
Walter Energy sees strong demand for steel making coal

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Reuters reported that Walter Energy Inc YTD sales volumes are exceeding the record levels reached in 2008 and demand for steelmaking coal has shown no signs of reduction.

The coal miner expects to supply about 6.4 million tons of hard coking coal in 2009 compared with 5.8 million tonnes sold in 2008.

Mr Victor Patrick CEO of Walter Energy said "In short we returned to a situation where our sales are limited not by customer demand but by our production and inventory."

Walter who posted a strong Q3 profit expects to sell about 1.6 million to 1.7 million tonnes of coking coal in the Q4 whereas production may range between 1.4 million and 1.5 million tonnes only. The company said it expects to begin longwall mining in one of its mines by mid December and will likely hit full capacity by January.

Mr Daniel Mannes analyst of Avondale Partners LLC said "It is pretty clear that business is obviously getting better for Walter they are in a dramatically different situation than they were in about 3 to 6 months ago."

He said that "The company' comments were bullish. This is a situation where the expectations were quite high. When you look at the performance of the stock, I think that bears it out."

Earlier this year, Walter had closed its loss making home building and finance subsidiary to focus on natural resources.

(Sourced from Reuters)

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