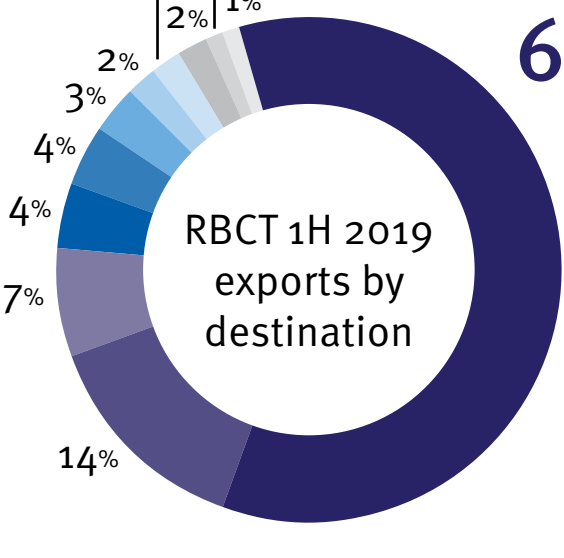
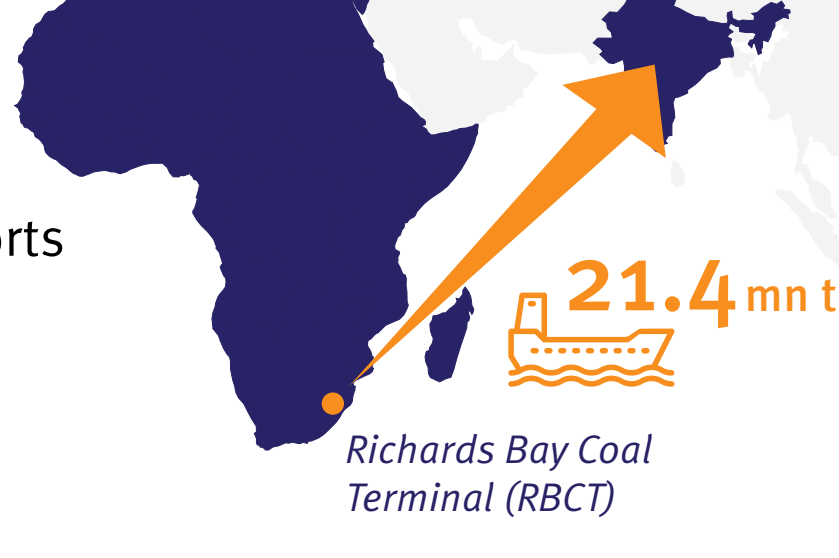


What is driving India's South African coal import decisions?

RBCT 1H 2019 exports with annual change

South African exports to India have risen by over **3.5mn t** on the year.



India accounted for over **60% of total 1H 2019 exports** – up 9 percentage points on the year.

- India
- Pakistan
- Northeast Asia
- Europe
- Middle East
- East Africa
- Other south Asia
- North Africa
- Southeast Asia
- Southern Africa
- West Africa

Why did Indian buying interest for high-grade South African coals pick up?

South African supplies have priced competitively against other origins.

High-grade coal

South Africa (RB NAR 6,000)

\$113/t
(-22% yoy)

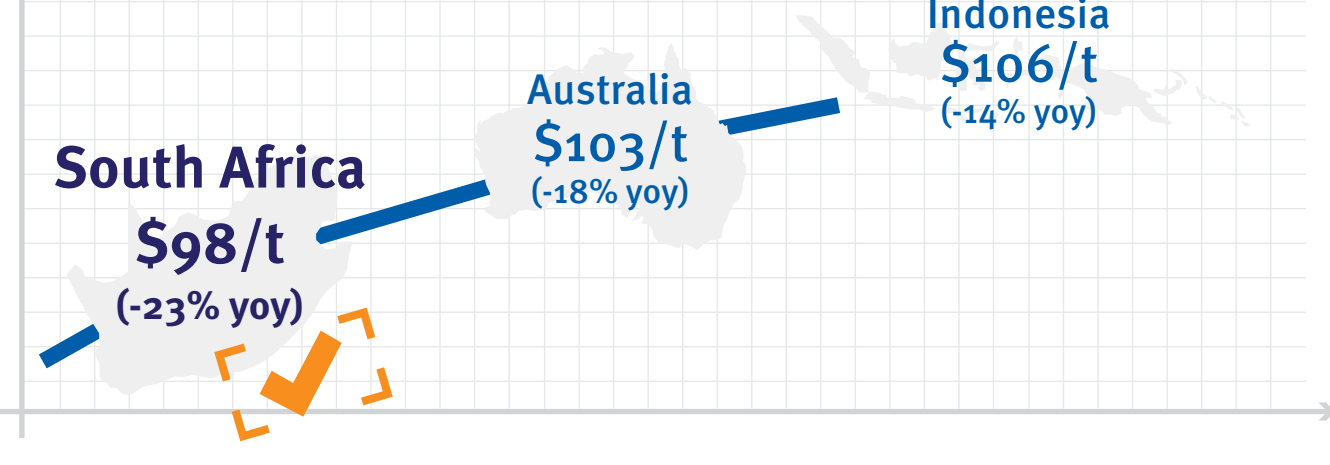
VS

US price (US NAPP)

\$142/t
(+3% yoy)

India delivered coal, incl. taxes and railing (\$/t) | Average price Jan - Aug 2019.

...and NAR 5,500 kcal/kg coal



The demand is primarily driven by the industrial sector

NAR 5,500 kcal/kg

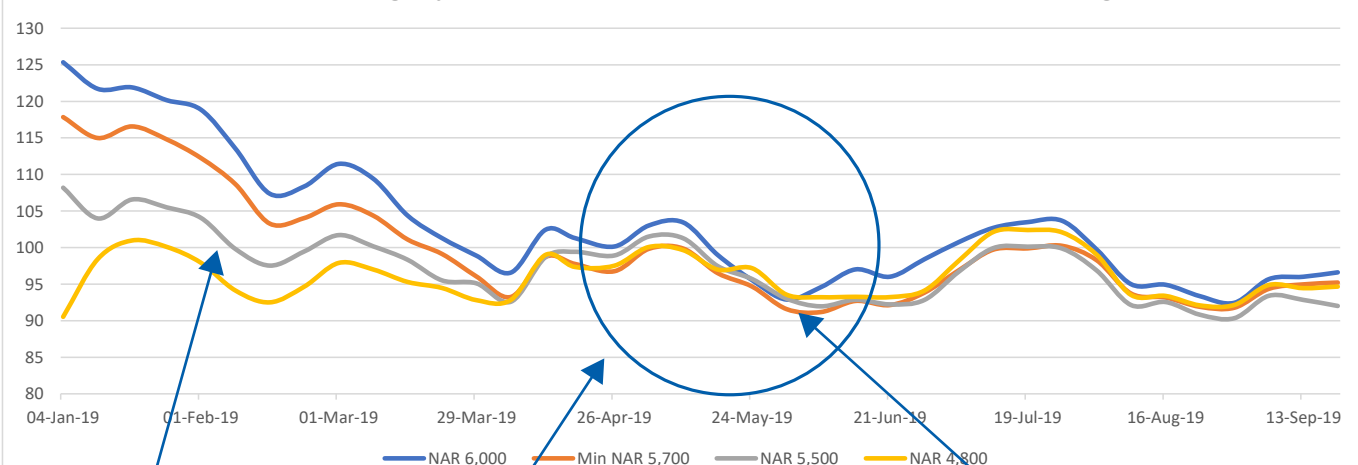
Preferred by sponge iron firms for its fixed carbon content of 52%.

25mn t/yr

Estimate of seaborne thermal coal received.

Which grades are the most attractive?

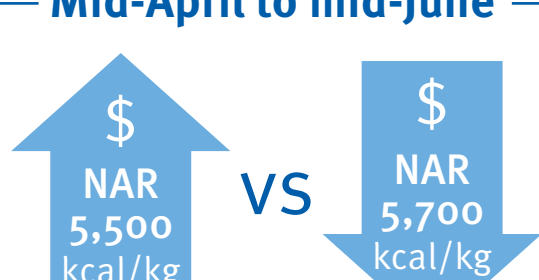
NAR 5,700 kcal/kg grade > NAR 5,500 kcal/kg grade > NAR 4,800 kcal/kg grade



NAR 5,500 kcal/kg grade

usually makes up the majority of Indian demand for South African coal.

But... Mid-April to mid-June



Amid slower demand from Europe and northeast Asia.

And by end-May

NAR 4,800 kcal/kg also became less competitive with stronger interest from the South African domestic market.

Will demand pick up as usual after monsoon season or not?

Industrial activity typically slows during the June-September monsoon season. However, funding difficulties, and a cash shortage could continue to curtail industrial output and fuel demand.



Indian economic growth fell to 5% in April-June from 8% in the same period of last year. Moreover, some sponge iron firms have cut production amid squeezed margins.

Be informed on changing price trends

Argus price assessments help identify the most competitive import grades.

Argus now assesses three key off-specification Richards Bay markets.

- NAR 5,700
- NAR 5,500
- NAR 4,800

These prices are published as part of *Coal Daily International*. Visit www.argusmedia.com/coal-daily-international