongly since weather-related disruption earlier in the year, and we have consequently raised out 2025 export forecast by 4mn t to 200mn t, representing a 5mn t drop from 2024. We continue to anticipate some Australian coal being shut in because of consistently lower fob Newcastle prices this year, but expect Australian coal to continue to be the favoured option for sales into Japan, South Korea and Taiwan in the coming months.

Metallurgical coal

- ***We see flat Aus HCC prices over the next three months***
- ***China-led spot price bounce likely to be transitory***
- ***Sustained recovery in metcoal prices unlikely til mid-2026/2027***

Key changes to price forecasts

Australian hard coking coal prices have risen over the past month, although we see little fundamental justification for this upward move and remain generally bearish on global metallurgical coal demand and price prospects for 2H 2025, beyond typical seasonal restocking requirements.

The key driver behind the stronger physical metallurgical spot prices has been a furious rally in domestic Chinese coking coal futures. Derivatives listed on the Dalian Commodity Exchange shot up in late July, hitting their upper limit for daily moves on numerous occasions. This was on the back of firmer sentiment surrounding the start to construction of a large-scale, 10-year in duration hydropower project in Tibet, as well as news of stricter oversight on coal production levels. Clearly, Chinese stimulus which tangibly supports domestic steel demand and/or restricts exports, or mine inspections which materially drag on domestic metallurgical coal production, could justifiably drive a tighter supply-demand balance in the beleaguered Chinese metallurgical coal market, and cause a sustained price rally. But we are sceptical that these factors as they currently stand will drive more than a transitory bounce in prices, and think the price rally is likely to fizzle out unless more concrete details over dam construction timelines and resource requirements, or domestic cok-

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Coal outlook summary

ing coal production shortfalls, become known.

On the dam front, official details on the project are scant, and while it should boost metallurgical coal consumption in the long run, we think it is unlikely to translate into much higher demand in the short term. Our view on China's domestic production oversight is laid out in the thermal coal section of this report, and again we think this latest round of inspections is unlikely to translate into more than temporary support for prices given Chinese authorities' over-arching desire to boost domestic production at the expense of imports, and meet GDP growth targets. We are keeping a close eye out for additional details regarding steel and coal production policies as part of China's next five-year plan covering the 2026-2030 period. We anticipate this will begin to be compiled in October before being voted on and approved in March 2026. We are also monitoring any sign that mounting international trade barriers are starting to slow China's steel exports, which remain exceptionally high (see chart) and are dampening global metallurgical coal seaborne trade.

We remain generally bearish on demand and prices over the next few months, outside of post-Monsoon restocking from India and the prospect of a marginal pick up in Chinese seaborne imports because of firmer domestic prices. We see a risk of slightly higher prices in September/October during the traditional restocking season, but we are currently forecasting pretty flat prices for next three months because of the broader headwinds to demand across most key buying regions and improving supply. The return to service late last month of Glencore's 4mn t/yr Oaky Creek operation after a three-month stoppage should help to smooth over any supply bumps, although several major Australian and US mines, including Anglo American's Grosvenor, and US Core Natural Resources' Leer South remain offline.

We have lowered some of our price forecasts for early 2026 but raised our projections for 2H 2026 and 2027. This reflects our view that we are unlikely to see a sustained improvement in macro-economic conditions, global steel demand and hence metallurgical coal import demand 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 import forecast lowered, India raised

China's seaborne coking coal imports remain on a downward trend, although the recent uptick in domestic steel and coking coal prices might spur a partial recovery in seaborne imports. But given ample stocks of domestic and overland Mongolian material we struggle to see much upside to seaborne imports in the near term and are forecasting full-year 2025 imports at 48mn t, down by 17.5mn t on the year, and 2mn t lower than last month's projection. Most China-related macro-economic indicators remain weak, with steel, iron and coke production all contracting on the year in June, while July's manufacturing PMI turned negative again. China did not import any coal from the US in June due to tariffs, a situation that should persist for the foreseeable future.

As stated in the thermal coal section of this forecast review, we have made some adjustments to our historical balances for India this month, in order to better reflect Russian metallurgical coal imports, mostly for PCI-type material, into the country. Accordingly, we have raised some of our annual demand numbers versus last month's report. Imports into India have generally outperformed our expectations in the past few months, leading us to revise higher our 2025 import projection to 75mn t, versus 73.1mn t in 2024. These adjustments notwithstanding, Indian demand for coking coal remains mostly quiet amid the seasonal Monsoon slowdown and given weaker Indian steel prices. But we expect some more robust demand later in the year. As we outlined in last month's report, the extension until end-2025 of quantitative restrictions on low-ash metallurgical coke imports should lead to higher coking coal imports in 2H '25. Plus, most lagged industrial indicators are healthy, with India's crude steel, pig iron and DRI production all posting either double-digit or near double-digit year-on-year growth in June, and the July PMI manufacturing index expanding sharply. On the flip side, the US administration's decision to slap 50pc tariffs on Indian imports is a downside risk to India's metallurgical coal import demand, assuming these levies prove sticky.

Our import projections for Japan, South Korea and Taiwan, as well as for Europe, are little changed this month, and we continue to expect imports to fall in 2025 versus 2024, and

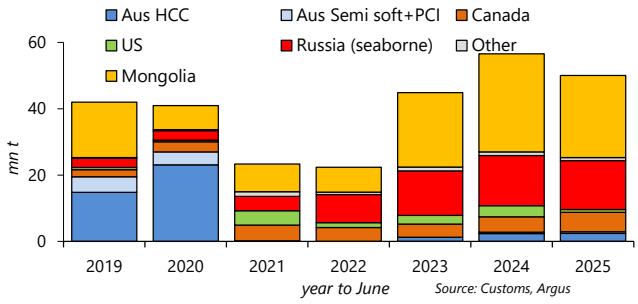
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Coal outlook summary

further into 2026 because of soft steel market fundamentals. In June, Japan's crude steel output fell by 4.4pc on the year to 6.7mn t, according to the Japan Iron and Steel Federation, while Europe's iron production dropped by 4.8pc on the year in June, World Steel Association data show. We anticipate metallurgical coal imports into Latin American countries to be broadly stable in the years ahead. We do not envisage a major impact on Brazil's metallurgical coal import demand because of the US' 50pc tariffs on Brazilian imports. Pig iron and iron ore are not subject to the tariffs under the new US regime, which should provide some shielding to Brazilian production. Some producers suspended output over concerns of a potential 50pc tariff on pig iron — a primary steelmaking feedstock. Brazil provides 70pc of US pig iron imports.

China 1H metcoal imports

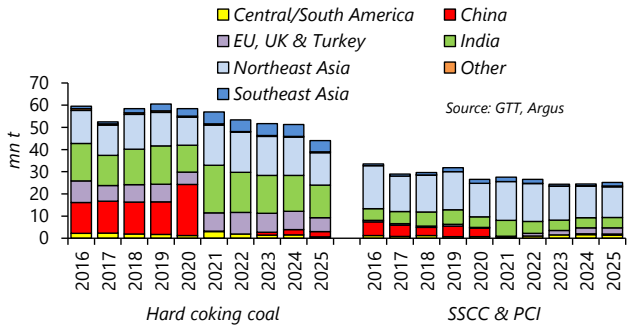


Australian supply shows shoots of improvement

Australian metallurgical coal exports dropped by 8pc on the year in January-July, but the steepest contraction was caused by weather-related disruption and several mining accidents in 2Q '25. We expect exports to recover slightly towards the end of the year now some of these affected mines, such as Glencore's Oaky Creek and GM3's Appin operation, have returned to service. But we still expect full-year exports to drop by 6mn t on the year to 147mn t. Anglo American's Moranbah North mine remains offline since a fire in March and the firm is yet to announce a restart date. For the purposes of our projections, we assume this asset, as well as Anglo's Grosvenor facility, will remain offline until 2026 at the earliest. Both mines are poised to be transferred to US miner Peabody as part of a major acquisition, although there is some doubt over whether the deal will go through because of the slew of mine fires. Separately, Peabody has accelerated the planned start of longwall production at the Centurion mine to February 2026, with the firm intending to start installing longwall shields at the mine in November.

For the purposes of our projections, we continue to assume that Centurion will only produce 0.5mn t of saleable export coal in 2026, rising to 4.6mn t in 2027, but note there is some upside potential to this 2026 figure.

Australia 1H metcoal exports



US exports still projected to decline marginally in 2026

We have left our US export projections for 2025, 2026 and 2027 unchanged this month at 43mn t, 44mn t and 44mn t, respectively. US exports dropped by 15pc on the year to 25.1mn t in January-July, with producers facing squeezed margins at US high-vol A spot prices in the $160s/t fob. Some producers with both metallurgical and thermal coal assets may be able to ride out a longer period of lower metcoal prices because they are expecting better returns from a resurgent domestic thermal coal market. But we are still expecting more contraction in the US metcoal supply-side in the months ahead, either in the form of production halts or consolidation. In its latest set of results, key US producer Core Natural Resources restated its intention to restart the production from the Leer South mine in 4Q '25, which should improve high-vol A supply towards the end of the year. The company is now working with federal and state officials to recover and move the longwall equipment by the end of October.

Russian metallurgical coal exports continue to slide because of thin international demand and soft margins. We have made some adjustments to the historical Russian supply numbers in our annual balances this month, in order to better reflect Russia's PCI exports, as well as to match with the monthly flows found in the Seaborne Coal Outlook datafile. We have also begun tracking monthly Russian overland metallurgical coal flows into China, which you can also find in the datafile.

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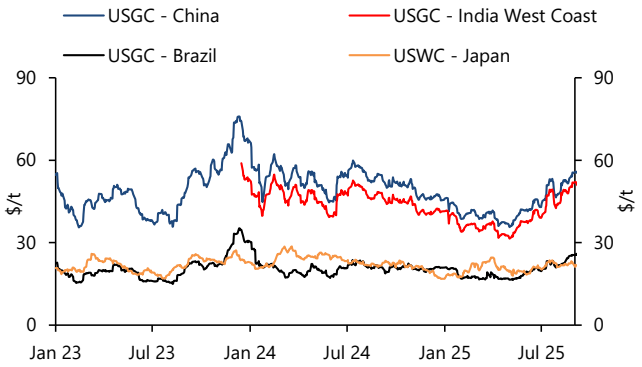
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Freight and FX

Freight rates from the US Gulf to key markets climbed again in August due to increased US grain exports as well as lower vessel supply in the region. Tonnage availability in the US Gulf is being limited by shipowners re-arranging their fleets within the global tonnage pool ahead of the implementation of the US Trade Representative's (USTR) China focused port-fees. We expect that freight rates will remain elevated through the end of the year and continue to influence prices.

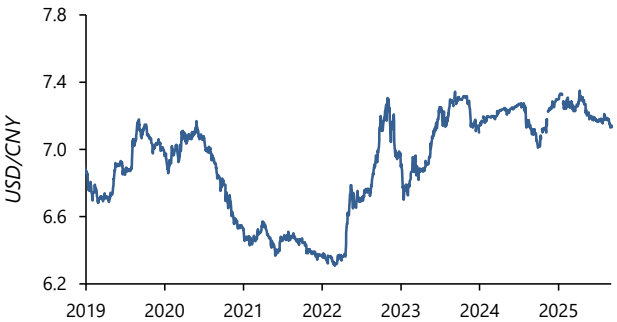
The Chinese Yuan to US Dollar relationship remained relatively stable through August and is likely to trend sideways through the end of the year. In contrast, the Indian Rupee has been weakening against the US Dollar for multiple reasons including India's trade deficit and high dollar demand among elevated global crude oil prices. A weaker Rupee could discourage seaborne commodity demand by making dollar-priced imports more expensive for Indian buyers.

Supramax freight rates



Source: Argus

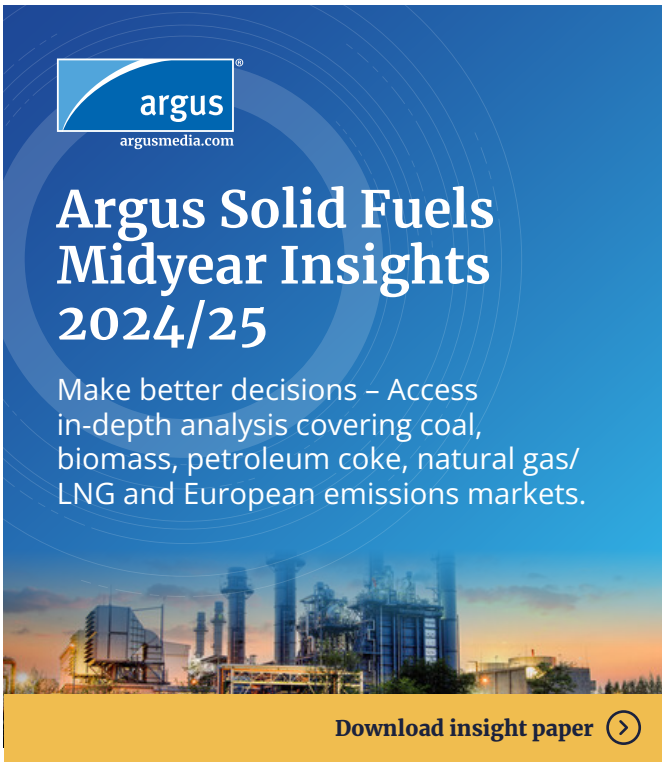
USD CNY exchange rate



Source: St. Louis Fed, Argus

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