
Peabody optimistic on Japanese coal price agreements

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It is reported that US Coal Company Peabody Energy expects a 'healthy increase in coal price agreements with Japanese buyers this year, driven by surging demand and the strong Australian dollar.

The comments from Peabody which owns a group of mines in NSW and Queensland set the scene for across the board price rises for producers of the country's biggest export.

Mr Gregory Boyce CEO of Peabody said the rapid rise of the Australian dollar, alongside the emergence of China as a coal importer, would be key points to factor into the negotiations.

He said that "There's no question that coal demand is continuing to increase, both for met coal and for thermal. The indications right now are there should be healthy increases for those commodities. Although coal prices in 2008 to 2009 were lower than in 2007 to 2008 they were the second highest ever.

Much of the growth has been driven by China. Peabody plans to double its exports from Australia to meet Chinese demand and Mr Boyce said he expected that demand to keep growing in years ahead.

The comments contrast with some predictions that China's buying of coal would be a temporary blip. But Mr Boyce warned that the company's Australian growth ambitions could be threatened by the proposed carbon pollution reduction scheme. He said companies such as Peabody could instead invest in countries without a carbon price if the scheme was too tough on the sector.

(Sourced from www.minesearchafrica.com)

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