
South Africa steam coal trading at USD 91 per tonne

Friday, 23 Jul, 2010

Reuters reported that coal prices for cargoes delivered into Europe and FOB South Africa's Richards Bay were slightly lower after day of quiet trade in both physical and coal swaps.

After extreme volatility in the first few months of the year, when it was common for prices to swing USD 5 to USD 10 in a day, during the past 2 months prices have rarely moved more than USD 1 per tonne.

Few end users, traders or banks are taking or defending large positions in physical or swaps and the general consensus is that everybody will wait to see what will emerge to break out of the range in the autumn.

Few physical bids, offers or trades were reported. Aside from 2 small Newcastle parcels, which traded on globalCOAL, only one September loading South African cargo traded at USD 91.00 per tonne down USD 1.00 from last traded level.

One major coal trader said that it's going to stay like this with nobody wanting to do anything until the end of August unless something totally unexpected happens. Towards the end of August the German utilities and some others will either come out or buy some more coal or they won't in either case there has to be some price movement to get out of this range then.

China, India and South Korea are still steadily buying coal from Pacific origins and from South Africa and Colombia, helped by continued weakness in freight rates but demand in Europe has been minimal for the past several weeks.

(Sourced from Reuters)

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