

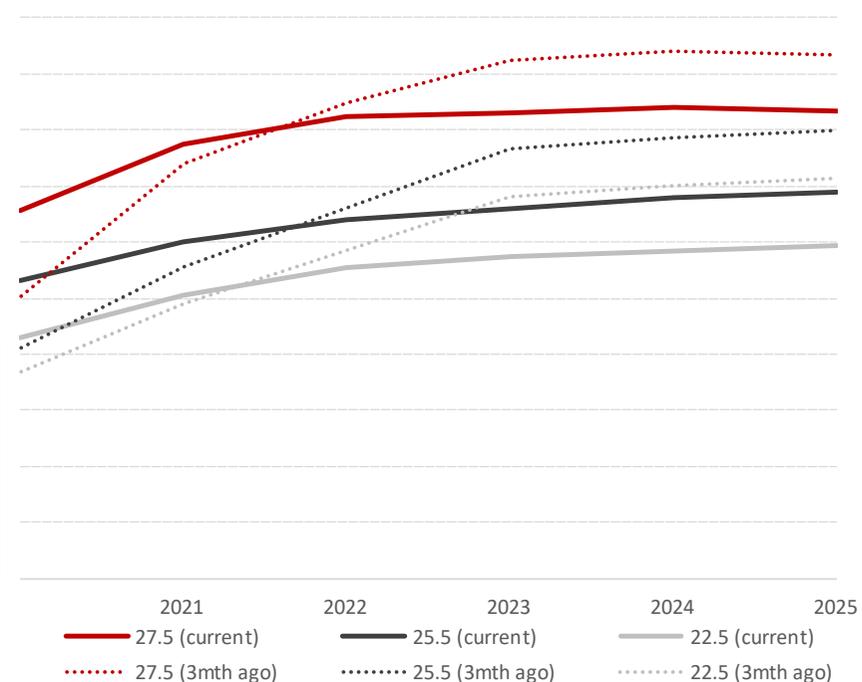
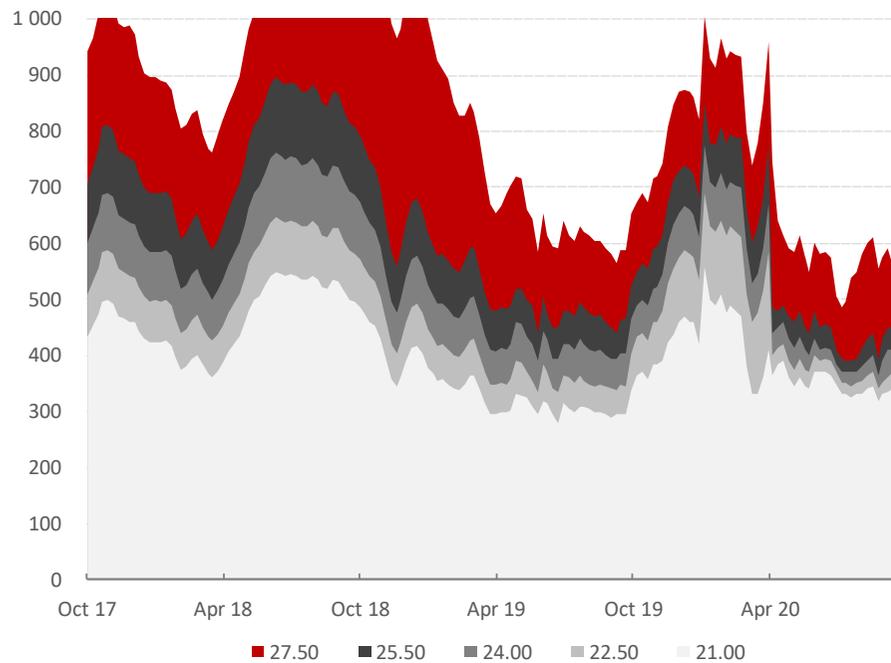
## Spot Market Prices

	FOB RCBT (USD/mt)*		FCA Witbank (ZAR/mt)**				
	6,000	5,500	27.50	25.50	24.00	22.50	21.00
11-Sep-20	53.90	47.90	590	450	410	360	335
18-Sep-20	53.75	47.75	560	450	410	370	340
25-Sep-20	54.35	47.35	610	490	440	395	360
<b>02-Oct-20</b>	<b>58.85</b>	<b>51.35</b>	<b>655</b>	<b>530</b>	<b>480</b>	<b>430</b>	<b>395</b>
	<b>A-grade Peas</b>		<b>905 - 1005</b>				
	<b>B-grade Peas</b>		<b>780 - 880</b>				

\* CV typ (kcal/kg NAR)

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

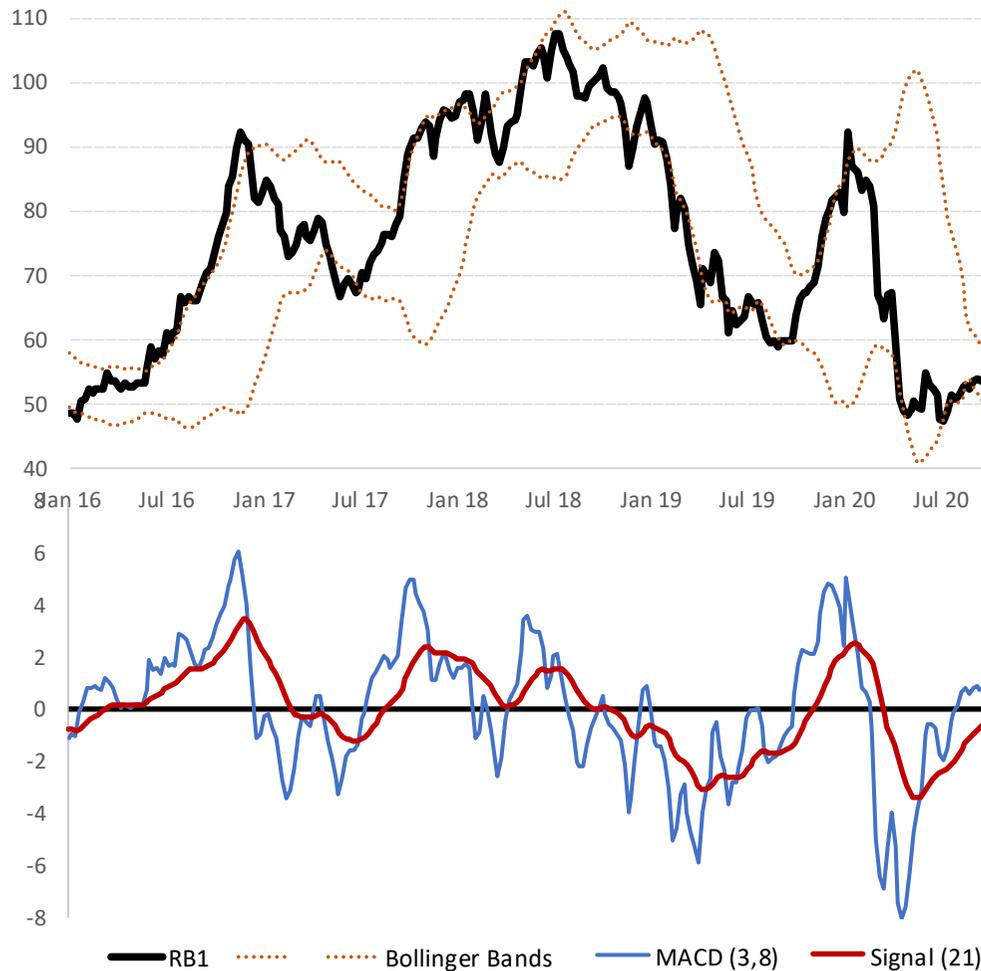
## Historical Pricing & Forward Curve



## Market Commentary

RB1 spot prices played catch-up as the October rollover took place, although the back end of the curve is distinctly flatter than before, indicating the lack of conviction around future prices. Whilst the coal price seems almost immune to the prevailing negative sentiment, the Trafigura (a significant trading house) CEO Jeremy Weir said last week that it intends to also make a “*managed transition*” out of coal in the next few years. With Glencore also planning to run down its operations over the next few years, this leaves only Vitol and Mercuria as the large traders active in SA. One wonders who will be next, and what the SA coal landscape will look like in 5-10 year’s time. Chinese coal import volumes in 2020 have flatlined in terms of growth, although stronger iron ore imports have helped dry bulk freight rates to stay buoyant. Both India and China are expecting robust recoveries in fuel imports in 2021, although both countries remain adamant that domestic production increase.

The National Union of Mineworker’s (NUM) is flexing its muscles again in the coal sector, declaring disputes with both Exxaro and Seriti Coal over pay and housing allowances. Unfortunately, this only raises the cost of coal production further, whilst the export price remains moribund. For how long can a weak Rand continue to come to the rescue of the SA coal sector?



With the October rollover to a higher number, momentum has jumped higher and the medium-term signal line is flirting with positive territory, after having climbed out of the deepest negative territory it ever found itself in.

We are in Q4 now and if the market were to rally, now is the time to do it. Price action to date has been lacklustre and unconvincing, setting up for a decidedly bearish fall once momentum turns south once more.