THERMAL COAL: MARKETS AT CROSSROADS — SUPPLY WOES FUEL WEST, DEMAND DRAGS EAST

The international thermal coal market presented a stark contrast in trends this week. South African prices climbed, buoyed by support from Europe, while Australian high-CV coal rebounded, fueled by supply disruptions and firmer Korean demand. On the flip side, the US, Indonesian, and Russian markets remained firmly in retreat, battered by a glut of supply and chronically weak buying appetite. Market conditions showed little sign of recovery, keeping the overall tone bearish. On the freight side, there was a glimmer of positivity as Capesize and Panamax indices posted gains, though Supramax rates remained under pressure, extending their decline.

South African thermal coal prices saw a slight uptick this week, riding the wave of strengthening European contract prices. The FOB 4,800 NAR grade rose by USD 1 WoW to USD 60.05, while the 5,500 NAR grade edged up to USD 72.90. Meanwhile, the 6,000 NAR grade jumped USD 1 WoW to USD 87.25, marking a one-month high. The weekly gains were largely driven by firmer demand and sentiment from the European market.

South Africa's coal exports stood at 6.37 MMT in April, up 3.4% year-on-year (YoY) but down 3.1% month-on-month (MoM), according to data from the South African Revenue Service (SARS). The total export value reached Rand 8.68 billion (USD 487.26 million), declining 16.8% YoY and 3.9% MoM. Based on volume and value, the unit export price was Rand 1,363.1/t, down 19.6% YoY and 0.8% MoM.

China's portside thermal coal market remained subdued, Following the Dragon Boat Festival, with buyers largely adopting a wait-and-see approach. The market lacked clear direction, with muted transactions and little change in sentiment compared to the previous week. While low-CV coal with premium specs stayed firm due to tight availability, high-CV grades faced selling pressure amid surplus stocks and tepid post-holiday demand. Utilities showed limited urgency to restock, supported by adequate inventories and low coal burns—exacerbated by strong rains and rising hydropower output in southern China. Weak vessel activity at northern ports also reflected poor demand. While coal inventories at key northern ports fell modestly, they remained well above year-ago levels, underscoring an oversupplied environment. Sellers, particularly of high-CV coal, showed signs of pricing flexibility as transactions remained difficult to conclude. Despite some speculative buying in select low-CV cargoes, overall market sentiment was cautiously pessimistic. Expectations of stronger safety and environmental checks offered some cost support, but without a meaningful uptick in power demand, portside prices are likely to remain rangebound. Utilities continue to manage their procurement with precision, and there is no immediate trigger for a significant market rebound.

After a decline in coal power plant approvals in 2024—the first since 2021—China's approvals rebounded in early 2025, according to Greenpeace East Asia. In Q1 2025 alone, the country approved 11.29 GW of new coal-fired power capacity, already surpassing the 10 GW approved in the first half of 2024. This follows a 41.5% drop in approvals last year to 62.24 GW. Despite rapid growth in renewable energy, with wind and solar capacity reaching 1,482 GW—overtaking thermal power's 1,450 GW for the first time—coal continues to expand. Greenpeace warns that this renewed push for coal risks overcapacity, stranded assets, and increased transition costs. Meanwhile, China remains a global leader in both renewables and coal-fired power, fueling record-high coal demand. Amid weak coal prices and pressure on producer margins, Chinese authorities have urged coal power plants to stockpile more domestic coal to lift demand and prices. (Source: Reuters).

Indian coal demand continued on a downward trajectory with the onset of the early monsoon season. Lifting activity has slowed, and industrial operations remain sluggish due to weak end-use demand. Coal stock at power plants crossed 60 MMT, reaching a historic high during the week. The power sector is adequately supplied through domestic sources and has significantly reduced its reliance on imported coal. Meanwhile, non-power industries are also witnessing subdued demand, which is limiting their coal purchases.

Indonesia’s seaborne thermal coal market faced increasing pressure amid subdued Chinese and Indian demand and intensified competition from domestic Chinese supply. Offers for low-CV Indonesian cargoes remained steady but failed to attract significant buying interest. Delayed loadings from prior contracts added to supply pressures, pushing traders and miners toward more aggressive pricing strategies. This oversupply dynamic, combined with a lack of urgency among buyers, weighed on market confidence. Some Indonesian producers were observed liquidating stocks to secure cash flow, which further intensified bearish sentiment. While there were scattered tenders from a few Chinese utilities for mid-CV Indonesian coal, they were limited in volume and did not significantly alter the market trajectory. The broader trend remains cautious, with many participants expecting further softening unless a notable pickup in Chinese summer power demand materializes. FOB Indonesian coal rpices declined by 1-3% WoW for the different grades during the week.

Australian thermal coal prices painted a tale of two halves this week. The 5,500 NAR grade slipped by USD 1 week-on-week to USD 66.75, touching a four-year low as key buyers like India and China kept their wallets shut. In contrast, the 6,000 NAR grade climbed to a 14-week high of USD 98.50, buoyed by supply disruptions and renewed buying interest from South Korea.

USA thermal coal prices have shed all the gains accumulated over the past three weeks, falling by USD 2 WoW to USD 103.

Russian thermal coal prices also extended their decline, with the 6,000 NAR grade (CFR India) dropping by USD 2 WoW to USD 89, while the 5,500 NAR grade eased by USD 1 to USD 84.

HARGA BATUBARA ACUAN (HBA)

Indonesia recently implemented a policy to enhance control over coal pricing and ensure consistent royalty payments. Effective March 1, 2025, the government has mandated that all coal transactions must follow the government-set benchmark price (HBA) as the minimum price, enabling better predictability in royalty calculations and controlling pricing.

Indonesia's benchmark coal price (HBA) has came down in the first half of June 2025. The HBA for 6,322 GAR coal declined by 9% to USD 100.97, up from USD 110.38 in the second half of May 2025.

Prices for lower calorific grades also saw gains. HBA-I (5,300 GAR) climbed 1% to USD 77.59, HBA-II (4,100 GAR) edged lower 1% to USD 50.08, and HBA-III (3,400 GAR) recorded a stable WoW price at USD 35.47.

Indonesian Coal Price Data (HBA) (in USD)					
		HBA (6,322 GAR)	**HBA-I (5,300 GAR)**	**HBA-II (4,100 GAR)**	**HBA-III (3,400 GAR)**
Mar-25	**First Half (1st–14th)**	128.24	82.66	50.70	34.38
	Second Half (15th–End of Month)	117.76	80.70	49.44	33.71
Apr-25	**First Half (1st–14th)**	123.32	78.40	49.54	32.71
	Second Half (15th–End of Month)	120.20	78.46	50.07	34.32
May-25	**First Half (1st–14th)**	121.15	80.80	50.43	34.73
	Second Half (15th–End of Month)	110.38	76.62	50.58	35.42
Jun-25	**First Half (1st–14th)**	100.97	77.59	50.08	35.47
	% Change (from last updated price)	-9%	1%	-1%	0%