

## 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
10-Jul-20	47.50	41.70	485	395	370	350	330
17-Jul-20	49.00	42.00	495	390	370	350	330
24-Jul-20	51.50	40.50	540	390	370	345	325
31-Jul-20	51.00	40.00	550	395	370	350	330
A-grade Peas			800 - 900				
B-grade Peas			645 - 745				

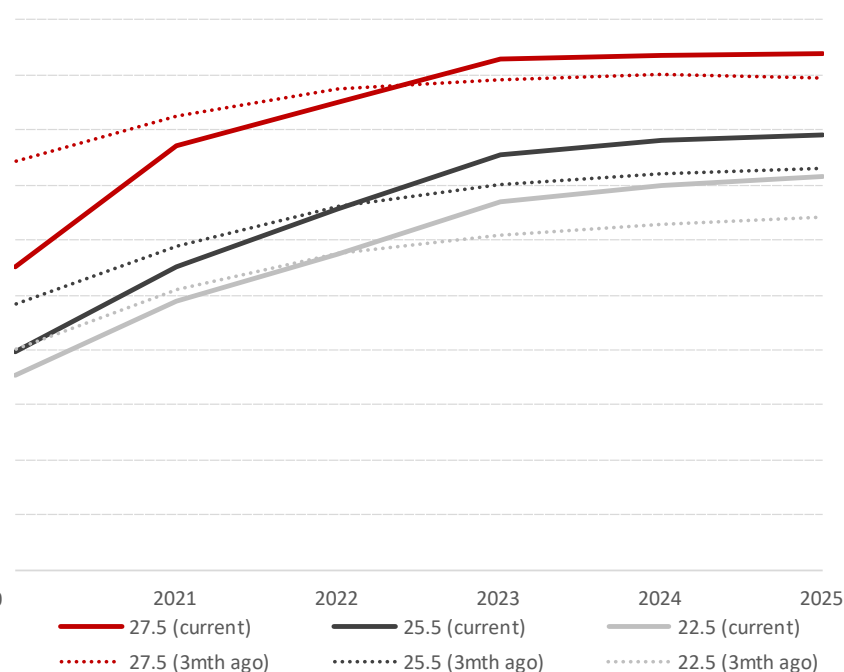
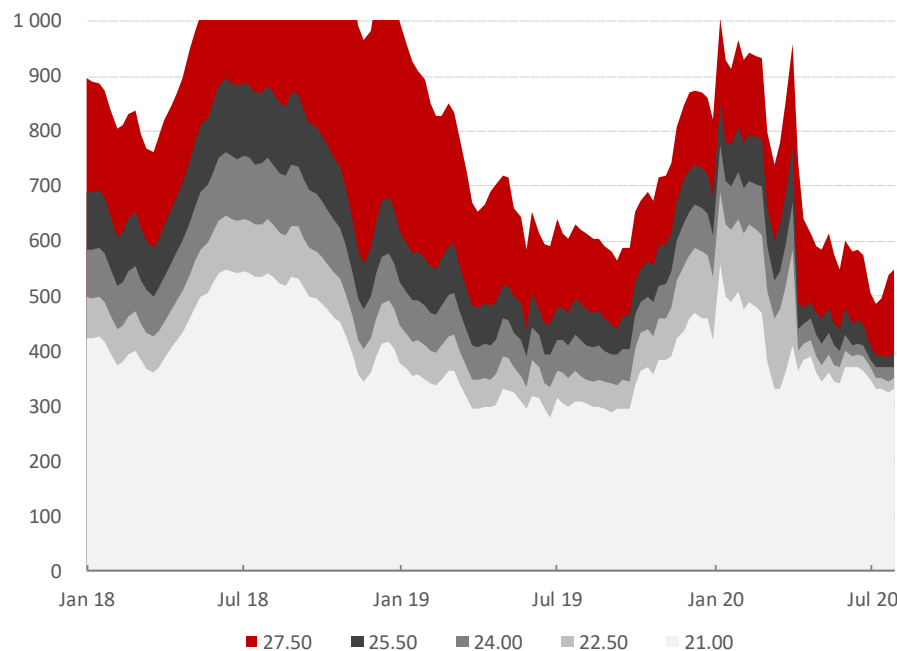
\* CV typ (kcal/kg NAR)

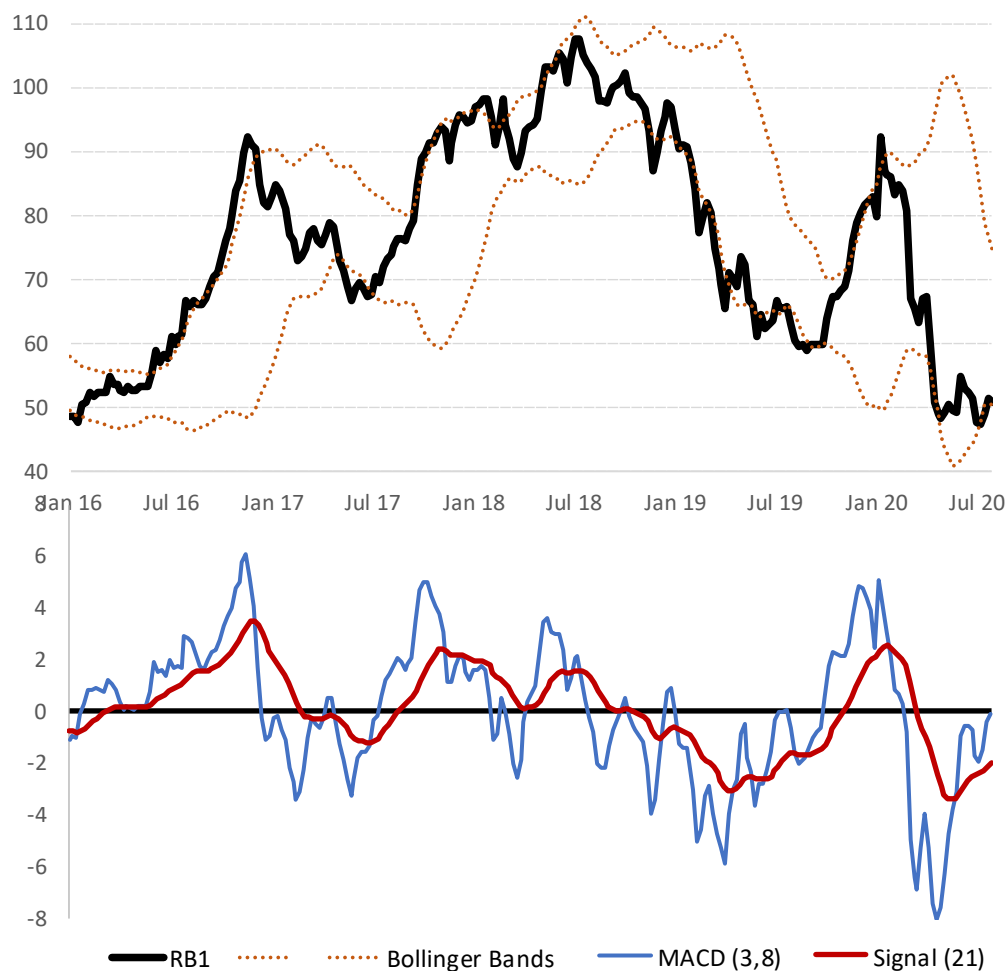
\*\* CV typ (MJ/kg GAD)

## Market Commentary

There is an expectation of price recovery in the market, as demand for power grows alongside the loosening of Covid-19 restrictions, and as more producers hold back supply. In Europe, coal burn is likely to remain weak through 2020 but will be offset by an even bigger contraction in supply, drawing down stocks heading into 2021 and explaining the steep contango that we see in the forward curve. Analysts are however doubtful that prices can recover to 2019 levels. The IEA reports that around 140 GW of coal capacity should be added in Asia by 2023, whilst 100 GW will be retired. However, both China and India are still pushing hard to support domestic production over imports. China's coal industry association forecasts domestic coal supply to exceed demand later in 2020 with production rising above 3.9-bn tons. China's coal imports are also likely to fall in the second half because of exhausted import quotas. Meanwhile, competition for other Asian markets, such as strongly growing Vietnam, is getting fiercer. The Indonesian Coal Miners Association is lobbying strongly for an increased share. As South Africa starts to move into its wetter Spring & Summer season, there is continued pressure on mine production relating to the Covid pandemic, although both rail and port logistics do not appear to have any bottlenecks.

## Historical Pricing & Forward Curve





Price action remains disappointing for the bulls, as momentum pushes ever upwards towards positive territory. This should keep some support under prices, but it also opens up the chance for a short-term correction, as momentum builds up headroom, allowing for the inevitable fall back down again.

All we can really say for now is that choppy sideways trading is expected to continue, with a bias to upside drift, although be wary of any short, sharp corrections.