PLATTS
McGRAW HILL FINANCIAL

COAL TRADER

Monday, October 12, 2015

Physical PRB 8,800, CSX contracts trade Monday; CSX rises

Houston—The front-month Central Appalachia rail (CSX) physical contract rose Monday in the US over-the-counter thermal coal market, with a trade reported at $36/st.

The deal, for one train (11,000 st), was the first physical front-month trade since October 6, when it traded three times at $35.50/st, a multi-year low for the contract. On October 7, the physical front-month contract was assessed at $35.40/st, an eight-year low.

"Seems like maybe it hit that floor and is bouncing a bit," said one market participant.

The CSX futures contract did not trade in the financial market Monday. Platts assessed the front-month (November) physical CSX contract at $36.25/st, up 70 cents from Friday, based on broker marks and a reported bid of $36/st and offer of $36.50/st after the trade.

Still, the front-month CAPP rail contract is down 27.4% year-to-date and 32% from a year ago as the market struggles to compete with low gas prices.

No deals were heard or reported in the CAPP barge market Monday. Platts assessed the front-month (November) CAPP barge contract at

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Indiana Harbor production problems hurt SunCoke Q3 results, 2015 guidance cut

Houston—Production problems at SunCoke Energy's Indiana Harbor coke making plant were the primary reason the company posted a $23.5 million loss in the third quarter of 2015 and expects to produce less coke this year, officials said Monday during an earnings call.

CEO Fritz Henderson said Monday that the plant, with a coke production capacity of 1.2 million st/year, is facing "continued challenges and continues to post unacceptable performance."

Indiana Harbor produced 243,000 st of coke in the third quarter, the second highest total amongst SunCoke's five US cokemaking plants, but it was the only plant with a decline in production compared with the preceding quarter.

Henderson said plant refurbishment efforts at Indiana Harbor have not delivered the expected results.

SunCoke has made $130 million in upgrades to Indiana Harbor since 2013, but over the last three years the "performance of the plant has not been acceptable under any measure," Henderson said.

Recent upgrades included replacing stacks and rebuilding exoskeletons to restore the integrity of coke ovens, commissioning new pusher/charger machines, and repairing 42 individual ovens to

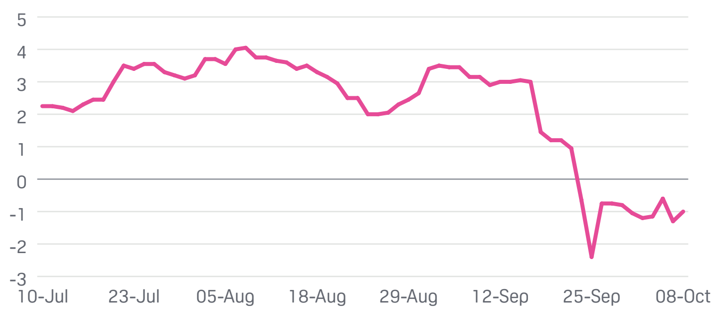
(continued on page 7)

PLATTS DAILY PHYSICAL OTC ASSESSMENTS, OCT 12 ($/st)

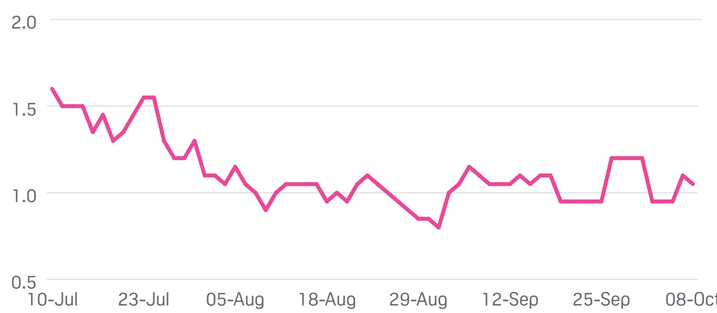
	CAPP barge OTC		CAPP rail (CSX) OTC		CIF ARA ($/mt)	
Nov 15	42.20	0.05	36.25	0.70	51.10	-0.35
Dec 15	42.25	0.10	36.95	-0.05	50.10	-0.55
Q1 16	43.30	0.05	40.45	-0.15	49.35	-0.55
Q2 16	44.35	0.10	41.70	-0.15	48.55	-0.60
Q3 16	45.15	0.05	42.90	0.00	48.75	-0.65
CY-16	44.75	0.05	42.40	0.00	48.95	-0.60
	PRB 8,800 OTC		PRB 8,400 OTC		IB 11,500* OTC	
Nov 15	11.15	0.05	8.85	0.00	31.15	0.00
Dec 15	11.15	0.05	8.80	0.00	31.15	0.00
Q1 16	10.90	0.10	9.00	0.00	31.20	0.00
Q2 16	10.90	0.00	9.10	0.00	31.75	0.00
Q3 16	11.00	0.00	9.30	0.00	31.95	0.00
CY-16	11.05	0.05	9.35	0.00	32.00	0.00

*Maximum 0.35% chlorine. See Platts Methodology and Specifications Guide at Platts.com for details.

CAPP BARGE V CAPP RAIL FRONT-MONTH SPREAD ($/st)



PRB 8800 V PRB 8400 FRONT-MONTH SPREAD ($/st)



INSIDE THIS ISSUE

Ohio PUC staff urges rejection of AEP PPA

Charlottetown, Prince Edward Island—For the second time in a month, the Ohio Public Utilities Commission staff is urging state regulators to reject a controversial utility power purchase agreement aimed at ensuring the continued operation of thousands of megawatts of mainly coal-fired generation.

A proposed American Electric Power PPA covering over 3,000 MW of coal-fired generation is the subject of the recommendation. In September, the staff also asked the PUC to deny FirstEnergy's requested PPA for about 3,000 MW, including the Sammis coal plant and Davis-Besse nuclear plant.

Both AEP and FirstEnergy are members of PJM Interconnection.

Later in October, the PUC is holding separate public hearings on the PPAs. The plans differ somewhat, although both AEP and FirstEnergy argue the deals provide long-term certainty for the plants and offer safeguards for customers if power prices rise from current levels.

If the PPAs ultimately are rejected, at least some of the affected plants could be closed in the coming years, the companies have said.

AEP's plan includes four baseload plants co-owned by the Columbus, Ohio-based company — Zimmer, Stuart, Conesville and Cardinal — plus AEP's roughly 40% stake in the Ohio Valley Electric Corp. OVEC operates the Kyger Creek and Clifty Creek coal plants in Ohio and Indiana, respectively, which have a combined capacity of nearly 2,400 MW.

Plants burn 8-10 million st annually

Together, those AEP coal plants burn an estimated 8 to 10 million short tons of coal annually.

In the PUC staff's newly released report on the proposed AEP PPA, Hisham Choueiki, a senior energy specialist with the agency, said the company's proposal as currently structured should be denied. Neither it nor FirstEnergy's proposal is in the public interest, he said.

Choueiki has, however, provided a potential way forward for both companies by suggesting the proposals could be in the public interest "if properly conceived."

What that means exactly is unclear. The PUC was closed on Monday for the Columbus Day holiday and Choueiki could not be reached for comment.

Terri Flora, an AEP spokeswoman, said Monday the company already has "addressed and fulfilled" criteria suggested by the staff to win approval of the PPA.

"Although staff is suggesting the company has failed to satisfy that criteria, we think we have done so," she said.

PLATTS DAILY METALLURGICAL COAL ASSESSMENTS, OCT 12

Atlantic Coking Coal ($/mt)

	FOB US East Coast	Change	VM	Ash	S
Low Vol HCC	83.250	0.000	19%	8%	0.80%
High Vol A	84.500	0.000	32%	7%	0.85%
High Vol B	79.250	0.000	34%	8%	0.95%

US low-vol HCC Penalties & Premia; Differentials ($/mt)

	Within Min-Max	% of US low-vol HCC FOB USEC assessment price	Net value ($/mt)
Per 1% CSR	50-64%	0.50%	0.42
	40-49%	0.05%	0.04
Per 0.1% S	0.70-1.05%	0.75%	0.62
	1.06-1.25%	0.75%	0.62
Per 1% TM (as received)	6-11%	1.00%	0.83
Per 1% Ash	5-10%	1.25%	1.04

Detailed methodology and specifications are found here: http://platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/metcoalmethod.pdf

DRY BULK FREIGHT ASSESSMENTS, OCT 12

	Freight Rate ($/mt)	Change
Capesize		
Queensland-Rotterdam	10.25	0.00
Queensland-Japan	6.70	0.10
New South Wales-Korea	6.90	0.10
Bolivar-Rotterdam	6.25	0.00
Roberts Bank-Japan	7.45	0.10
Richards Bay-Rotterdam	5.80	0.00
Panamax		
Richards Bay-Rotterdam	7.25	0.00
Bolivar-Rotterdam	7.75	0.00
USEC-China	22.00	0.00
USEC-India	20.00	0.00
USEC-Rotterdam	7.25	0.00
USEC-Brazil	8.00	0.00
Mobile-Rotterdam	8.50	0.00
Mobile-Taranto	10.00	0.00
Roberts Bank-Rotterdam	12.35	0.20
Roberts Bank-Japan	9.20	-0.25
Queensland-Rotterdam	11.00	-0.20
New South Wales-Rotterdam	10.15	-0.20

OTC BROKER INDEX, TRADE DATE OCT 12 ($/st)

Coal Product Specifications	Oct Final Monthly Average	Nov Daily Assessment	Nov Average	Nov CME Open Interest	Q4 Final Average	Q1 Assessment	Q1 Average	Total CME Open Interest
CAPP barge (12,000 Btu/lb) OTC	42.72	42.20	42.18	104.00	42.66	43.30	43.17	264.00
CAPP rail (CSX) (12,500 Btu/lb) OTC	43.51	36.25	37.28	373.00	44.57	40.45	41.60	3326.00
PRB 8,800 Btu/lb OTC	10.86	11.15	10.95	415.00	10.50	10.90	10.84	3485.00
PRB 8,400 Btu/lb OTC	8.68	8.85	8.79		8.68	9.00	8.89	
Illinois Basin* 11,500 Btu/lb OTC	31.15	31.15	31.15		31.27	31.20	31.19	

Note: CME Group data is delayed two days. *Maximum 0.35% chlorine

Among other things, AEP merged a previously separate OVEC-related PPA into the larger proposed agreement, "so the entire package is viewed as a whole," she said.

"The larger package of units simply presents a more meaningful and potentially beneficial hedge for customers, which was not present when the OVEC-only piece was presented," she added.

AEP also "presented a robust economic analysis of the projected costs and benefits of this group of generation units," Flora said.

The PUC is wrapping up the FirstEnergy hearing, according to company spokesman Doug Colafella, and AEP's hearing could be completed before the end of October.

— *Bob Matyi*

Donkin test burn underway but Cline Group facing local concerns

Charlottetown, Prince Edward Island—As U.S.-based Cline Group's Donkin underground thermal and coking coal mine in Nova Scotia produces a small amount of coal for a test burn with Nova Scotia Power, the company also is catching flak from local Canadian officials on a variety of issues.

The mine along the rugged Atlantic Ocean coast on Nova Scotia's Cape Breton Island has produced an estimated 4,000 st for the test burn, according to local sources.

Halifax-based NSP, the province's dominant electric utility, will not comment on the test burn.

The utility is believed to be interested in buying Donkin coal for its 620-MW Lingan generating station in Cape Breton. Lingan burns about 1.5 million mt annually.

But as Cline's Kameron Collieries subsidiary prepares to start full-time production at Donkin in early 2016, the company is making some local residents and officials angry by not sharing transportation plans for the coal, said Kevin Saccary, a municipal councillor whose area includes Donkin, in a Monday interview.

Saccary said he supports the mine and the 100 to 300 full-time jobs it would create in economically distressed Cape Breton. But, to get from the mine to Lingan, the coal would travel by truck through a number of small communities, including Donkin, Glace Bay, Reserve Mines and Gardner Mines.

Trucking at issue

"If they get a contract with NSP, there's no way in hell these communities will tolerate trucking coal to NSP for the next 30 years," Saccary said.

Trucking might be tolerated for a year or two until a better option could be found, he added.

Local officials have suggested several possible alternatives: Spending $52 million on a barge plan, $90 million on a plan to essentially construct a short rail line in an abandoned railbed once used by the old No. 6 mine in the area, or spending about $30 million "to establish a trucking corridor away from the communities."

As to what Kameron/Cline think about those proposals, local officials do not know, Saccary said, because company officials will not tell them.

COAL TRADER SPARK SPREADS

Coal

	--Plus transport--		----Plus SO2----	
	$/st	$/MMBtu	$/st	$/MMBtu
CAPP barge OTC spark	48.45	2.02	48.54	2.02
CAPP rail (CSX) OTC spark	48.25	1.93	48.65	1.95
PRB 8,800 OTC spark	22.90	1.30	22.93	1.30

Emission Allowances

	SO2 G1	SO2 G2	NOx
Current vintage	4.50	21.50	120.00

	Cincinnati	Atlanta	Kansas City
Natural Gas ($/MMBtu)	2.31	2.43	2.34
Electricity ($/MWh)	32.86	29.25	34.10

Generating Hub ($/MWh)

	Gas	Coal Alone	Coal Plus: SO2
Cincinnati	18.44	20.19	20.23
Atlanta	19.40	19.30	19.46
Kansas City	18.68	13.01	13.03

Spark Spreads Hub

	Gas	Coal Alone	Coal Plus: SO2
Cincinnati	14.42	12.67	12.63
Atlanta	9.85	9.95	9.79
Kansas City	15.42	21.09	21.07

Assumptions: Heat rate of 10,000 Btu/kWh (34% efficiency) for typical coal plant, 8,000 Btu/kWh (45%) for typical gas plant. "Without controls" assumes neither SO2 nor NOx controls. Assumed NOx rate: with controls, 0.15 lb/MMBtu; without controls, 0.60 lb/MMBtu

Coals are: CAPP barge OTC (12,000 Btu/lb, 1.67 lb SO2/MMBtu), barged to Cincinnati at $6.25/st ; CAPP rail (CSX) OTC 12,500 Btu/lb, 1.5 lb SO2/MMBtu), railed to Atlanta at $12/st; PRB 8,800 OTC (8,800 Btu/lb, 0.8 lb SO2/MMBtu), railed to Kansas City at $11.75/st

PLATTS PHYSICAL THERMAL COAL ASSESSMENTS, OCT 12

	CV (kcal/kg)	Basis	Sulfur	$/mt	Change
FOB US East Coast	6,500	NAR	1%	54.75	0.25
FOB USGC Eastern Coal	6,000	NAR	3%	42.00	3.00
FOB USGC Western Coal	5,000	GAR	0.5%	41.00	0.00
FOB Canada/USWC	5,000	GAR	0.5%	52.00	0.00

*Note: Loading 14-45 day basis

Daily 90-Day Prices

CIF ARA	6,000	NAR	1%	51.85	-0.15

See Platts Methodology and Specifications Guide at Platts.com for details.

PLATTS DAILY OTC ASSESSMENT RATIONALES

- **CAPP Barge OTC:** There were no trades Monday for the front-month, physically-settled CAPP barge futures contract. Platts assessed the contract price at $42.20/st, up five cents from Friday, based on broker marks.

The above commentary applies to the following market data code: CTNM001

- **CAPP Rail (CSX) OTC:** The physical front-month (November) CAPP rail (CSX) contract traded Monday for $36/st for one train (11,000 st). Platts assessed the contract price at $36.25/st, up 70 cents from Friday, based on broker marks and a reported bid of $36/st and offer of $36.50/st after the earlier trade.

The above commentary applies to the following market data code: CAKM001

- **PRB 8,800 OTC:** The physical front-month (November) PRB 8,800 contract traded twice on Monday for $11.15/st each time, both for one train (15,000 st). Platts assessed the contract price at $11.15/st, up five cents from Friday, based on the day's trades.

The above commentary applies to the following market data code: CTAM001

Cline, he said, "needs to respect the local communities by keeping them informed." Referring specifically to Chris Cline, the billionaire businessman who heads Cline Group, Saccary added, "he can expect nothing but resistance if he keeps operating the way he is."

Cline/Kameron acquired Donkin during the past year from Xstrata and Morien Resources.

The mine is permitted by the province to produce up to 2.75 million mt/py with the following average specifications: 13,300 Btu/lb, 1.6-1.7% sulfur, and a maximum of 10% ash.

According to Saccary, a coal preparation plant and office building are being built at the mine site.

Attempts to reach Cline/Kameron officials were unsuccessful Monday.

— *Bob Matyi*

ERCOT Sept. demand flat to 2014, prices weaker

Houston—Electric Reliability Council of Texas September demand was steady with 2014 levels amid lower prices.

ERCOT's power demand for the month peaked at 64,442 MW on September 8, even with the year-ago peak of 64,440 MW on September 10, 2014, ERCOT said in its monthly report released Friday.

Natural gas-fired usage lost ground, slipping to 47.6% of the electricity generated in ERCOT in September, down from 51.2% in August, but up from 45.2% in September 2014. Spot Houston Ship Channel natural gas prices averaged $2.609/MMBtu for September, falling from $2.736/MMBtu in August and $3.932/MMBtu in September 2014.

Coal-fired power made gains, rising to 31% of the energy used in ERCOT in September, up from 29.8% in August, but lower than the 36% used in September 2014.

Nuclear plants provided 11.2% of the electricity consumed in September, compared with 10% in August and 11.7% in September 2014.

Wind farms produced 9.6% of the energy needed in September, up from 8% in August and 6.5% in September 2014. ERCOT hit a new wind record of 11,467 MW on September 13.

Power prices lower

ERCOT imported 52,036 MWh of power via Direct Current ties in September, compared with 99,423 MWh in September 2014. In comparison, ERCOT imported 173,412 MWh in August.

ERCOT day-ahead locational marginal pricing was significantly down month-to-month and year-over-year.

At ERCOT North, the most liquid hub, the day-ahead on-peak price averaged $28/MWh in September, falling from $58.50/MWh in August and $37.75/MWh in September 2014. Off-peak prices averaged $18/MWh in September, slipping from $18.75/MWh in August and $26.25/MWh in September 2014.

Houston Hub on-peak day-ahead averaged $28/MWh in September, down from $60.75/MWh in August and $39/MWh in September 2014, while off-peak averaged $18/MWh in September, a drop from $18.75/MWh in August and $26.50/MWh in September 2014.

NYMEX HENRY HUB GAS FUTURES CONTRACT, OCT 12

	Settlement	High	Low	+/-	Volume
Nov 2015	2.535	2.559	2.510	0.033	134032
Dec 2015	2.752	2.773	2.716	0.034	61688
Jan 2016	2.889	2.908	2.858	0.032	53821
Feb 2016	2.896	2.915	2.865	0.033	10319
Mar 2016	2.867	2.883	2.837	0.032	18537
Apr 2016	2.739	2.744	2.715	0.027	10660
May 2016	2.749	2.760	2.727	0.025	2736
Jun 2016	2.785	2.785	2.762	0.024	1648
Jul 2016	2.824	2.824	2.803	0.023	1425
Aug 2016	2.833	2.833	2.817	0.023	479
Sep 2016	2.827	2.827	2.804	0.023	702
Oct 2016	2.851	2.852	2.827	0.023	1686
Nov 2016	2.933	2.933	2.907	0.022	426

NATURAL GAS FUTURES COMMENTARY

NYMEX November gas futures settle higher on cooler NE forecast

Houston—The NYMEX November natural gas futures contract rose 3.3 cents to settle at $2.535/MMBtu, as weather forecasts called for the possibility of increased heating demand in the Northeast.

"It is looking more and more like the [$2.50/MMBtu] mark is the marginal cost of production 'average' floor. In a bearish market like this one, that means it becomes a pivot," ICAP Energy Vice President Drew Wozniak said in an email.

The November contract has made small gains in each of the last five trading sessions.

"The natural gas market is also trying to establish a bottom, with [Commodity Futures Trading Commission] data showing a managed money net short exposure [that is] the largest in more than five years, a significant oversold condition," Citi Futures energy futures specialist Tim Evans said in an email.

"Overall, we continue to have a bullish bias, with limited downside and increased upside from current levels and seasonal heating demand likely to spark a short-covering rally between now and year-end," Evans said.

"The last two storage reports indicated that the crushing oversupply may finally be waning and the forecast suggest that weather-based demand will be here much sooner than what was though[t] Friday," Gelber & Associates senior market analyst Aaron Calder said in an email.

WSI's Energycast forecast for the six- to 10-day range called for below-average temperatures across portions of the Northeast. Above-average temperatures are expected across the west and central US.

WSI's 11-to-15 day forecast calls for above-average temperatures across the northern half of the US as well as the West Coast.

According to Bentek Energy, a unit of Platts, total US demand is forecast to see an uptick over the next seven days, reaching an expected average of 63.5 Bcf/d, an increase of 1.2 Bcf/d from the month-to-date average. But demand in the eight- to 14-day range was expected to decline to 62.2 Bcf/d.

— *Curt Mrowiec*

South Hub on-peak averaged $28.25/MWh in September, a decrease from $60/MWh in August and $38.50 in September 2014, while off-peak averaged $18/MWh in September, a loss from $18.75/MWh in August and $26.50/MWh in September 2014.

West Hub on-peak prices averaged $28/MWh in September, moving down from $59/MWh in August and $37.75/MWh in September 2014, while off-peak averaged $18/MWh in September, down from $18.75/MWh in August and $26.25/MWh in September 2014.

Currently, ERCOT North Hub November packages are valued in the mid $20s/MWh, down significantly from the same time last year when November prices averaged in the mid-$30s/MWh. November 2014 values averaged $35/MWh, starting the month around $36.75/MWh and finishing the month around $34.50/MWh.

National Weather Service data shows that Austin, which lies near the center of ERCOT's footprint, had 7.9% more cooling-degree days in September than normal and 7.5% more than 2014.

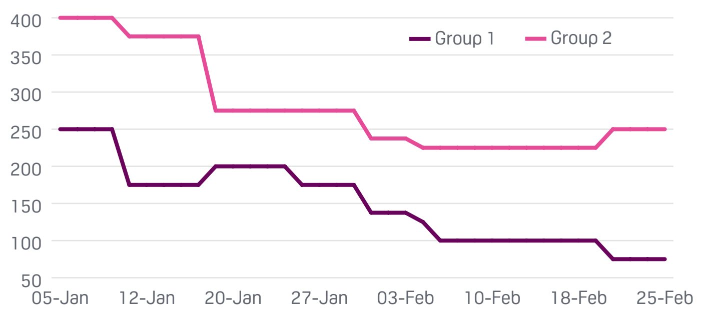
Consumers across the grid operator's footprint used 32.149 million MWh of power in September, compared with 30.99 million MWh in September 2014 — a 3.7% increase year over year, according to the report. Usage fell about 13% from 36.9 million MWh in August.

— Kassia Micek

DAILY CSAPR ALLOWANCE ASSESSMENTS, OCT 12 ($/st)

	$/st	2015 Range	$/st	2016 Range
NOx Annual	120.00	100.00-140.00	115.00	95.00-135.00
NOx Seasonal	221.00	182.00-260.00	216.00	177.00-255.00
SO_2 Group 1	4.50	1.00-8.00	2.25	0.50-4.00
SO_2 Group 2	21.50	3.00-40.00	18.25	1.50-35.00

CSAPR VINTAGE 2015 SO2 ALLOWANCES ($/st)



Black Hills' only mine on track to meet 2015 production target

Charlottetown, Prince Edward Island—With barely two months left in 2015, Black Hills Corp.'s Wyodak thermal coal surface mine in Campbell County, Wyoming, is on track to meet forecasted production of 4.1 million st for the year, a spokesman for the Rapid City, South Dakota-based company said Monday.

"Right now, things are status quo," Jerome Nichols said in an interview.

Black Hills reinforced Wyodak's projected output this year during a meeting with analysts last week.

Wyodak mainly supplies the Neil Simpson 2, Wygen 1, 2 and 3 and Wyodak baseload coal plants near Gillette, Wyoming. Approximately half of the mine's production is sold under contracts that include price adjustments based on actual mining costs, including income taxes.

Existing contracts include 1.5 million st annually through 2022 with Wyodak, co-owned by Black Hills with PacifiCorp, and features a scheduled July 1, 2019, contract reopener; 600,000 st annually for the life of the plant for Wygen III; and 800,000 st annually with other Black Hills power plants.

The mine produced about 2.1 million st in the first half of 2015 and was expected to turn out about 1 million st in the third quarter. It produced slightly more than 4 million st in 2014.

Black Hills does not yet have tonnage projections for 2016, although Nichols said no major changes are planned for the mine next year.

The mine has an estimated 48-year supply of low-sulfur Powder River Basin coal.

In the second quarter, Wyodak, Black Hills' only coal mine, contributed $3 million in net income to the company's bottom line, largely as a result of an increase in the price per/st sold and a 1% rise in sales.

— Bob Matyi

EXPORT MARKETS

Shenhua's price cut unsettles Chinese seaborne thermal coal market

Perth, Hunan—Participants in China's seaborne thermal coal market were adjusting to a significant price cut by Chinese giant coal producer Shenhua that has delivered another blow to import prices, said market sources Monday.

In an unexpected move late Friday, Shenhua told customers that its price for 5,500 kcal/kg NAR domestic thermal coal for delivery in the remainder of October would be cut by Yuan 15/mt to Yuan 390/mt FOB North China ports.

"In view of the continuing downward trend in the domestic market, we would not take chances by making purchases of overseas thermal coal at the moment," said a trader in Liaoning.

"We will continue focusing on domestic thermal coal business over the next couple of months," a Beijing-based trader said.

For, 5,000 kcal/kg NAR domestic coal Shenhua has lowered its offer price by Yuan 10/mt, to Yuan 350/mt FOB, said sources.

Shenhua's price adjustments are unusual in that they occurred in the middle of the month, when historically the producer has announced price changes at the beginning of a calendar month.

Shenhua's price discounts follow China National Coal Group — China's second largest coal producer — cutting its price for 5,500 kcal/kg NAR cargoes to Yuan 395/mt FOB North China ports.

At Qinhuangdao port in northern China, spot 5,000 kcal/kg NAR thermal coal with sulfur content of 1-1.2% attracted downstream bids of only Yuan 315-Yuan 320/mt FOB basis, said traders in China.

Tradable levels for domestic 5,500 kcal/kg NAR thermal coal slipped further in Asia trade to about Yuan 370-Yuan 380/mt, down by about Yuan 5/mt on week. Offers for domestic 5,500 kcal/kg NAR with 0.8% sulfur were heard at Yuan 380/mt FOB Tianjin Port, inclusive of VAT.

Seaborne deals heard

In the seaborne thermal coal market, November-delivery Capesize cargoes of 5,500 kcal/kg NAR Australian thermal coal was offered at about $43/mt FOB, or $51/mt CFR southern China.

A trader in Guangdong said: "Even without the 6% import tax, high-CV Australian thermal coal can barely compete against similar domestic material."

Another trader based in China said Capesize cargoes of Australian 5,500 kcal/kg NAR coal were offered Friday at $50.50/mt CFR South China, which he considered "too high."

He received an offer on Monday for a Capesize shipment of the same thermal coal for early November laycan at $48.50/mt CFR.

Capesize freight rate from Newcastle to South China was estimated at $8/mt by this trader.

"Maybe the supplier [of this cargo] got a very good freight rate," he said.

The Beijing-based trader said his company had just turned down offers of November-delivery Panamax-sized cargoes of 4,700 kcal/kg NAR Indonesian coal at $39/mt FOB.

A Liaoning-based trader noted that his company received an offer for an October-loading Panamax-sized cargo of 4,700 kcal/kg NAR Indonesian coal at $38.50/mt FOB, or $42.50/mt CFR southern China.

An October-loading Panamax cargo of 3,800 kcal/kg NAR Indonesian coal was offered at $27.50/mt FOB but found Chinese bidding interest at only about $26/mt FOB, sources in China said.

A gearless vessel shipment of 3,800 kcal/kg NAR coal for a power utility in Fujian was heard at around Yuan 234/mt CFR, exclusive of port charges.

Chinese assessments mixed

"The demand [in China] is good, but the challenge is the price," he said. "Nobody cares about winter restocking because we can buy stocks at any time. This is why the market is so low."

The PCC 1 price assessment for domestic thermal coal with a calorific value of 5,500 kcal/kg NAR traded at Qinhuangdao port was at Yuan 376.50/mt FOB, down Yuan 1.50 on the day, and the PCC 2 price assessment for 5,000 kcal/kg NAR domestic coal FOB Qinhuangdao basis was Yuan 330/mt, steady on day.

The PCC 6 price for imported 3,800 kcal/kg NAR thermal coal delivered to South China was assessed at $31/mt CFR South China, steady on day, and the PCC 7 price for 4,700 kcal/kg NAR imported thermal coal was at $42.25/mt on a delivered China basis, down 5 cents on day.

The PCC 8 price assessment for 5,500 kcal/kg NAR thermal coal was at $49.30/mt CFR South China at Monday's close in Asia, down 20 cents on day.

— Mike Cooper, Mia Corazon Aureus, Reggie Le

Physical PRB 8,800 ... from page 1

$42.20/st, up 5 cents from Friday, based on broker marks.

In the Powder River Basin 8,800 Btu/lb market, the physical November contract traded twice Monday, both times for $11.15/st for one train (15,000 st) each. The contract last traded October 8 for $11.05/st.

The PRB 8,800 financial contract did not trade Monday.

Platts assessed the front-month (November) PRB 8,800 physical contract at $11.15/st, up five cents from Friday, based on the day's trades.

For the year, the front-month contract is down 9%, but up 3.2% compared with the price a year ago.

— Andrew Moore

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restore heat and stabilize coking rates. More repairs and upgrades are expected, the company said.

"As we think about going forward, we plan to take a more balanced approach beyond going spending, and the management of the projects within the plant are going to be incorporated within the operations of the plant," Henderson said. "The emphasis going forward is going to be on stability in the operation, and the operation performance, not necessarily in hitting the 1.2 million [st/year] rate."

In total, SunCoke produced 1.049 million st of coke in the US in Q3, up slightly from 1.047 million st in the second quarter of 2015 but down compared with 1.090 million st in Q3 2014.

Though the first three quarters of 2015, the company's US coke production is slightly up compared with 2014 to 3.094 million st from 3.092 million st.

SunCoke on Monday adjusted its 2015 guidance for US coke production to a range of 4.1 million to 4.2 million st from 4.3 million st. It also downgraded its outlook on US coke prices on an adjusted EBITDA scale, dropping its guidance to $50-$55/st from $55-$60/st.

SunCoke also said its Q3 revenues declined $40.1 million year on year to $336.9 million, reflecting lower coal costs in the US coke segment and lower sales volumes.

The company's US coke revenues dropped $38.4 million year on year to $311.5 million, while its sales volumes fell 31,000 st to 1.043 million st.

Coal handling revenues up

SunCoke's coal handling blending services, operated by subsidiary SXCP, posted revenues of $13.8 million in Q3, a $5.1 million increase compared with the year-ago quarter.

Performance at SXCP's facilities, which include the Lake Terminal in East Chicago, Indiana, and the Kanawha River Terminals along the Ohio, Big Sandy and Kanawha rivers in West Virginia and Kentucky, was bolstered by the addition of the Convent Marine Terminal on the Mississippi River in Louisiana.

SunCoke closed on its $412 million accusation of Convent from The Cline Group in August. The terminal handled 817,000 st in Q3, contributing $5.4 million of a total $10.4 million to the company's adjusted EBITDA in the quarter.

SXCP's facilities combined handled a total of 5.149 million st in the quarter, up 377,000 st compared with the year-ago quarter.

SunCoke's met coal mining ventures in Virginia and West Virginia, currently mined by contractors, posted an adjusted EBITDA loss of $4.9 million, down $2.0 million due to a $12/st decline in the sales price as a result of depressed market conditions, the company said.

— *Jim Levesque*

