NEWSLETTER

FEBRUARY 2023

PT. INTERNASIONAL TOTAL SERVICE & LOGISTICS
Your Reliable Integrated Logistic Partner

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COAL GETTING • TRUCKING • STOCKPILE • BARGING • FLOATING CRANE • SHIPPING

Logistic Information

602

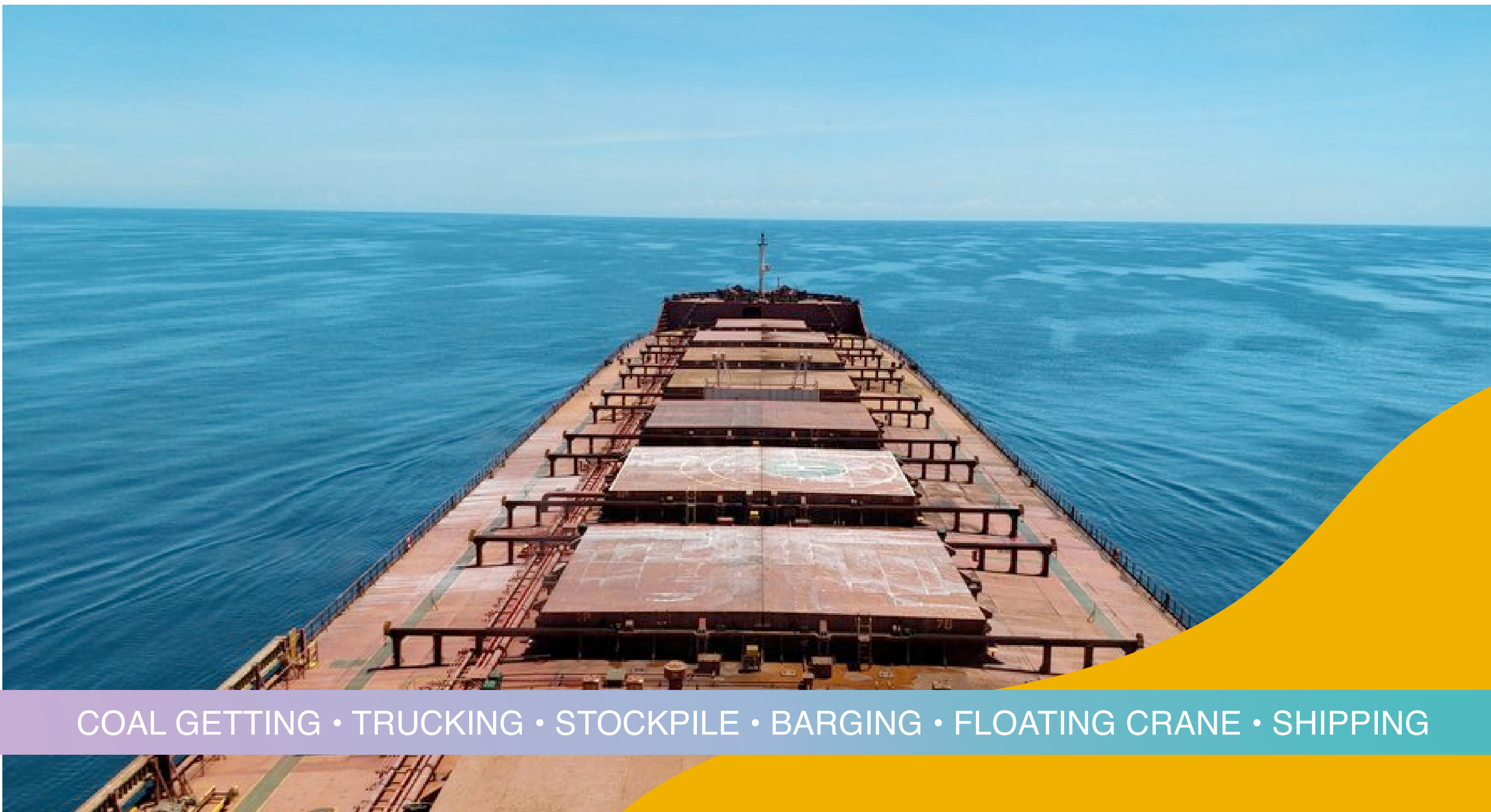
BDI
(Per 13st Feb)

Bunker Price

Bunker Price	Singapore *per 13st Feb*
FO380	418.00
MGO	829.50

** Inclusive VAT, Income tax & PBBKB.*

Currency exchange Rate (USD)	
Buy : IDR 15.064	Sell : IDR 15.215



COAL GETTING • TRUCKING • STOCKPILE • BARGING • FLOATING CRANE • SHIPPING

Weather Forecast

Area	Weather	Winds	Swell
Samarinda	Chance of Rain 29°/24°C	8 – 12 km/h	0.1 – 0.2 m
Banjarmasin	Chance of Storm 32°/24°C	8 - 19 km/h	0.2 – 0.4 m
Balikpapan	Chance of Storm 31°/24°C	7 - 15 km/h	0.2 – 0.5 m
Tarakan	Chance of Rain 29°/26°C	13 - 23 km/h	0.2 – 0.4 m
Muara Satui	Chance of Rain 31°/23°C	8 - 19 km/h	0.2 – 0.4 m

Congestion Information *(January - February)*

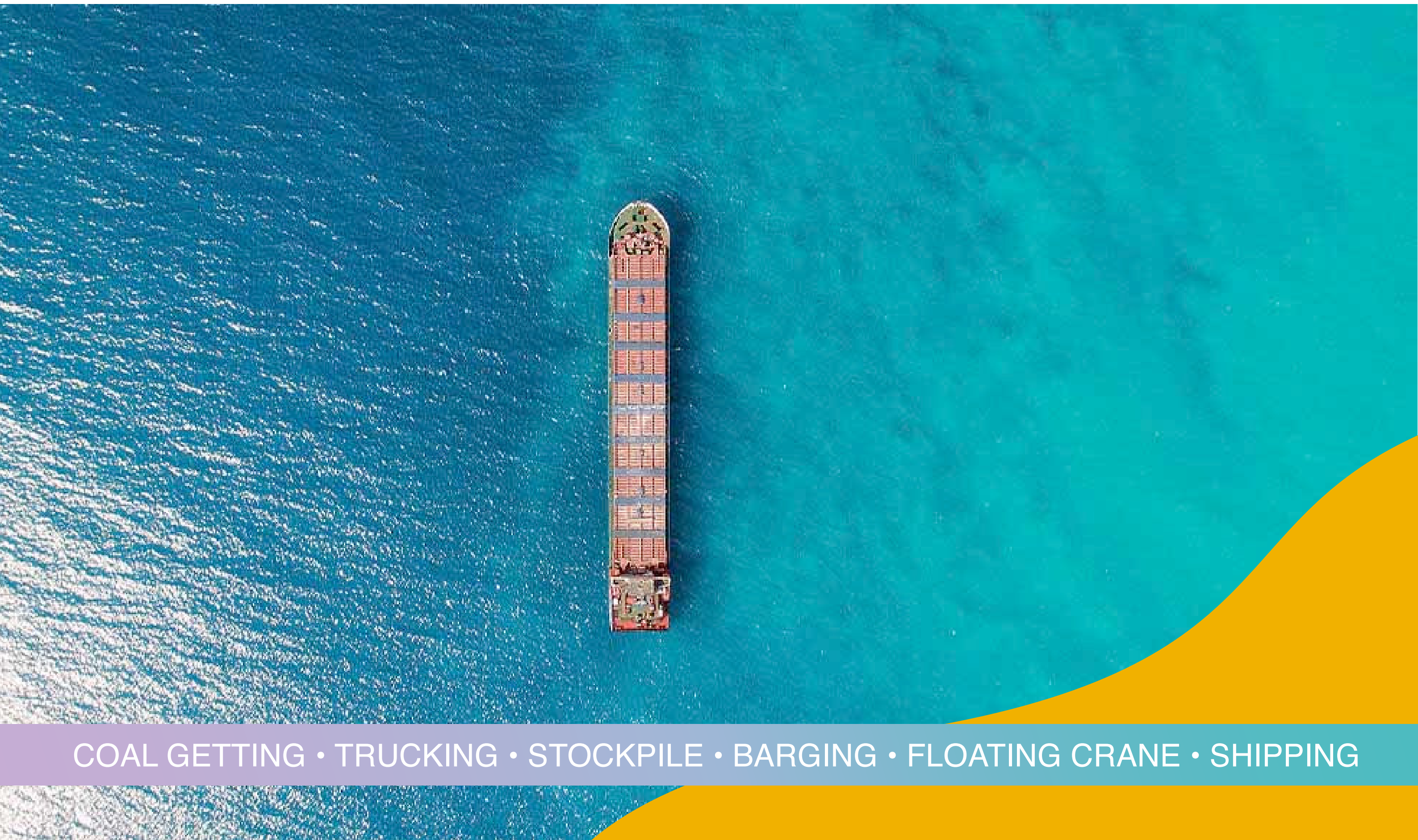
PORT	PORT STAY	TOTAL STAY
ADANG BAY	2.67	5.76
ASAM-ASAM	2	10
BALIKPAPAN	1.16	1.11
BCT	1.02	1.64
BUNATI	2.19	6.29
JAMBI	1.5	7.5
KALIORANG	0.76	6.16
MUARA PANTAI	1.74	5.16
M SANGKULIRANG	0.83	0.83
PALEMBANG	2.5	8
SAMARINDA	1.43	5.34
TABONEO	3.20	7.03
TARAHAN	2.08	3.33
TARAKAN	4.73	9.18
TG PEMANCINGAN	1	3

Indonesia and Global Coal News

Indonesian Government's Benchmark Thermal Coal Price (HBA)

Month	2018	2019	2020	2021	2022	2023
January	95.54	92.41	65.93	75.84	158.50	305.21
February	95.54	91.80	66.89	87.79	188.38	277.05
March	100.69	90.57	67.08	84.49	203.69	
April	94.75	88.85	65.77	86.68	288.40	
May	89.53	81.86	61.11	89.74	275.64	
June	96.61	81.48	52.98	100.33	323.91	
July	104.65	71.92	52.16	115.35	319.00	
August	107.83	72.67	50.34	130.99	321.59	
September	104.81	65.79	49.42	150.03	319.22	
October	100.89	64.80	51.00	161.63	330.97	
November	97.90	66.27	55.71	215.01	308.20	
December	92.51	66.30	59.65	159.79	281.48	

in USD/ton
Source: Ministry of Energy and Mineral Resources



Phasing out coal in some places may increase consumption in others – study

Source: Mining.com

Coal-fired power plant – Eon – Maasvlakte 2, Port of Rotterdam. (Reference image by Frans Berkelaar, Flickr.)

A recent study published in the journal Nature Climate Change found that countries phasing coal out of the electricity sector need to broaden their policy strategy, or else they risk pushing the excess coal supply into other industries at home, like steel production.

“It’s really a make-it-or-break-it moment,” Stephen Bi, lead author of the paper, said in a media statement. “Our computer simulation of climate economics and policy making indicates that current policies lead the world to less than a 5% likelihood of phasing out coal by mid-century. This would leave minimal chances of reaching net-zero emissions by 2050 and limiting disastrous climate risks.”

Bi and his team used Dynamic Policy Evaluation, a data-driven approach for simulating real-world policy making. The most shocking result was that even if most countries decided to stop burning coal for electricity, this has almost zero impact on total future coal use.

Investigating the Powering Past Coal Alliance, launched at the world climate summit COP23 in 2017, the scientists sought to understand whether these countries’ efforts to cut coal would make it easier or harder for other countries to follow suit. That is, the coalition may grow as member states work to modernize their electricity sectors, but it may also lead to a rebound in coal use globally.

The latter effect, often referred to as "leakage," can arise due to market effects: if demand decreases in some places, so do prices, which in turn can increase demand elsewhere.

Interestingly, the scientists' computer simulation shows that the most concerning leakage effect, in this case, may arise within the alliance itself rather than through international coal markets. Although the Powering Past Coal Alliance is expected to grow, its pledge is limited to the electricity sector. This means that countries who join can increase their coal use in steel, cement and chemicals production, greatly hindering the potential of this initiative.

"The greatest risk to the coal exit movement may actually come from free-riding sectors in coalition members. Unregulated industries can take advantage of falling coal prices at home and use more coal than they otherwise would have," co-author Nico Bauer said.

The scientists conclude that additional strong policies are needed to avoid this effect.

"The coal exit debate has to look beyond the power sector and also include the heavy industry. Carbon pricing would be the most efficient instrument to close loopholes in domestic regulations, while restrictions on coal mining and exports would go the furthest to deter free-riding abroad," Bauer said.

China plays key role

China plays a special role since it produces and consumes more than half of all coal globally.

According to the researchers, the Chinese government must act swiftly to curtail the coal-driven covid recovery.

"The current coal plans jeopardize China's recent promise to peak domestic emissions before 2030 and to achieve net-zero emissions by 2060. The computer simulation gives China roughly fifty-fifty odds of joining the Alliance, and it only falls on the right side of that line if it stops building coal plants by 2025," Bi said.

Further, the simulation shows that the Alliance only manages to boost solar and wind energy expansion if China decides to phase out coal.

China would thus have "a golden opportunity to solidify its leading role in the renewable energy market and unleash sustainable development opportunities worldwide, but this requires a commitment to phasing out coal," the researcher pointed out. "If not, then it becomes less clear how we'll achieve sufficient diffusion of renewables worldwide. China's actions today can position it to either lead or impede the global energy transition."

S.Africa's Thungela says emerging markets will want coal for decades

Source: Reuters.com

South Africa's no. 2 coal miner Thungela Resources (TGAJ.J) expects strong coal demand from emerging markets for at least two decades and believes it can attract funding for as long as returns are attractive, its CEO said on Monday.

Climate capaigners are opposed to the continued use of coal as it is the most carbon-intensive fossil fuel, but the industry sees scope for high profits.

Coal demand and prices have surged following Russia's invasion of Ukraine last year, which led some European countries to switch from lower carbon gas to coal because of the disruption of energy supplies.

"I have no doubt in my mind that coal is here to stay for a lot longer than most people predict," July Ndlovu, chief executive at Thungela told Reuters on the sidelines of an African mining conference in Cape Town. The highest demand is likely to be from emerging markets in Asia and Africa. "We know that in those (emerging) markets coal use is likely to remain part of the energy mix for the next two decades, maybe three," he said.

Thungela, primarily a coal exporter with assets only in South Africa, was hit by port and rail bottlenecks in the country last year that caused the loss of almost 600,000 tonnes of exports.

It also took the brunt of rolling power cuts in the country that curtailed its production. As a result, it has sought ways to diversify. Last week it agreed to buy a 85% stake in Ensham coal mine in Australia from Japan's Idemitsu Kosan Co (5019.T) for $240 million.

Ndlovu said the company will keep seeking opportunities to buy coal or other bulk commodities, but it is less keen to join the race for battery metals such as copper and cobalt. He said funding for coal project acquisitions should not be difficult for the company given the prospects of returns. "Where there are attractive returns there is always going to be funding," he said.

Coal Prices Will Continue to Slip until Q3: Analyst

Source: Jakartaglobe.id

Jakarta. Coal prices have plummeted since last Friday, reaching only $222.5 per ton after previously peaking at $463.75 per ton in late 2022, but the price of the commodity is expected to rebound in the third or fourth quarter of 2023.

Central Capital Futures analyst Wahyu Tri Laksono said that prices did weaken in early 2023. But he predicted that coal prices would average at around $100-$350 per ton throughout the year, with a price consolidation at around $200.

"A rebound will likely happen in the third or fourth quarter of 2023 with a 'testing support' of $265," Wahyu said.

If it passes that number, it means the price range is returning to the long consolidation level of 2010-2021 in the $440-$2,700 mark, according to Wahyu.

JP Morgan Securities attributed the current declining coal price to the lower natural gas spot price and rising storage level.

"Thus lowering the calorific coal price value (CV) or high-calorie," JP Morgan Securities said over the weekend.

JP Morgan Securities said they were not too surprised with where coal price is going but still found it shocking with how much it dropped.

Meanwhile, the price of low-calorie coal in the Indonesian market is also going down due to limited import demand amidst the abundance of supply. The sharp decline in coal prices also affects coal miners in ASEAN, thus putting their income at risk.

Indonesia is expected to produce 695 million tons of coal in 2023, marking a 1 percent growth from the 687 million tons it produced last year. It is also 4 percent higher than the 2022 target of 663 million tons.

Indonesia also exported 494 million tons of coal in 2023, its record-high after the 459 million tons of coal exports in 2019. Export is projected to reach 500 million tons this year.

Inflation Reduction Act to accelerate coal plant retirements in U.S.

Source: iiefa.org

U.S. coal-fired power capacity has been fading quickly for nearly a decade, but the Inflation Reduction Act of 2022 is expected to further accelerate the retirement of coal power plants in the U.S. by almost 70%, according to a forecast from S&P Global Market Intelligence.

Of the 58.7 GW of coal plant capacity projected for retirement by 2030, about 24.3 GW, or 41.4%, are due to the Inflation Reduction Act, or IRA, making coal less competitive than other resources, said Steve Piper, director of energy research for S&P Global Commodity Insights.

"Utilities with coal are unspooling their individuated plans to unwind those assets and build up stuff that [utility] commissioners support and the public supports: net-zero, renewables, storage, all of that," Piper said.

By 2030, Market Intelligence forecasts that electricity demand for coal will decline by 33.6% and coal-fired power will account for just 10.4% of electricity generation.

Market Intelligence data also shows that power generators have shut down 86.2 GW of coal capacity since 2015, an average of 10.8 GW per year. Based on existing retirement announcements — many of which occurred before the IRA became law — the pace of retirements will be steady through 2030. Utility-announced closures will peak in 2028.

First Australian coal cargoes arrive in China, await customs clearance

Source: Reuters.com

SINGAPORE, Feb 9 (Reuters) - At least two vessels carrying Australian coal have arrived in China for the first time since an unofficial ban on imports was introduced more than two years ago, and several more are on the way, shiptracking data showed.

The cargoes are being closely monitored by coal traders as they are keen to see how smooth Chinese customs procedures will be.

China last month, in a partial easing of the import ban, granted permission to just four central-government owned firms to bring in Australian coal.

Tiger East, a dry bulk vessel loading some 73,300 tonnes of Australian thermal coal from Queensland, is discharging at the southern Chinese city of Taishan, according to Refinitiv and Kpler data.

The coal could be sent to Guoneng Taishan utility, owned by China Energy Investment Corp, shiptracking data showed.

The second vessel, Magic Eclipse, carrying metallurgical coal that is reported to be for supply to Baowu Group, arrived at anchorage in Zhanjiang port on Wednesday night and is awaiting unloading.

Traders expect the two cargoes to pass Chinese customs smoothly given that the buyers, CEIC and Baowu, have received a green light from the government.

"In theory, there is no problem for these two cargoes. The issue is with other buyers who have not been granted permission," said a China-based coal trader who declined to be identified as he is not authorised to talk to media.

Coal importers can discharge their cargoes at ports first and then apply for customs clearance.

But a growing coal inventory at Chinese ports, especially those in the north, is leaving limited space for new supplies, meaning buyers face a growing risk of demurrage if the customs process is drawn out.

Coal stocks at major ports in northern China reached 34.65 million tonnes this week, the highest level in six months, data from the China Coal Transportation and Distribution Association showed.

There are at least seven Australian coal carriers heading to China and due to arrive in coming weeks, according to shiptracking data.

ITL Vessel Line Up

NOV	DEC	JAN	Total Vessel
439	606	536	1581

PLEASE NOTE THAT THE ABOVE DATA IS NOT COMPLETED LINE UP OF TBCT, IBT, NPLCT.

COUNTRY WISE

No	Country	Shipments	Percentage
1	China (Incl. HK)	557	35%
2	India	185	11%
3	Indonesia	175	11%
4	Philippines	133	8%
5	Korea	130	8%
6	Malaysia	96	6%
7	Japan	89	6%
8	Taiwan	49	4%
9	Thailand	47	3%
10	Bangladesh	36	2%
11	Singapore	19	2%
12	Vietnam	12	1%
13	Pakistan	8	1%
14	Others	45	1%

**Others: Myanmar, Srilanka, New Zealand, Spain, Rusia, Hawaii.*

PORT WISE

No	Port	Shipments	Percentage
1	Taboneo	234	15%
2	Samarinda	183	12%
3	Bunati	164	10%
4	Palembang	145	9%
5	BCT	130	8%
6	Adang Bay	120	8%
7	Tg. Pemancingan	117	7%
8	Muara Pantai	109	7%
9	Tarakan	107	7%
10	Kaliorang	74	5%
11	Balikpapan	69	4%
12	Muara Sangkulirang	43	3%
13	Tarahan	36	2%
14	Kota Baru	31	2%
15	IBT	11	1%
16	Asam - Asam	10	1%
17	NPLCT	10	1%
18	Muara Satui	6	Below 1%
19	Tg. Sabau	1	Below 1%

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