Weekly *Coal Index Report*

Issue 20-38 | Friday 18 September 2020

Spot Market *Prices*

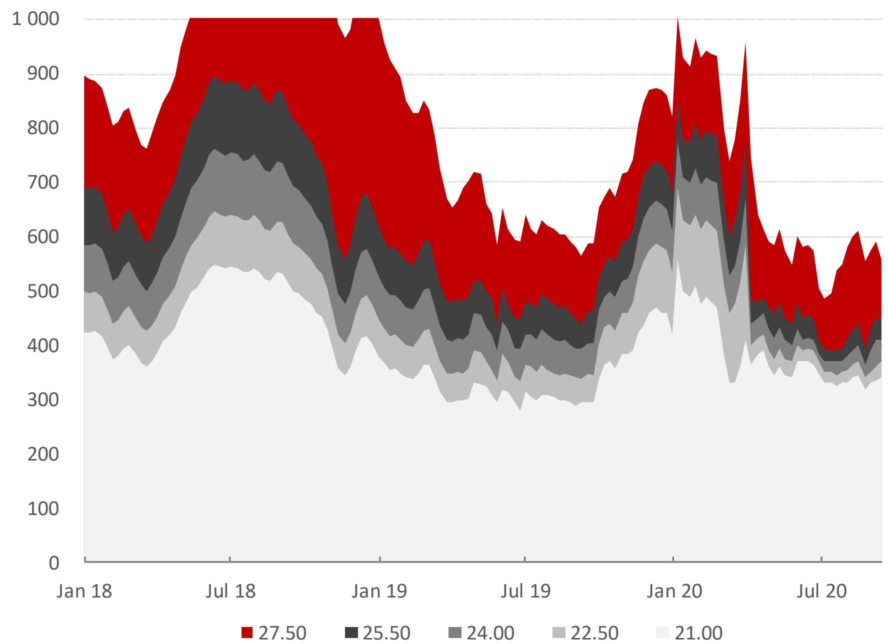
	FOB RCBT (USD/mt)*		FCA Witbank (ZAR/mt)**				
	6,000	5,500	27.50	25.50	24.00	22.50	21.00
28-Aug-20	52.35	42.60	555	395	365	340	320
04-Sep-20	53.80	46.80	575	430	390	350	330
11-Sep-20	53.90	47.90	590	450	410	360	335
18-Sep-20	**53.75**	**47.75**	**560**	**450**	**410**	**370**	**340**
		A-grade Peas	810 - 910				
		B-grade Peas	700 - 800				

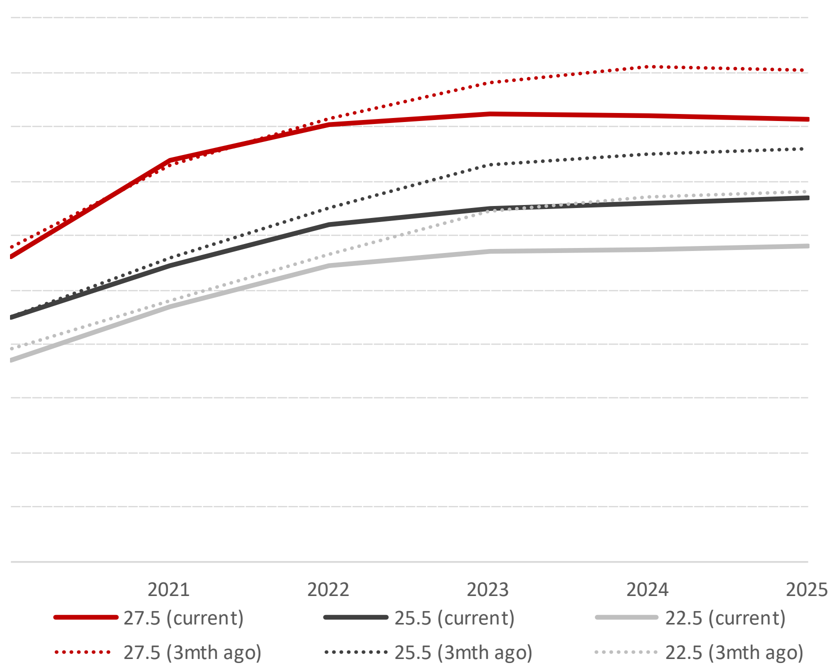
** CV typ (kcal/kg NAR) ** CV typ (MJ/kg GAD)*

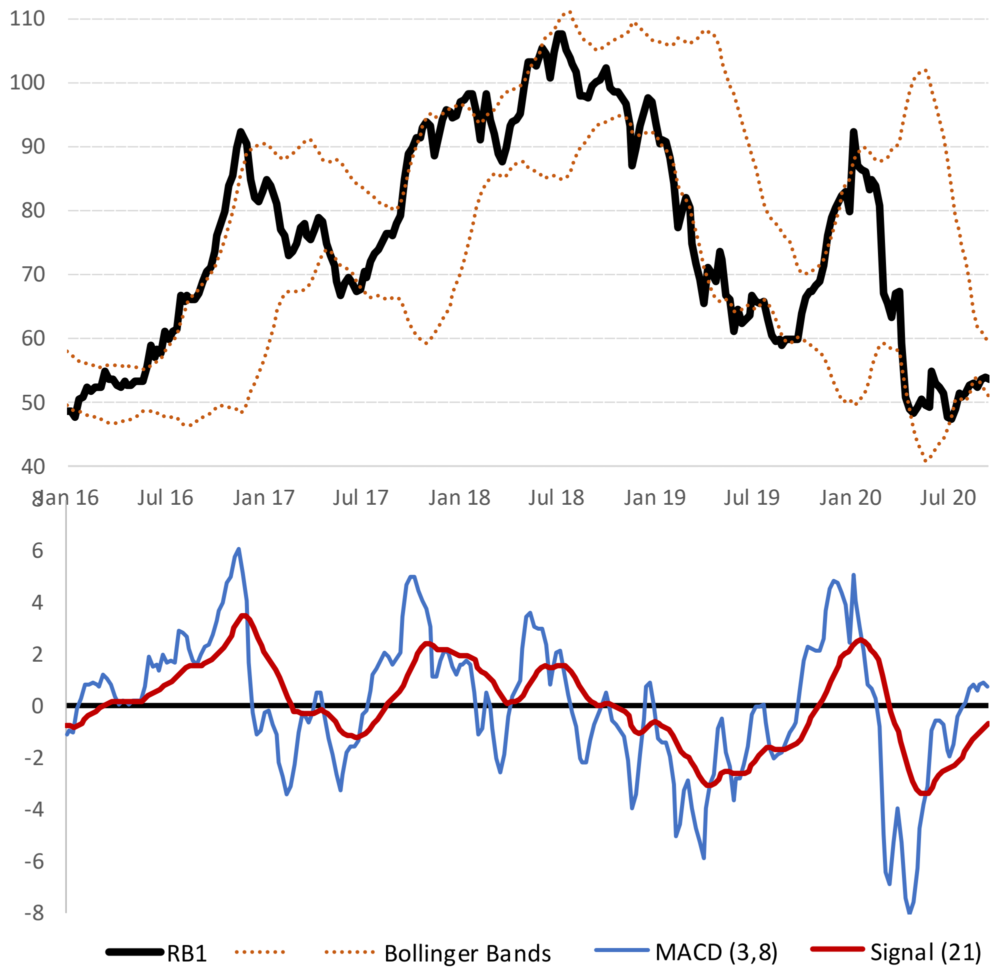
Market *Commentary*

The energy complex had a mixed week, with oil prices recovering and natural gas and emissions prices mixed. Australian coal prices have been catching up to SA prices as Chinese domestic coal prices (based on the Bohai-Rim Steam-Coal Price Index) have proved more robust, with several mines shutting down for safety checks and the Datong-Qinhuangdao Railway under maintenance. India continues to record lower imports of thermal coal as its electricity demand is expected to fall for the first time in four decades for the current fiscal year, ending in March 2021. Indonesia is increasingly targeting the remaining attractive export markets of Bangladesh, Pakistan, South Korea and Vietnam, although SA coal attracts a different market segment than Indonesian coal. However, even these markets are also doubtful. South Korea's President recently announced that 30 coal-fired power plants will be closed by 2034, with wind and solar capacity to triple by 2025, whilst Japan is planning the closure of 100 coal-fired power units by 2030 as it gears up its own offshore wind. South Africa, under its Low Emissions Development Strategy, should see its CO2 emissions peak by 2025, plateau out to 2035, and then decline to 2050. The question however, is whether there will be enough coal, from a vastly changed coal sector, from 2025 to 2035 to support this assertion.

Historical Pricing *& Forward Curve*







Spot South African RBCT prices have failed to rally and the back end of the curve has depreciated (flattened) markedly. This is a disturbing sign for exporters, especially as the Rand has also strengthened during this time.

However, the Rand looks set to embark on some longer term weakening from around its current 16.20 level to the USD, out to potentially 20.00 over the next year or so. This could coincide with increasing calls for an IMF bailout. Rand weakening looks set to keep SA producers in the game should FOB prices start falling again, unless of course producers also accept USD based discounts for their offtake!

The concern now is that short-term momentum could turn back down from here and cross back into negative territory. The Bollingers are shifting down to allow this to happen, although perhaps a downside move from here would be relatively short lived. We still live in hope of the famed Q4 rally.