

# This week: Outlook for 2024 coking coal prices remains strong but below 2023 average

Australian fob coking coal spot prices tumbled during the week ended 15 December as weak steel mill margins pressured values.

Kallanish assessed premium hard coking coal at \$304.87/tonne fob Australia, plunging \$27.88/t from \$332.75/t fob the previous week.

On the Singapore Exchange, Premium Coking Coal Futures for January settled at \$324/t fob on Friday, down \$3/t from \$327/t fob a week earlier.

A Singapore-based trader reveals that India-based JSW Steel sold 75,000 tonnes of Goonyella C/ Caval Ridge on Thursday for 15-24 January laycan at \$305.1/t to Mitsubishi Corp Rtm.

Citing globalCOAL, a Singapore-based trader shares that a bid was heard at \$310/t for 75,000t of Peak Downs for January laycan. Meanwhile, there were bids at \$305/t, \$330/t and \$335/t respectively for 40,000t Peak Downs/ Saraji / Goonyella for January laycan.

“The big drop was expected as steel mills were not ready for such a high coking coal price,” says an India-based trader. According to him, steel mill margins remained thin. He thus foresees the market staying rangebound.

A China-based analyst concurs coking coal is under pressure due to low steel mill profitability. He notes the macroeconomy in China remains weak. Supply in China has normalised as the mining accident-affected coal mines have restarted their activities, he adds.

According to him, the domestic coking coal market was previously boosted by the mining accidents and safety inspections that dragged down production, and furthered the anticipation of more stimulus measures.

An Australia-based trader, however, opines that spot availability is tight, due to lower production across most metallurgical coal mines. “Railing is slow due to wet weather. Load ports are facing huge queues and hence vessel berthing delays,” he says, adding that these factors will continue to support coking coal prices.

“That is why whenever global miner BHP comes with spot cargo, it is bought at high prices. As besides BHP, most other Australian coking coal producers supply on a long-term contract basis,” he concludes.

## OUTLOOK

Fitch Ratings last week increased its coking coal price forecast.

The rating agency says coking coal assumptions for 2023-2024 have been hiked to reflect year-to-date prices and higher production costs.

The new price forecasts for coking coal stand at \$290/tonne and \$210/t for 2023 and 2024, respectively, up from previous forecasts of \$250/t and \$190/t. Meanwhile, price assumptions for 2025 and 2026 remain unchanged at \$180/t and \$170/t, respectively.

The higher forecast takes into account the increased production costs of hard coking coal, as well as seaborne supply disruptions due to adverse weather conditions. Demand from the steel industry, particularly in China, is meanwhile likely to be sustained.

The average 2023 price of coking coal according to the Kallanish index has been somewhat above \$290/t FOB Australia.

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### KORE INDEX

Index	50%	62%	65%
W-on-W Change	2.52%	2.20%	1.79%
18 Dec	124.33	125.02	147.14
14 Dec	124.40	125.74	147.27
13 Dec	124.44	125.87	147.30
12 Dec	125.77	127.39	148.60
11 Dec	124.19	125.39	147.30
Average	124.63	126.04	147.78
08 Dec	124.23	125.49	148.63
07 Dec	124.41	125.20	148.30
06 Dec	122.46	123.94	145.70
05 Dec	119.47	120.73	141.70
04 Dec	118.27	120.47	141.46
Average	121.87	123.11	145.19

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### Important Note:

The last Kallanish Steel Weekly report of the year will be published on December 19th, and the first issue of 2024 will be published on January 9th, 2024.

# Global Overview

## Americas:

- US HRC prices climb as plate market resists mill hikes
- OCTG P110 5.5-inch prices remain stagnant
- Rebar prices firm up in US

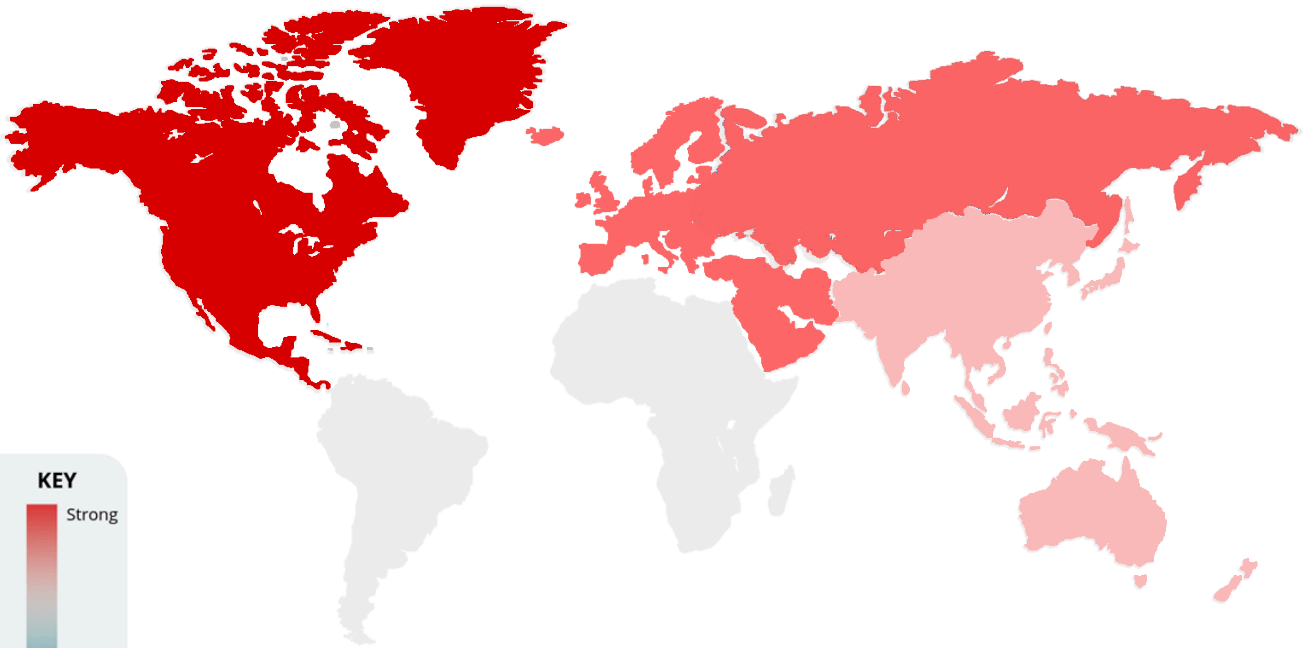
## Europe:

- European scrap prices keep rising
- First coils auto-contracts signed in Europe
- Ostrava struggles due to energy provider insolvency

## Asia:

- Chinese steel prices stop recovery
- Iron ore stabilises
- Vietnamese HRC import market pauses on Chinese uncertainty

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



#### KEY

Strong

Weak

[Click here to view this map online](#)

## CIS:

- Russian billet hike anticipated amid limited availability

## Middle East:

- Turkish scrap pauses
- Turkish HRC mills hike prices, anticipate export sales
- Indian supplier returns to GCC HRC market

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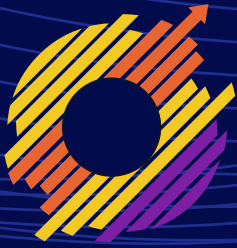
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Word of the week

# Coke Oven Battery

A coke oven battery is a set of ovens that process coal into coke. They are constructed in batteries of ten to 100 ovens that are 20 feet tall, 40 feet long, and less than two feet wide. Coke batteries are usually the dirtiest area in a steel mill complex as they are affected by the exhaust fumes emitted when coke is pushed from the ovens.

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