



London Coking Coal Market Report

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

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DCE Level

May 21: 1626 (down 9.0)

Coking Coal Index

TSI PHCC FOB Up 3.3 at 132.30; MTD 111.51

Trades

Q2 at 151.50 in 1kT

Q3 at 151.50 in 1kT

Q2 at 151.00 in 1kT

Q3 at 151.00 in 1kT

Indicative Curve

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	BID	OFFER	VALUE
JAN	117.00	119.00	118.00
FEB	141.50	143.50	142.50
MAR	148.00	150.00	149.00
APR	150.50	152.50	151.50
Q2-21	149.50	153.50	151.50
Q3-21	149.50	153.50	151.50
Q4-21	152.50	156.50	154.50
Q1-22	156.00	160.00	158.00
CAL-21	146.50	150.50	148.50
CAL-22	157.00	161.00	159.00
CAL-23	159.00	163.00	161.00

Market Commentary

It's almost been a week of 2 different markets. This isn't referring to the physical and financial markets, but 2 separate financial markets. The front months have been reacting to the physical news, and the Q2 onwards acting almost independently. We've seen the index gain \$20 since a week ago, driven by high steel prices and buying interest from Europe and other non typical markets looking to take advantage of cheap Australian cargos. Feb already had much of these gains priced in but still gained \$10 on the week. Finding some good volatility to close between 140 and 144. Further out though, some solid sell side hedging finally broke strength that the curve had seen for the last few weeks. Time spreads narrowed as expected but it's certainly unusual to see the front move up and the back move down in the same period. The market of course is still developing (over 350kT cleared this week), and as liquidity continues to increase then so will market efficiencies. For now there remains plenty of opportunities.