
Coking coal prices likely to rebound in 2008

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Bloomberg reported that Coal used by steel makers might snap a three year slump in 2008 because of a decline in exports from China.

Mr Gerard McCloskey founder Chairman of McCloskey's said that exporters of Australian coking coal to Asia such as Rio Tinto Group and Xstrata Plc are likely to sell coking coal in 2008 at much higher prices than USD 98 per tonne in 2007. He said that "Australian producers would be profoundly disappointed if they get less than USD 130. Hard coking coal is the rarest commodity in the steel making process."

Mr McCloskey said combined Chinese exports of coking coal and steam coal would fall to 50 million tons in 2007. Chinese coal exports were 72 million tons in 2006. He said that China's export and imports might be in balance in 2008 as it looks to retain as much of its own raw material as possible.

Mr McCloskey said more coal from the US might be exported to Asia next year to meet demand. US exports will fetch very high prices when shipping and insurance is included. More Canadian coal may also be transported across the Pacific.

Mr McCloskey said "Countries which relied on China, Japan, Korea, and Taiwan are increasingly worried about long term security of supply, and also short term security of supply. They have now taken to taking coal from South Africa."

Coking coal benchmark prices are typically agreed to annually effective from the start of the Japanese fiscal year in April.

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