



Coking Coal Demand and Supply

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New Delhi



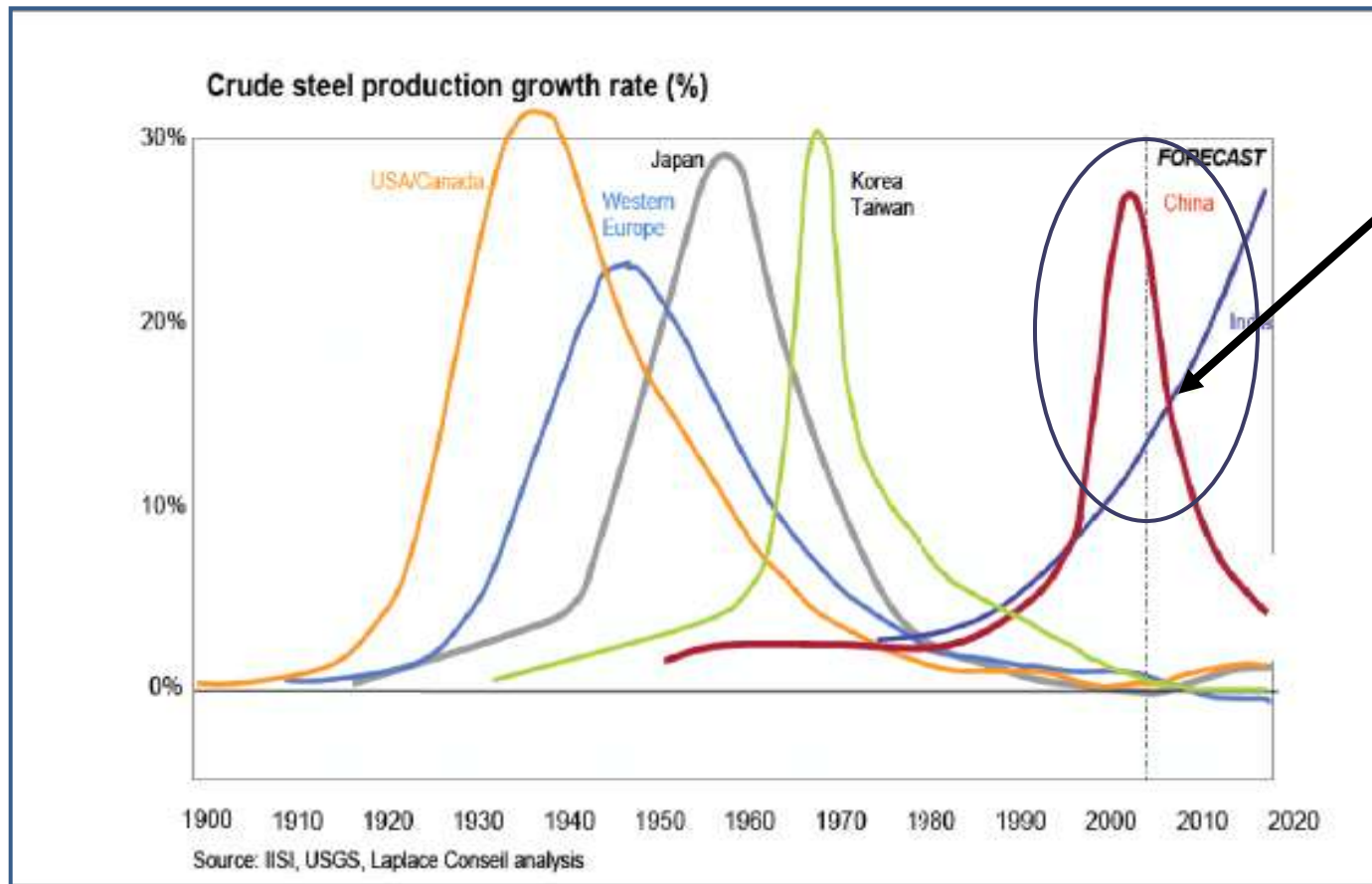
World Steel Production



Source: WSA

- World steel production now above pre crisis levels
- Production recovery led by Asia
- China close to 50% of total global steel production

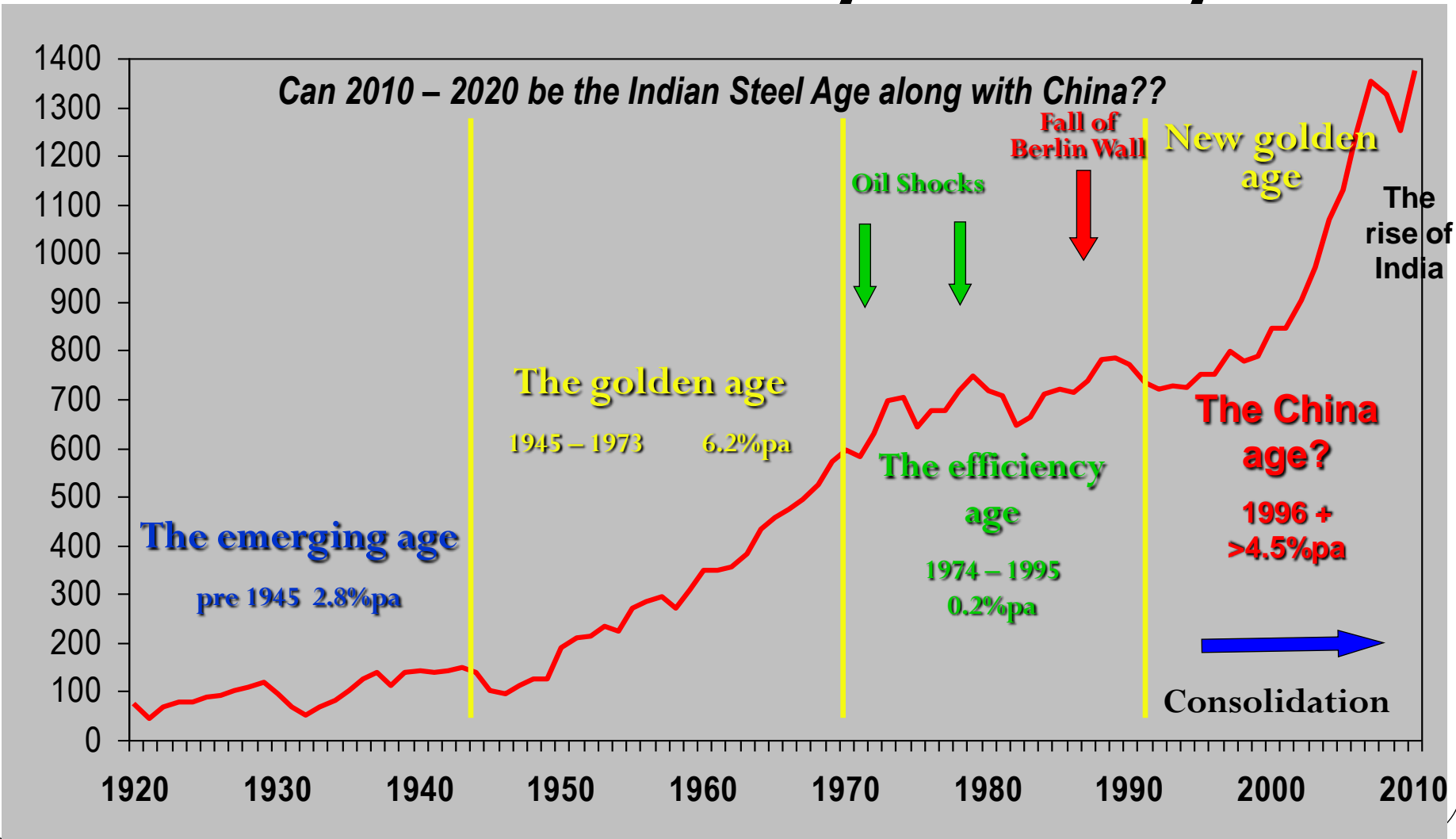
Steel Development Pattern



India's long term steel development pattern is similar to most countries, following the same pattern of more than a century old

China has already reached its peak in growth rate, while India is on the rise.....

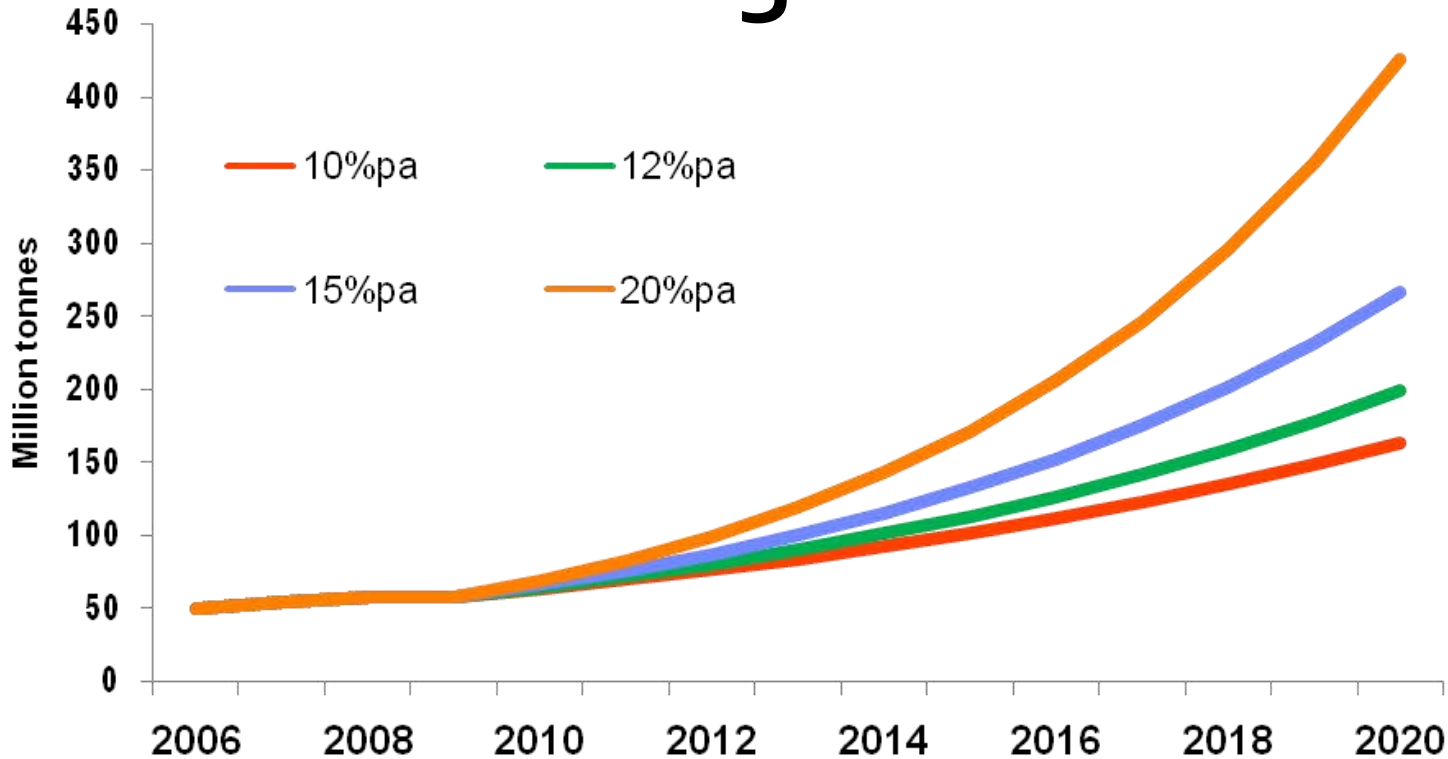
Growth of Steel Industry last 100 years



The rise of Indian Steel 2010 to 2020

- Indian GDP growth is expected to reach 9% and remain high in the current decade to 2020
- India's growth will be demand led as opposed to export led this is more predictable and less susceptible to external shocks
- Manufacturing is expected to accelerate in the next few years further boosting steel demand
- India will continue to add to her steel making capacities
- With large high quality iron ore reserves steelmaking will be led by the blast furnace
- India might overtake Japan by 2015-16

Indian Steel growth forecast



- 20% is not all together hypothetical. China had it for some time
- 10% to 12% is very much achievable or is it too conservative if India's growth accelerates?

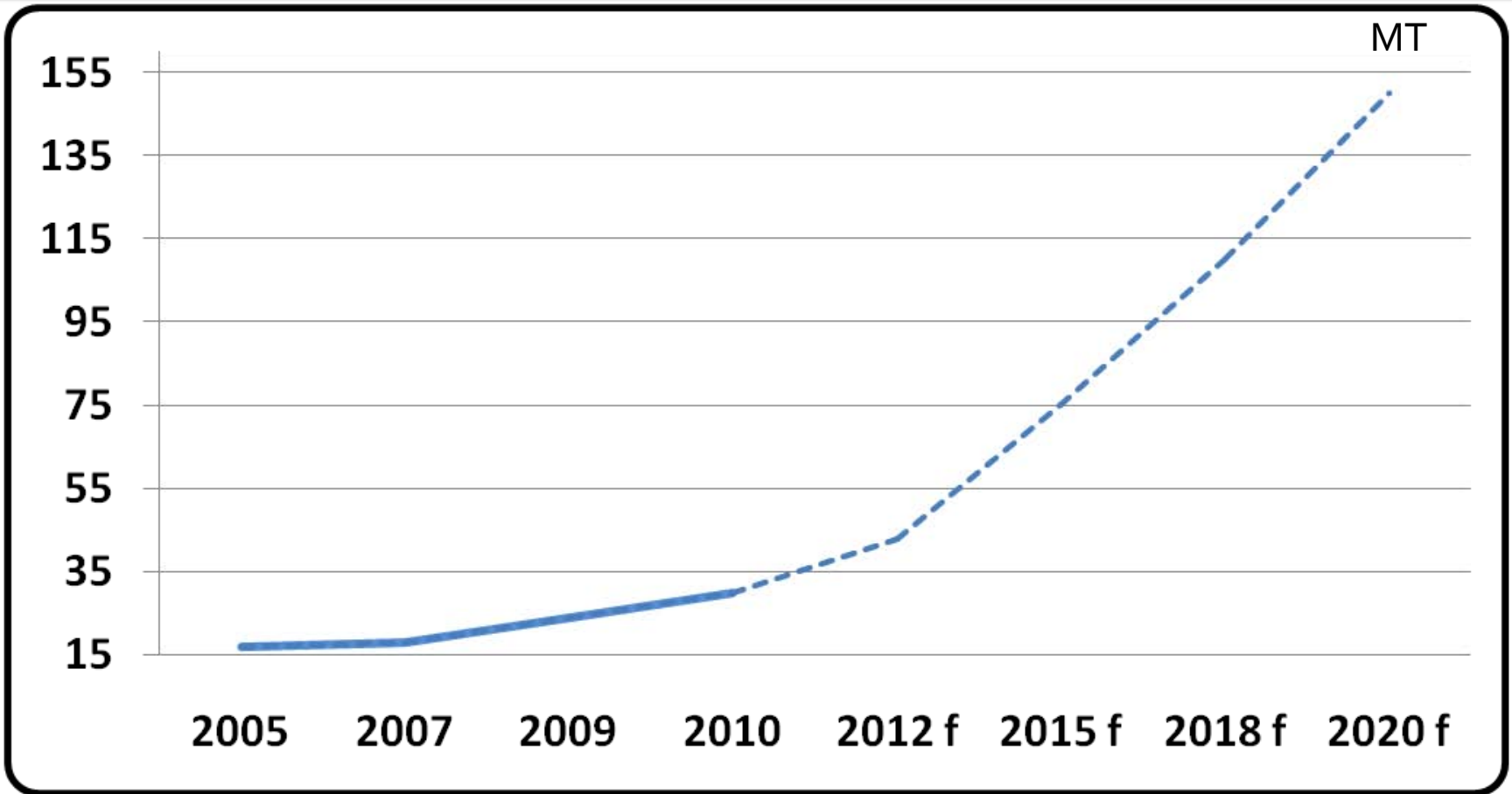
Urgent need for Coking Coal to meet India's projected Steel growth

	2020 Steel increase	Increase in Met Coal Demand by 2020
10%pa	100	61
12%pa	135	84
15%pa	202	132
20%pa	361	226

MT


- 10%pa will see a doubling of import demand
- 20%pa increase is equal to current seaborne market for all Met Coal
- Major increase in all forms of met coal
 - PCI = 2.1 x today's market
 - HCC = more in demand at higher rates due to rising productivity ~ doubling market

Present & Future Coking Coal Imports by India



Source: CRISIL, internal estimate

Strong demand from Steel Industry and domestic unavailability causing a surge in imports

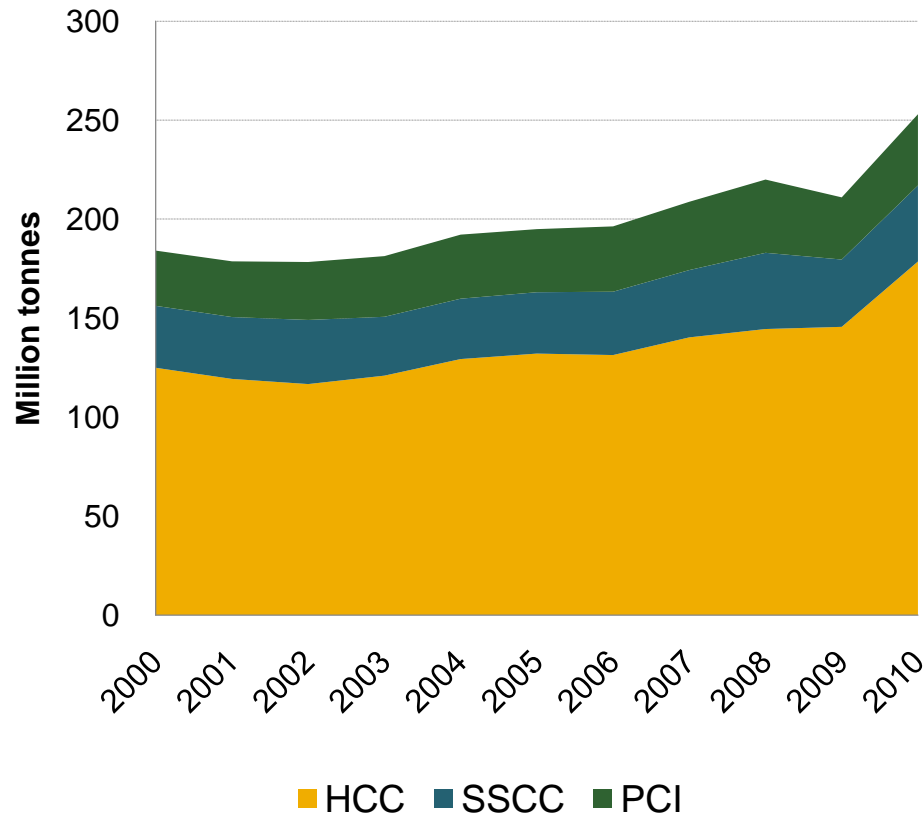


**But From Where would all this
Coking Coal Come From??**

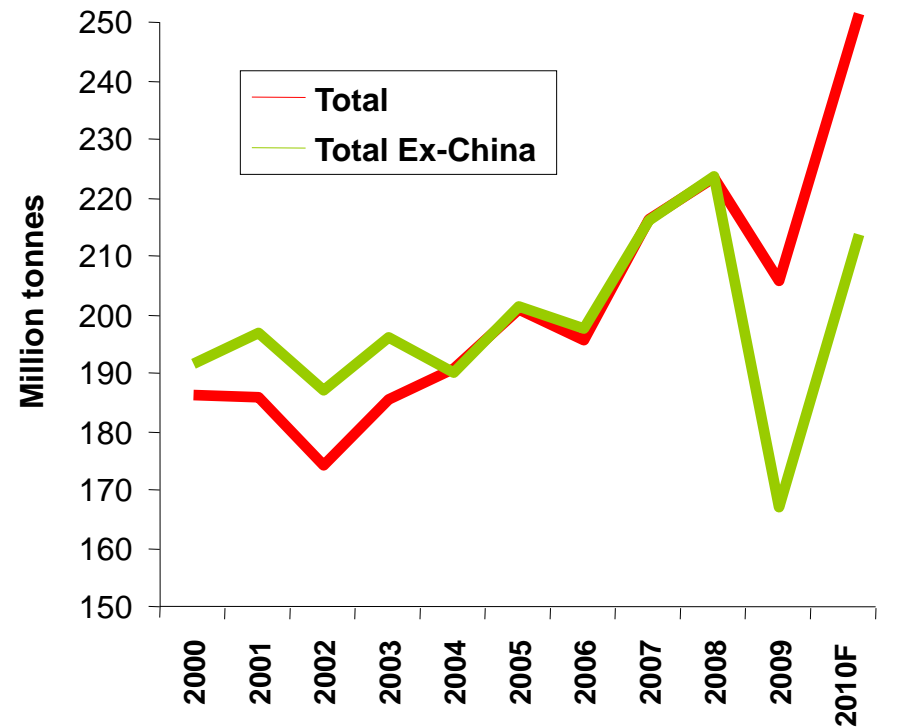
Global Met coal demand history

After the recession of the early part of the decade the “noughties” has seen an accelerating rising trend thanks to China. 2009 seen as an overcorrection from ROW.

Seaborne metallurgical demand 2000-2010



Seaborne coking coal imports



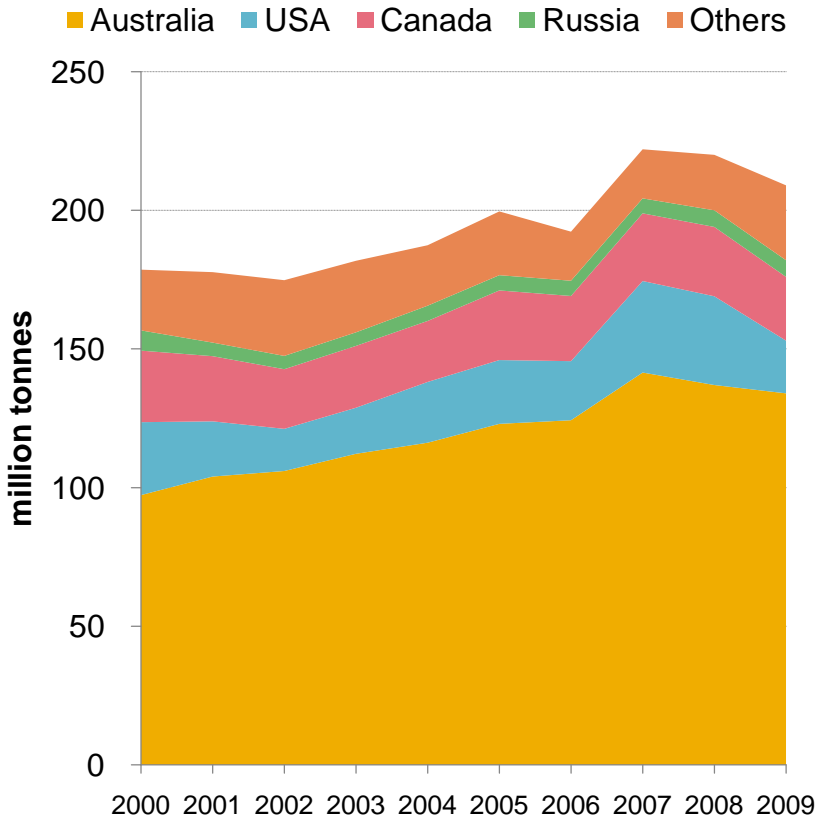
Source: internal estimates



Global Met coal supply history

No major changes in market structure major producers have retained position. USA retained ability to be “swing” producer, Australian market share steady growth ~54% to 64%.

Seaborne Met Coal Supply



2009

