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## Chinese coking coal supply to be tight in 2010 - KGI

*Tuesday, 24 Nov, 2009*

Mr Stephen Wang an analyst with KGI Securities in Taipei, comments on the outlook for Chinese steel production and demand for coking coal to make the metal.

Mr Wang in a report said that “China crude steel output will grow by around 8% in 2010 to above 600 million tonnes. Strong steel output growth will sustain demand for coking coal a key raw material, at high levels. With consolidation of small coalmines in Shanxi Province lagging behind schedule, we expect the resumption of production of many coalmines to be delayed.”

The report said that “Coking coal supply in China will remain tight in 2010 while the gross margins of coking coal suppliers will hover around current levels. We forecast coking coal prices to rise by 10% to 15% in spring 2010 as the steel sector enters peak season boosting the gross margins of coking coal makers.”

The report added that “Surging coking coal imports by China will start to change the global coking coal trade landscape in 2010. As the EU and North America demand for coking coal grows due to higher steel production, global coking coal supply will continue to be tight driving up prices.”

(Sourced from Bloomberg)

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