
Met coal shipments seen vital to Patriot Coal Q3 performance

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Reuters reported that Patriot Coal Corporation has been mired in a weak thermal coal market and regulatory issues, but analysts believe the steelmaking coal segment holds the key to the miner's third quarter performance.

Patriot, primarily a producer of thermal coal, had closed a 2.5 million tonne per annum mine in Central Appalachia in August to balance its production levels with soft thermal coal demand.

Patriot also has a significant exposure to surface mining in the Appalachian region, where mining permits are being held up by the Environment Protection Agency.

US coal companies operating in the Appalachians face regulatory hurdles as new environment friendly policies, like the delay in issuing mining permits and the climate bill pending in the Congress, threaten jobs and raise costs for the cash strapped miners.

The ongoing recovery in global steel demand has boosted met coal markets and many analysts have raised their price outlooks for coking coal 2010 price forecasts have gone up to USD 180 to USD 200 per tonne in September and October from about USD 110 per tonne in July.

September saw a huge improvement in the metallurgical coal market, allowing many coal companies to cash in on the opportunity to ramp up their quarterly performance.

Analysts believe met coal shipments volumes hold the key to Patriot's third quarter, as the tons shipped significantly influence its results.

(Sourced from www.reuters.com)

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