



Argus Coking Coal – Quick Reference Guide

Argus Media launched assessments and news coverage for premium hard coking coal in April 2010. The Chicago Mercantile Exchange in August 2011 listed a premium hard coking coal contract to be settled against Argus fob Australia prices.

Argus Coal Daily International
Coal Market Prices, News and Analysis | 118 | 229 | Monday 28 November 2011

International Coal Markets

Headline	Market	Price	Unit	Change
Indonesian bridge collapse disrupts shipments	Indonesian	240.10	\$/tonne	-2.90
Swaps rise on fresh buying	Swaps	258.00	\$/tonne	-2.90
Asia-Pacific coking prices fall	Asia-Pacific	250.00	\$/tonne	-0.43
South Africa's Wesscol to buy deposit	South Africa	297.17	\$/tonne	-1.57
Coal & Allied shareholders approve takeover offer	Coal & Allied	1,890	\$/tonne	-10.00
UK imports up as production, consumption fall	UK	259.00	\$/tonne	-1.45
	fob Hampton Roads (low/mid-vol)	237.00	\$/tonne	nc
	fob Hampton Roads (high-vol)	159.00	\$/tonne	nc

International coking coal prices

Specification	Delivery period	Price	Change
fob Australia	in 90 days	240.10	-2.90
cfr Japan	in 90 days	258.00	-2.90
cfr North China	in 90 days	250.00	-0.43
North China domestic	in 90 days	297.17	-1.57
North China domestic (Yuan/t)	in 90 days	1,890	-10.00
cif east coast India	in 90 days	259.00	-1.45
fob Hampton Roads (low/mid-vol)	in 90 days	237.00	nc
fob Hampton Roads (high-vol)	in 90 days	159.00	nc

Asia-Pacific spot prices weaken
Type prices of premium hard coking coal in Asia-Pacific continue to weaken because of softening demand. Prices are also pressured by suggestions that some contracts for the January-March quarter are being delivered at a \$15-20/t discount to current values.

US prices drop as buyers wait
US coking coal prices are sliding as Chinese buyers remain hesitant amid global economic uncertainty, but producers are still moving ahead with mine expansion to increase supply.

Swaps rise on fresh buying
Swaps prices for coking coal continue to rise as Chinese buyers wait for prices to fall further and draw down their inventories. Chinese exporters and buyers of coking coal at \$230-240/t for Australia, which is too low for many producers there.

Asia-Pacific coking prices fall
Asia-Pacific coking coal prices are sliding as Chinese buyers remain hesitant amid global economic uncertainty, but producers are still moving ahead with mine expansion to increase supply.

South Africa's Wesscol to buy deposit
South Africa's Wesscol is set to buy a deposit of coking coal from Anglo American's Wesscol mine.

Coal & Allied shareholders approve takeover offer
Coal & Allied shareholders have approved a takeover offer from Anglo American.

UK imports up as production, consumption fall
UK coal imports have risen as domestic production and consumption have fallen.

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Coking coal news

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China coking coal imports
China's coking coal imports are expected to rise in 2012 as the country's steel industry continues to expand.

Asia-Pacific prices assessed daily by Argus, for delivery within 90 days, are:

- Fob Australia
- Cfr north China
Primary locations are Rizhao, Qinhuangdao, Jintang, Qingdao and Caofeidian.
- China domestic market
- Cif east coast India
Primary locations are Paradip, Haldia, Gangavaram, Vishakapatnam and Chennai.
- Cfr Japan
Delivered assessments into China and India recognise that supply is coming from a broad base to only a few markets.
- Fob Hampton Roads
Weekly assessments for US high volatile and low-mid volatile.

Methodology

- Argus constructs a weighted average of confirmed transactions and an average of bids, offers and informed market views. Each component is 50% of the index. It employs similar methodology for its leading coal indexes API2 and API4.
- Methodology does not rely exclusively on transactions as the market only moved to quarterly pricing last year and spot market liquidity is not yet established. This approach also reduces the possibility of manipulation.

Normalisation

Transactions and bids/offers that lie outside the specifications of timing, size and quality will be taken into account, but information that lies within the listed specifications of the assessment will be given most weight. Argus applies its judgment to the surveys and will eliminate information that appears to be "off the consensus" in its final assessment of the price.

Frequently asked questions

What are the normalisation escalators?

There is no set standard normalisation escalators/de-escalators as views on normalisation differ between market participants. Instead, Argus will poll the market to see if there is a consensus value for such transactions, bids/offers and use the value if there is indeed a consensus.

How were the specifications arrived at?

The Argus specifications for premium hard coking coal were arrived at after lengthy and intensive discussions with major market participants. The coal reflects the specifications for top grade coals from mines such as Peak Downs, German Creek and Hail Creek in Queensland, Australia.

Why only a price for premium hard coking coal?

Argus realises that other markets, such as PCI and semi-soft coking coal, are also growing and is gathering feedback if the liquidity in these markets is strong enough to support such prices. Argus started off with prices for premium hard coking coal because this was the benchmark price that the industry looked at every year and more recently, every quarter. Prices for PCI and semi-soft grades have been at a certain discount to the premium hard benchmark, although the level of discount has not been uniform.



For any questions: coal@argusmedia.com

Coking coal specifications

Grade	Free swelling index (FSI)	Average maximum reflectance	Coke strength after reaction (CSR)	Sulphur	Ash	Total moisture (TM)	Volatile matter	Size
Coking coal fob Australia	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	Panamax
Coking coal cif north China	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	20,000-80,000t
Coking coal China domestic (US\$)	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	Minimum 5,000t
Coking coal China domestic (RMB)	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	Minimum 5,000t
Coking coal cif east coast India	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	20,000-80,000t
Coking coal cif Japan	7-9	1.1-1.5%	Minimum 67	Up to 0.6%	Up to 10%	Up to 10%	Up to 25%	Panamax
Coking coal fob Hampton Roads US east coast low-mid volatile	7-9	1.1-1.5%	Minimum 70	Up to 1.25%	Up to 10%	5.75%	Up to 26%	Panamax