

Spot Market Prices

	FOB RCBT (USD/mt) *		FCA Witbank (ZAR/mt) **				
	6,000	5,500	27.50	25.50	24.00	22.50	21.00
29-May-20	49.40	42.00	550	440	400	370	340
05-Jun-20	55.00	46.75	600	480	430	400	370
12-Jun-20	53.00	44.00	580	450	410	390	370
19-Jun-20	52.30	44.00	585	455	415	395	370
A-grade Peas			835 - 935				
B-grade Peas			705 - 805				

* CV typ (kcal/kg NAR)

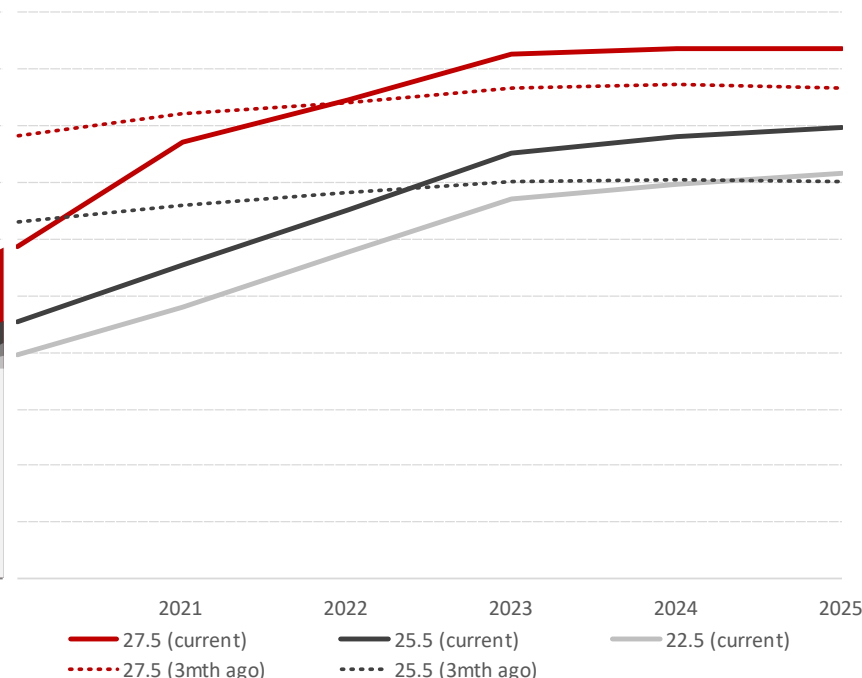
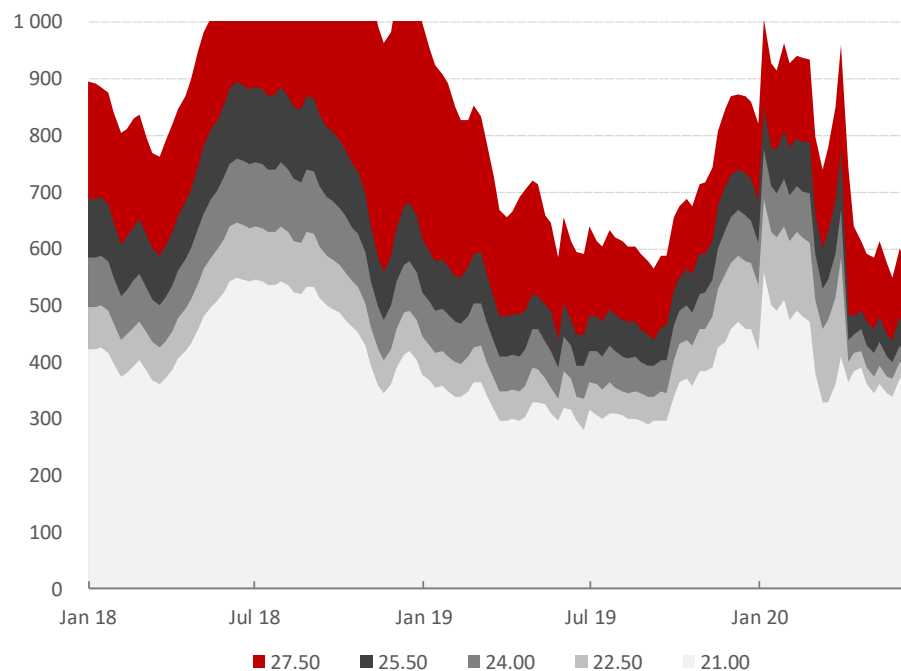
** CV typ (MJ/kg GAD)

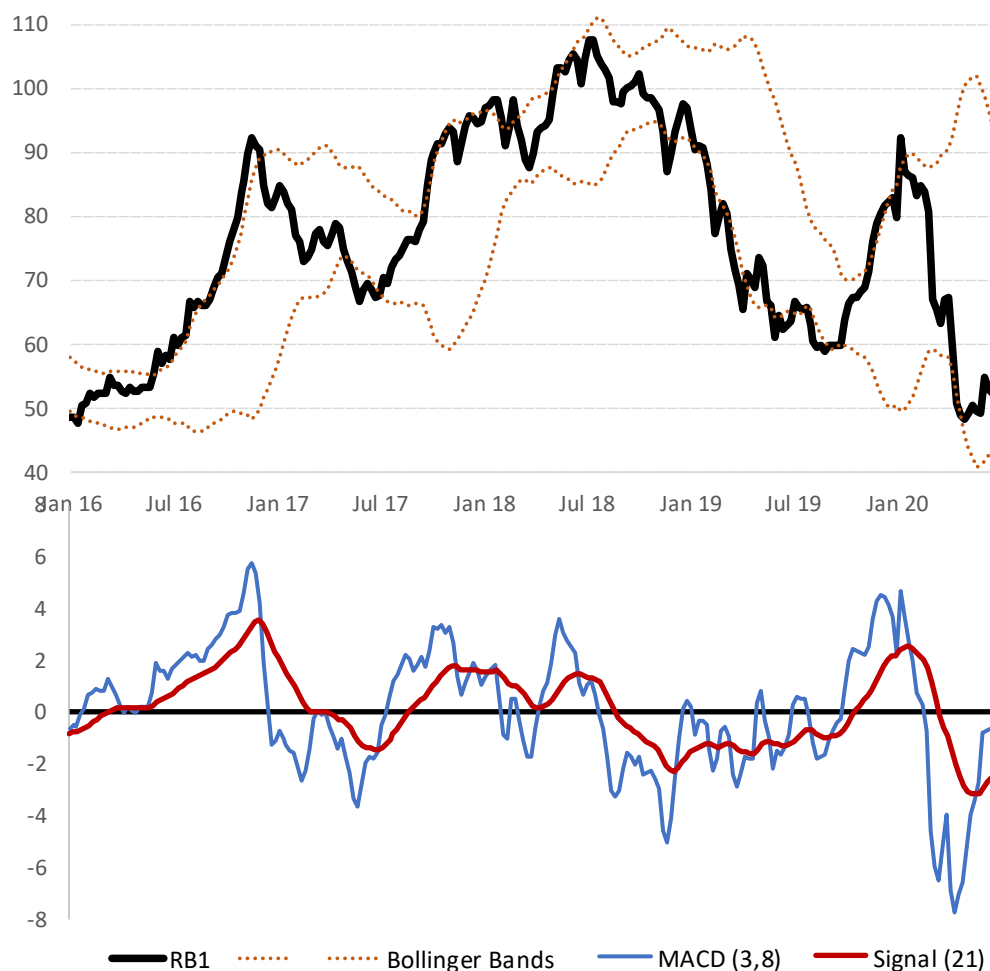
Market Commentary

A slightly weaker Rand helped offset weaker physical and financial coal markets. The rest of the energy complex strengthened slightly, with carbon enjoying a nice rally, which favoured natgas prices. However, physical coal markets also held their own as uncertainties around Chinese imports vs. domestic production prevail. Uncertainties also persist in India as some eastern coal states seek to delay auctioning of their coal blocks to private mining interests for up to nine months, concerned about poor auction results as the Covid-19 pandemic continues. Meanwhile, China keeps shutting its older, smaller mines, whilst improving the overall performance and economics of its domestic coal sector, always playing the longer, strategic game under centralised control.

An apparent train derailment, of seventeen wagons on a 200-wagon train, close to Richards Bay, halted deliveries for a short while to the terminal last week. However, this hardly moved the needle on export prices as supply is clearly not a constraint at the moment. Meanwhile, parts of SA are seeing "load-reduction" initiatives from Eskom as recent winter peak-loads have exceeded available generation supply capacity. Coal stocks on the ground remain healthy.

Historical Pricing & Forward Curve





Lacklustre price action to the upside is concerning once again for the bulls. Short-term momentum is still pushing upwards, counter to trend, so choppy sideways conditions are of course still expected.

The problem is that a sideways price will still cause momentum to rise and eventually to grow weary of trying to push upwards. At this point the classic bear flag price pattern is formed and momentum only has one way to go, which is down.

Nevertheless, we are not yet at that point and price could easily still climb from here as momentum inches towards positive terrain.