NEWSLETTER

JANUARY 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

921

BDI
(Per 18st Jan)

Bunker Price

Bunker Price	Singapore *per 18st Jan*
FO380	402.00
MGO	925.00

** Inclusive VAT, Income tax & PBBKB.*

Currency exchange Rate (USD)	
Buy : IDR 15.078	Sell : IDR 15.229

Weather Forecast

Area	Weather	Winds	Swell
Samarinda	Chance of Storm 32°/23°C	6 – 12 km/h	0.1 – 0.3 m
Banjarmasin	Chance of Storm 32°/23°C	7 - 13 km/h	0.1 – 0.2 m
Balikpapan	Chance of Storm 29°/24°C	7 - 11 km/h	0.1 – 0.2 m
Tarakan	Chance of Rain 29°/25°C	9 - 14 km/h	0.1 – 0.2 m
Muara Satui	Chance of Rain 31°/23°C	7 - 13 km/h	0.1 – 0.2 m

Congestion Information *(December - January)*

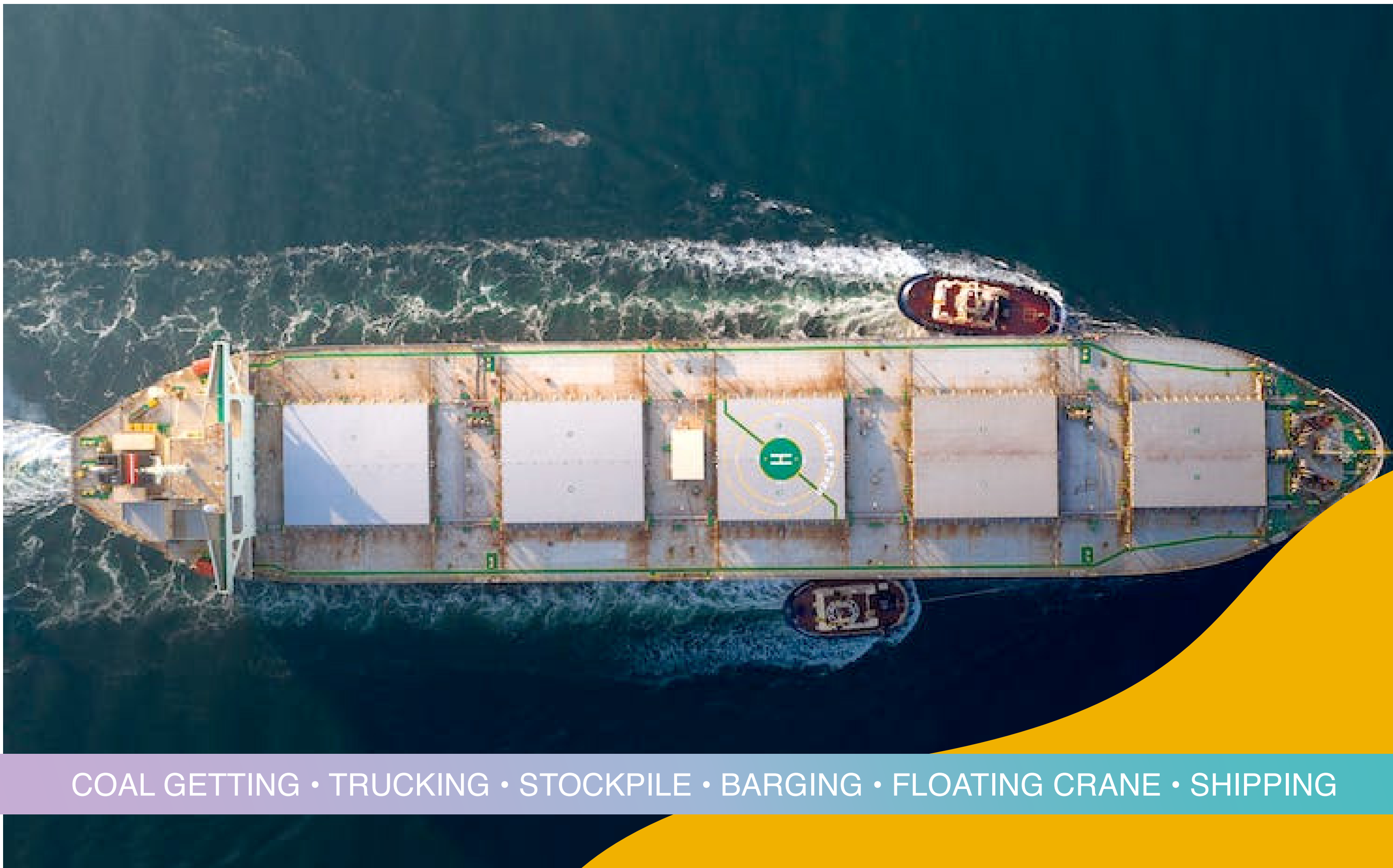
PORT	PORT STAY	TOTAL STAY
ADANG BAY	5.1	16.2
BALIKPAPAN	1.24	2.59
BCT	1.1	1.46
BONTANG	6	7.5
BUNATI	2.33	7.20
JAMBI	2.33	8.33
KALIORANG	2.57	5.86
MUARA PANTAI	1.5	5.98
M SANGKULIRANG	0.90	4.10
M SATUI	0.5	3
PALEMBANG	1.82	8.27
SAMARINDA	1.44	4.85
TABONEO	3.24	7.56
TARAHAN	2.95	4.32
TARAKAN	1.46	5.88
TG PEMANCINGAN	2	4

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	
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



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

Panamax vessel rates slump to 2.5-year low

Source: montelnews.com

(Montel) The global index for panamax vessels – which are predominant carriers of seaborne coal – has slumped to a 2.5-year low due to vessel oversupply and flagging demand ahead of the Chinese new year holiday.
The Baltic Panamax Index (BPI), which tracks rates for the 60,000-80,000 deadweight tonne segment, was a … the month and its lowest since 18 June 2…

Shipping rate fluctuations can influence European API 2 and Des ARA coal price moves, with the prices containing a delivery to Amsterdam, Rotterdam or Antwerp freight component.
Burak Cetinok, head of research at Arrow Shipbroking Group, said the weaker rates reflected a combination of sluggish demand and an over-abundance of ships.
"Seasonally, we are in the weakest period for the dry bulk market anyway but demand was already quite weak because of surging [Covid-19] infections in China," he said, regarding the negative impact on industrial demand of coronavirus-related lockdowns.
"There is also a pre-Chinese new year lull in demand," he said, regarding the country's looming nationwide holiday period from 22 January-1 February.
Cetinok said rates could decline further, before a possible pick-up in demand later in the first quarter.

Awash with vessels

Shipbroker Fearnleys, meanwhile, said the Atlantic market remained "awash" with panamax vessels, and "consequently cheaper rates were agreed", despite some reports of port loading delays.
"No better news emanated from Asia either, despite a healthy-looking demand book," it said in a note to clients, adding the excess tonnage therefore continued to drive rates further down.

The BPI losses have in turn pressured the Baltic Dry Index, which reflects all dry bulk vessel segments, with the marker pegged last at a four-month low of 1,043 points, according to the Baltic Exchange.

Panamax vessels – which are among the larger bulk vessel classes but still able to traverse the Panama Canal – are largely employed for the transportation of coal, iron ore and grains.

PLN strengthens the supply chain of biomass as a substitute for coal

Source: antaranews.com

Jakarta (ANTARA) - A PT PLN (Persero) subsidiary, PT Energi Primer Indonesia, strengthens the supply chain of biomass as a substitute for coal in Steam Power Plants (PLTU).

President Director of PT Energi Primer Indonesia Iwan Agung Firstantara said they had agreed on a memorandum of understanding (MoU) with PT Energy Management Indonesia and PT Alpha Rizki Teknologi for developing and managing biomass.

"This collaboration is to meet the demand for biomass supply to replace PLTU coal by utilizing local resources," he said here on Sunday.

Firstantara said they are utilizing biomass as a co-firing program for PLTU to reduce greenhouse gas emissions and build a people's economy through community empowerment in providing biomass.

He said that community involvement in the program helps improve the economy and ensures the continuity of the biomass supply in the co-firing program for PLTU.

Biomass Director of PT Energi Primer Indonesia Antonius Aris Sudjatmiko said the MoU was initiated with the two companies last year.

During this time, there have been several embryos of joint activities, such as finding local biomass sources.

Other activities include collecting unprocessed biomass around the PLTU and seeing the potential for production market facilities where Alpha Rizki Teknologi involve as an investor and Energy Management Indonesia becomes an aggregator for planting biomass through the CSR program.

This year, PLN needs 1.05 million tons of biomass products. This amount is expected to increase to 10 million tons in 2025.

The enormous demand for biomass requires massive efforts, such as planting energy crops starting with the energy forest ecosystem and synchronizing biomass's supply chain with coal's supply chain.

The unused land around coal mines can be used to plant biomass trees that can improve the economic standard of the local community.
"PLN continues to collaborate with various parties to support the government to achieve the target of net zero emission by 2060 and at the same time strive for sustainable economic development through the co-firing program of biomass," Sudjatmiko said.

Power price hike on the cards in Vietnam

Source: vir.com.vn

Despite Electricity of Vietnam's (EVN) intention to increase energy rates to rebalance its budget for 2023, the status of coal-fired power does not yet seem to be declining. On the websites of the Ministry of Industry and Trade (MoIT) and its affiliates, there are an increasing number of articles analysing the high power costs of several nations in the region and around the globe. The majority of information connects to the MoIT's consideration of a proposal to raise the average retail price of energy as a means to assist EVN in rebalancing its finances after a $1.34 billion loss in 2022.

In December, EVN proposed to the MoIT that the selling price of electricity be raised in order to alleviate hardships and ensure financial balance in 2023 and subsequent years due to high fuel costs. EVN said that it is awaiting “a decision from the appropriate authorities”.

EVN estimates that the average retail price of energy in 2022 was 8.2 US cents per kWh (excluding the exchange rate difference of the remaining power purchase contracts in 2019-2021 of generating units). This is 2.74 per cent more than the average retail power price applied in early 2019 and which has not been altered since.

The continued high price of coal on the global market is regarded as an external factor that is increasing the cost of producing power in Vietnam. The Vietnam National Coal and Mineral Industries Group (Vinacomin) predicts that the quantity of imported coal will vary around 70-75 million metric tonnes per year by 2025, while local coal production capacity can only cover 40-45 per cent of demand.

Nguyen Tai Anh, deputy general director of EVN, said that the abrupt surge in fuel prices has caused EVN’s power production and purchasing costs to skyrocket to $2.27 billion. This effect led to a $580 million loss last year. Together with PetroVietnam and Vinacomin, EVN accounts for around 40 per cent of Vietnam’s yearly power output, and it spent almost $1.07 billion on power in 2022.

About 84 million kWh of energy was bought from coal power, both domestic and imported, last year. Compared to 2021, the average purchase price of energy from coal power plants rose by 2 US cents per kWh and by almost 9 US cents per kWh for imported coal plants. Vietnam imports 35-36 million metric tonnes of coal a year for energy generation.

In addition, EVN purchased over 29 million kWh of petrol at high costs, with the price correlated to global oil prices. In 2022, the price of oil was 2.2 times higher than it was in 2020 and 1.3 times higher than it was in 2021.

According to EVN, this effect increases the possibility of a financial imbalance owing to a failure to change energy rates in a timely manner, threatening the capacity to provide sufficient power for production, business, and consumption in 2023. The state-run group generated around $19.65 billion in sales last year, an increase of nearly 4.3 per cent compared to 2021, but was unable to overcome financial troubles.

Meanwhile, Power Generation Corporation 3 (GENCO3) is projected to generate 31.7 trillion kWh of power this year. However, general director Le Van Danh is still worried that volatility in the global market will continue to impact company operations since “fuel sources, particularly coal, may influence power production pricing”.

Last year, GENCO3, which generates almost 13 per cent of EVN's power, failed to provide adequate coal for Vinh Tan 2 thermal power plant. According to Danh, GENCO3 was short of coal for power generation during portions of the first and second quarters. For the year, the corporation's energy production reached 32.2 trillion kWh as a result of "efforts to locate coal supplies for power generation".

Vietnam has maintained a strategy of diversifying energy sources for years. The director of the National Load Dispatch Centre, Nguyen Duc Ninh, said that they had to completely mobilise hydropower sources at cheaper rates in order to minimise expenses, producing 95-96 billion kWh – the greatest production in 10 years and almost eight times the plan. However, by the end of 2022, hydropower accounted for just over one-third of the source structure. In the second half of the year, the hydrological situation changed erratically, with less water in the nation' lakes than at the beginning of the year. As a result, hydro-electric power plants had to discharge more than 10 billion cu.m of water, equivalent to approximately two billion kWh, for the drainage and satisfy the inter-reservoir process, according to Ninh.

Ninh added that there have been restrictions to mobilising energy from other sources, such as natural gas and renewables. The quantity of gas delivered to power plants falls short of the units' capacity by 30 per cent. "Frequently, the National Load Dispatch Centre must deploy additional power units powered by expensive oil," Ninh said.

"On the present power generating market, the majority of factories' asking prices exceed the average retail electricity price imposed since 2019. Some factories have bid as high as 13-17 US cents," Ninh explained.

In 2022, the capacity price and ceiling price grew dramatically, causing the payment price per kWh to rise by about 20 per cent compared to 2021 and by 36 per cent compared to 2019. Last year the capacity price – the cost to compute capacity payments for producers in the electrical market – climbed by over 250 per cent compared to 2021 and by almost three times compared to 2020.

In addition, the ceiling price in the power market hit a new high of 7 US cents, a rise of 7 per cent from 2021 and 19 per cent from 2019.

Coal production rises nearly 11% to 82.87 million tonnes in December

Source: Livemint.com

NEW DELHI: India's coal output rose 10.81% year-on-year to 82.87 million tonnes (MT) in December from 74.79 million tonnes a year ago, the Ministry of Coal said in a statement.
In December, Coal India Ltd (CIL) registered a production growth of 10.30%, while Singareni Collieries Company Limited (SCCL) and other captive mines saw output rise 19.12% and 9.01%, respectively.
According to the coal ministry, as many as 28 coal mines produced more than 100% and production of four mines stood between 80 and 100% in terms of output.
Coal despatches rose 5.28% on year to 78.91 MT in December.

China's easing of Australian coal ban is symbolic, not market-shifting

Source: Reuters.com

LAUNCESTON, Australia, Jan 9 (Reuters) - China's decision to allow imports of Australian coal after more than two years of an unofficial ban is one of those moves where the symbolic importance outweighs the practical impact.
The partial easing of the ban will see three utilities and a major steelmaker given permission to resume imports from Australia, which used to be the second-biggest supplier to China prior to the curbs being imposed in mid-2020.
While there is likely to be some interest among Chinese buyers for cargoes from Australia, the likelihood of a return to prior levels of trade is limited as regional and global market dynamics have shifted substantially.
That doesn't mean the move is without significance, but the impact is likely to be more about improving ties between China and Australia, which became strained when Canberra called for an investigation into the origins of the coronavirus pandemic, resulting in China banning imports of several goods from Australia, including barley, wine and lobsters.
Become a major factor in China, the world's largest importer of the fuel used mainly for power generation or to make steel.
The first, and most important, is that Australian coal will struggle to compete on price in China, especially thermal grades used to make electricity.

Prior to the ban in July 2020, China was importing in the region of 3.5 to 4.3 million tonnes of thermal coal from Australia, with the 2020 peak coming in at 4.26 million in April of that year, according to data compiled by commodity analysts Kpler.

For that month, it gave Australia a market share of 21% of China's total thermal coal imports, well behind the leader Indonesia, which had a share of 69%.

While the numbers did move around somewhat on a monthly basis, the April 2020 data is representative of the broader trend in China's imports of thermal coal, namely Indonesia dominated and Australia was a distant second.

Once the informal ban came into effect, Australia's share of China's imports dropped to zero by early 2021.

It's also the case that China's overall imports slumped in the months after the ban was imposed, but they started to recover from November 2020 onwards and by June 2021 thermal coal arrivals were exceeding 2020 levels.

What effectively happened is that Russian cargoes replaced Australian, with seaborne thermal coal imports from China's northern neighbour reaching 3.37 million tonnes by June 2021, having been just 1.07 million in April 2020, the peak month for imports from Australia that year.

China's imports of Russian thermal coal have remained solid, with some seasonal variations, since then and were 2.96 million tonnes in December, according to Kpler.

The question is whether Australian coal miners can compete on price with Russian thermal supplies, and the answer is probably not.

Chinese utilities previously imported lower grade Australian thermal coal, so the closest match is the 5,500 kilocalories per kg (kcal/kg) assessment by commodity price reporting agency Argus.

This was pegged at $132 a tonne in the week to Jan. 6, which is roughly similar to Russian thermal coal at the eastern port of Nakhodka, which was assessed by McCloskey at $130.

However, the freight rate strongly favours Russian supplies given the shorter distance to reach Chinese ports.

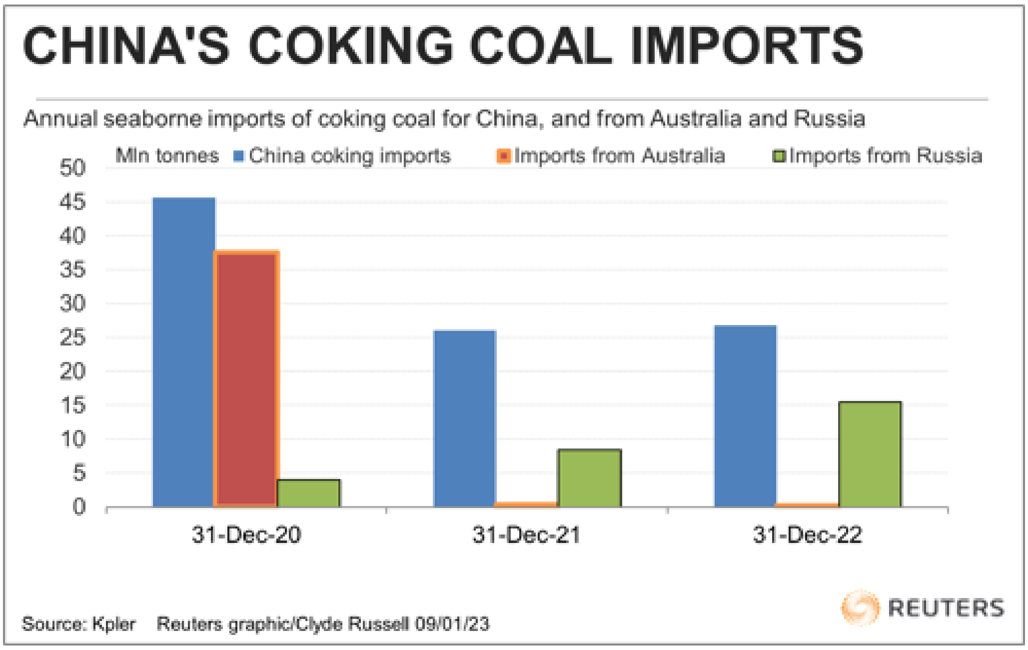
There is also more than price to consider.

Australian coal miners, as well as the region's traders, shippers and bankers, will be wary of going back into the Chinese market, having been burnt by the unofficial ban back in 2020.

This means they are likely to be willing to sell again to China, but will also be more demanding in terms of price and guarantees.

They may also be reluctant to divert coal away from the buyers they gained after the Chinese ban, especially those in places like India and Vietnam.

In short, it will likely take some time to rebuild trust and trading relationships. Add in a likely price disadvantage and it's hard to see Australian thermal coal charging back into China.



COKING COAL HOPES

Where there is more scope is in metallurgical, or coking, coal, where Australian cargoes are likely to be more price competitive against those from Russia and the United States.

Australia used to be China's top supplier of imported seaborne coking coal, with imports peaking at 6.84 million tonnes in June 2020, for a market share of 94%.

Russia was a distant second in June 2020, supplying just 409,916 tonnes, according to Kpler.

The unofficial ban on Australia coal saw China's imports of seaborne coking coal plunge, and unlike thermal coal they have not recovered and were just 2.14 million tonnes in December 2022, or just under 30% of June 2020 levels.

China has been forced to import more coking coal overland from neighboring Mongolia and has also boosted domestic output to make up for the shortfall.

While Australian coking coal is likely to be pricier than that from Mongolia, it can also be delivered to coastal steel mills more easily.

Australian supplies may also be more costly than those from Russia, but Russia has limited capacity to supply more volumes, which means Chinese buyers may be willing to purchase Australian supplies to ensure security of supply.

But it may take some time for Australian coking coal to return to China in meaningful volumes for much the same reasons as thermal coal, a lack of trust, the need to rebuild trading relationships and a reluctance to cut off other buyers.

ITL Vessel Line Up

OCT	NOV	DEC	Total Vessel
420	439	606	1465

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)	414	28%
2	India	213	15%
3	Indonesia	173	12%
4	Philippines	135	9%
5	Korea	124	8%
6	Malaysia	85	6%
7	Japan	85	6%
8	Taiwan	52	4%
9	Thailand	38	3%
10	Bangladesh	35	2%
11	Singapore	33	2%
12	Vietnam	29	1%
13	Pakistan	19	1%
14	Others	17	1%

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

PORT WISE

No	Port	Shipments	Percentage
1	Taboneo	229	16%
2	Samarinda	179	12%
3	Bunati	154	10%
4	Palembang	144	9%
5	Adang Bay	130	9%
6	BCT	125	9%
7	Muara Pantai	118	8%
8	Tg. Pemancingan	80	5%
9	Tarakan	69	5%
10	Kaliorang	65	4%
11	Muara Sangkulirang	35	2%
12	Balikpapan	33	2%
13	Kota Baru	30	2%
14	Tarahan	26	2%
15	IBT	15	1%
16	Asam - Asam	13	1%
17	NPLCT	13	Below 1%
18	Tg. Sabau	5	Below 1%
19	Muara Satui	2	Below 1%

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Cargo Handling & Agency Services

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