

India poised to grow met coal import volumes in 2017: Coaltrans

New Delhi (Platts)—27 Feb 2017

India's coking coal imports are likely to rise this year due to an increase in steel production, panelists said this week during the Coaltrans India conference in New Delhi.

Much of this is fuelled by the continued growth of the Indian economy, greater infrastructure spending by the government and a scarcity of economically viable domestic coal options, they said.

"India is poised to overtake Japan as the second-largest steel producer in the world," said Amit Kumar from KATM. India's steel consumption per capita is 60 kg, compared with the world average of 217 kg, Kumar said.

Increased infrastructure spending will fuel demand for steel, and in turn, imported coking coal, said J Nanda, head of raw materials procurement at Essar Steel.

Participants at the conference said there were steel expansion plans by major private and public steel producers in India that are being carried out this year, supporting the optimistic take on Indian steel.

"Indian coking coal has quality issues," so it is hard to say how much of it can be used for steelmaking, Nanda said.

At certain price points, Indian coking coal could be considered, Kumar said. "If imported prices for premium coals are above \$170-\$180/mt FOB Australian, then Indian coking coal makes sense," he said, based on his previous experience handling met coal procurement at Jindal Steel & Power.

Meanwhile, 50% of the Coaltrans participants saw spot prices for premium coking coal averaging less than \$150/mt FOB Australia for the next six months, based on a poll of the audience, with 38 votes.

Around 24% of the participants saw it below \$180/mt FOB, 13% expected it to be below \$120/mt FOB and 11% saw it around \$200/mt.

Platts Premium Low Vol FOB Australia's prices averaged \$143/mt FOB Australia in 2016 amid a market which saw prices hit below \$75/mt and above \$300/mt FOB within a single year.

Edwin Yeo