

[™] This week:

Increased buying interest does not stop coking coal's price correction after recovery

Australian fob coking coal slipped during the week ending 14 July, despite increased buying interest.

Kallanish assessed premium hard coking coal at \$232.91/tonne fob Australia, down \$4.17/t from \$237.08/t fob the previous week.

On the Singapore Exchange, Premium Coking Coal Futures for August settled at \$233.75/t fob on Friday, up \$6.42/t from \$227.33/t fob a week earlier.

According to traders, a miner sold 40,000 tonnes on 12 July of premium low-vol German Creek for mid-August laycan at \$218/t fob Australia to a Chinese steelmaker in Indonesia. The cargo came with another 40,000t of premium mid-vol Moranbah North done on an index basis.

Meanwhile, global miner BHP sold 75,000t of premium low-vol Peak Downs/Saraji for 1-10 September laycan at \$229/t fob Australia on the same day.

On 13 July, BHP sold 35,000t of premium mid-vol Goonyella for 15-24 August laycan at \$234.60/t fob Australia. The deal comes with a seller's option to supply premium-mid-vol coal Riverside/Goonyella C/Caval Ridge at \$233.1/t.

"We are seeing coking coal prices bottoming out and market participants seem to be comfortable to consider buying interest at current levels," says a Singapore-based trader. He adds that market participants are seeing Chinese steel demand looking robust moving into the third quarter.

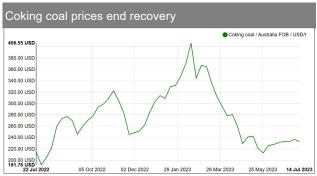
Meanwhile, a China-based analyst says some Chinese merchant coke plants have proposed to undertake the second consecutive round of price hikes for met coke by CNY 50-60/t (\$7-\$8).

"Chinese coking coal prices, which are gradually rising recently, are expected to rise in the near term, underpinned by restocking activities among traders and coke plants," he says.

He, however, does not expect a significant boost in coking coal demand as most plants previously restocked.

A Singapore-based analyst also notes that coking coal demand from China will be weak, as the country's construction sector is not picking up. There is not much stimulus hope in China in the second half-year as government funding is weak, he adds.

"There's only hope for India to push premium low-vol coking coal prices higher. However, August availability is not as tight as July, so I'm not sure if prices will get a lot of support," he concludes.



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Global Overview

Americas:

- US sheet prices making slow
- Rebar prices continue to hold strong levels in US OCTG P110 remains plentiful

Europe:

- Liberty wins auction for Dunaferr Italian coil prices soft
- European scrap remains under

Asia:

- Chinese iron ore rebounds
- Finished steel prices in China remain under pressure
- Chinese Jan-Jun output up



India:

- Indian HRC offers slightly up Indian scrap offers plummet amid slowed demand
- Bangladesh mills increase Dubai-origin HMS intake

CIS:

Russian billet values drop on weak demand

Middle East:

- Turkish scrap falls on new booking
- Turkish longs export prices slide further
- Low Asia demand pressures GCC HRC prices

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Powder Metals

These are metals that have been converted into fine powders for subsequent processing into finished parts. The powder is most typically produced by atomisation, whereby a steam of molten metal is separated into very small particles by a high pressure jet of gas or liquid, with the particles solidifying before they are collected. Electrolytic, chemical and mechanical methods are also used.



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