



Coal Price and FX consensus forecasts

December 2015/January 2016



This bulletin provides a summary of coal price forecasts (hard coking coal, PCI, semi-soft coking coal and Newcastle benchmark thermal coal) and AUD:USD exchange rate forecasts as at December 2015/January 2016. These have been sourced from various research databases and broker reports (the Contributors), presented on a 31 December year end basis. Where available, we have included the Contributors' long-term price forecasts. We have also included the average and median forecasts presented in our previous bulletin (September/October 2015).

All coal price forecasts, other than long term, are presented in nominal USD per metric tonne, free on board terms. The long term prices are in real current (2016) USD per metric tonne, free on board terms. Where applicable, we have made the following adjustments to certain coal price forecasts:

- Where Contributors have expressed coal price forecasts in real terms over the explicit forecast period, we have converted into nominal terms using a high level inflation assumption of 2.5 percent per annum.
- Where long term coal price forecasts have been expressed in nominal terms, we have converted into real current (2016) terms using a high level inflation assumption of 2.5 percent per annum.
- Where coal prices have been expressed in Australian Fiscal Year (1 July to 30 June) terms (FY) we have adjusted the forecast prices to be consistent with calendar year terms (CY), by adding 50 percent of the current FY forecast (1 July to 31 December) and 50 percent of the prior year's FY forecast (1 January to 30 June).
- Where coal prices have been expressed in Japanese Fiscal Year (1 April to 31 March) terms (JFY) we have adjusted the forecast prices to be consistent with calendar year terms (CY), by adding 75 percent of the current JFY forecast (1 April to 31 December) and 25 percent of the prior year's JFY forecast (1 January to 31 March).

With regards to Newcastle benchmark thermal coal, we note that some of the Contributors forecast spot prices while some forecast contract prices. We have not distinguished between these in the bulletin.

The names of the Contributors have not been provided, and have been presented as "Contributor [Number]". We note that not all Contributors have provided AUD:USD rate forecasts or coal price forecasts for each forecast year, and not all Contributors have provided forecasts for each coal type.

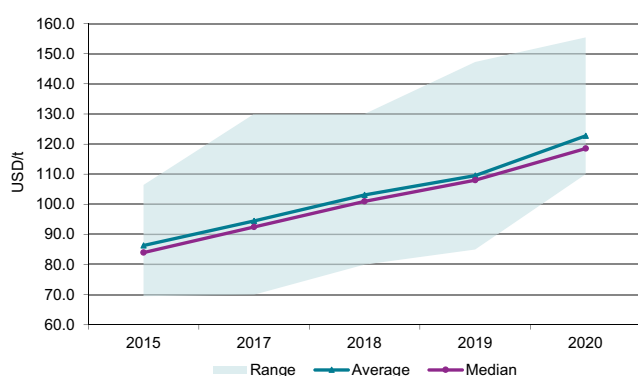
The forecast data presented in this report represents an unbiased summary of commodity price and exchange rate forecasts, based on the views of individual economic commentators and broking houses. It is not necessarily reflective of either KPMG's views on coal price or exchange rate forecasts, or our preferred approach in determining forecast coal prices and forecast exchange rates.

This analysis is provided to you on an information only basis and if you wish to rely on this analysis or any part thereof you do so entirely at your own risk.

This bulletin makes reference to 'KPMG Analysis'. This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Hard coking coal price forecasts

The hard coking coal price forecasts are summarised below:



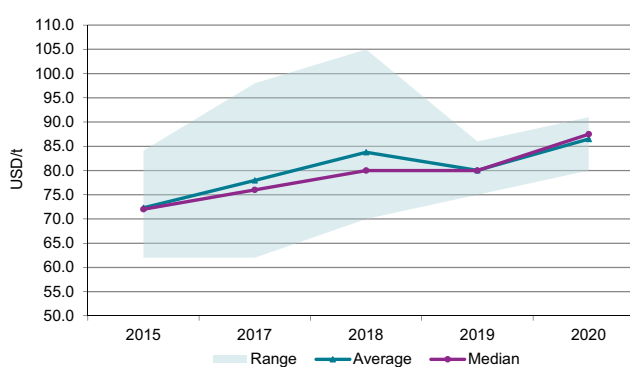
Hard coking coal (USD/t Nominal)

Year ended 31 December	Reporting date	2016	2017	2018	2019	2020	LT (2016)
Contributor 1	20-Jan-16	88.0	93.0	98.0	100.0	n/a	n/a
Contributor 2	13-Jan-16	83.0	95.0	110.0	110.0	110.0	104.6
Contributor 3	13-Jan-16	83.8	88.5	95.0	105.3	118.5	107.6
Contributor 4	13-Jan-16	83.0	85.0	85.0	85.0	n/a	87.1
Contributor 5	11-Jan-16	77.0	80.0	90.0	100.0	110.0	107.6
Contributor 6	6-Jan-16	100.0	130.0	130.0	n/a	n/a	143.5
Contributor 7	29-Dec-15	80.0	85.0	95.0	100.0	n/a	153.8
Contributor 8	18-Dec-15	94.0	115.0	n/a	n/a	n/a	138.4
Contributor 9	15-Dec-15	84.0	90.0	99.0	109.0	119.0	142.5
Contributor 10	15-Dec-15	82.0	86.0	103.0	108.0	116.0	130.2
Contributor 11	14-Dec-15	75.0	75.0	80.0	n/a	n/a	n/a
Contributor 12	14-Dec-15	86.5	92.5	105.0	120.5	130.0	133.3
Contributor 13	14-Dec-15	69.5	70.0	85.0	n/a	n/a	n/a
Contributor 14	14-Dec-15	90.5	107.0	127.5	147.3	155.4	170.5
Contributor 18	10-Dec-15	95.0	115.0	130.0	n/a	n/a	153.8
Contributor 20	19-Nov-15	106.4	98.7	107.8	n/a	n/a	n/a
Contributor 21	22-Oct-15	90.0	100.0	110.0	120.0	n/a	123.0
Low		69.5	70.0	80.0	85.0	110.0	87.1
High		106.4	130.0	130.0	147.3	155.4	170.5
Average		86.3	94.5	103.1	109.6	122.7	130.4
Median		84.0	92.5	101.0	108.0	118.5	133.3
Previous bulletin (September/October 2015)							
Average		95.7	103.6	113.3	120.1	n/a	136.7
Median		93.0	100.0	110.0	121.8	n/a	140.0

Source: Thomson Research, the Contributors, KPMG analysis
n/a: forecast not available

Low and ultra-low volatile PCI coal price forecasts

The low and ultra-low volatile PCI coal price forecasts are summarised below:



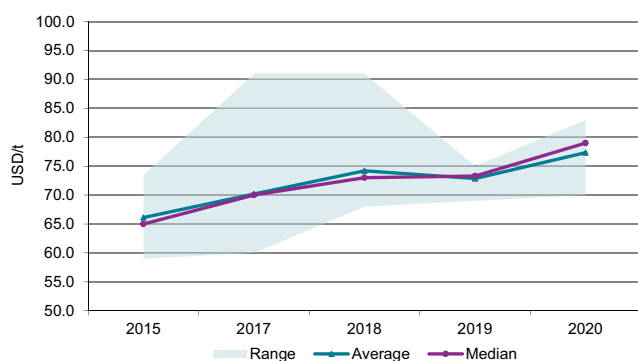
Low and ultra-low volatile PCI coal (USD/t Nominal)

Year ended 31 December	Reporting date	2016	2017	2018	2019	2020	LT (2016)
Contributor 1	20-Jan-16	72.0	76.0	80.0	80.0	n/a	n/a
Contributor 3	13-Jan-16	68.0	70.5	74.8	82.3	90.0	82.0
Contributor 5	11-Jan-16	62.0	62.0	70.0	77.0	85.0	80.0
Contributor 6	6-Jan-16	75.0	98.0	98.0	n/a	n/a	107.6
Contributor 7	29-Dec-15	65.0	70.0	75.0	75.0	n/a	117.9
Contributor 10	15-Dec-15	68.0	72.0	85.0	86.0	91.0	100.5
Contributor 18	10-Dec-15	76.8	93.0	105.0	n/a	n/a	119.9
Contributor 19	8-Dec-15	80.0	80.0	80.0	80.0	80.0	n/a
Contributor 20	19-Nov-15	84.1	80.0	86.0	n/a	n/a	n/a
Low		62.0	62.0	70.0	75.0	80.0	80.0
High		84.1	98.0	105.0	86.0	91.0	119.9
Average		72.3	77.9	83.8	80.1	86.5	101.3
Median		72.0	76.0	80.0	80.0	87.5	104.0
Previous bulletin (September/October 2015)							
Average		79.2	86.4	93.7	99.5	n/a	105.6
Median		78.0	83.5	89.3	98.0	n/a	105.0

Source: Thomson Research, the Contributors, KPMG analysis
n/a: forecast not available

Semi-soft coking coal price forecasts

The semi-soft coking coal price forecasts are summarised below:



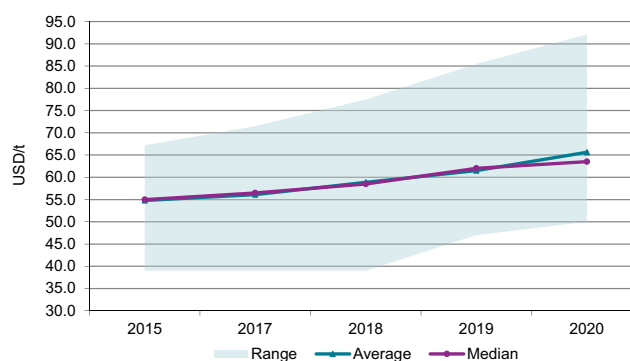
Semi-soft coking coal price forecasts

Year ended 31 December	Reporting date	2016	2017	2018	2019	2020	LT (2016)
Contributor 1	20-Jan-16	70.0	73.0	73.0	72.0	n/a	n/a
Contributor 3	13-Jan-16	64.3	66.5	69.0	73.3	79.0	71.8
Contributor 5	11-Jan-16	59.0	60.0	68.0	75.0	83.0	77.9
Contributor 6	6-Jan-16	70.0	91.0	91.0	n/a	n/a	100.5
Contributor 7	29-Dec-15	65.0	70.0	75.0	75.0	n/a	107.6
Contributor 10	15-Dec-15	61.0	60.0	68.0	69.0	70.0	87.1
Contributor 20	19-Nov-15	73.5	70.9	75.4	n/a	n/a	n/a
Low		59.0	60.0	68.0	69.0	70.0	71.8
High		73.5	91.0	91.0	75.0	83.0	107.6
Average		66.1	70.2	74.2	72.9	77.3	89.0
Median		65.0	70.0	73.0	73.3	79.0	87.1
Previous bulletin (September/October 2015)							
Average		71.3	78.1	82.1	89.2	n/a	94.5
Median		72.0	76.5	80.0	87.0	n/a	95.0

Source: Thomson Research, the Contributors, KPMG analysis
n/a: forecast not available

Newcastle benchmark thermal coal price forecasts

The Newcastle benchmark thermal coal price forecasts are summarised below:



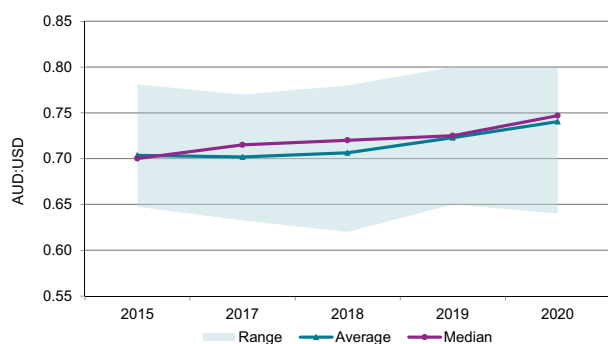
Newcastle benchmark thermal coal price forecasts

Year ended 31 December	Reporting date	2016	2017	2018	2019	2020	LT (2016)
Contributor 1	20-Jan-16	53.0	50.0	50.0	50.0	n/a	n/a
Contributor 2	13-Jan-16	58.0	57.0	59.0	64.0	65.0	61.5
Contributor 3	13-Jan-16	55.3	55.5	56.5	58.0	62.0	56.4
Contributor 4	13-Jan-16	50.0	52.0	55.0	55.0	n/a	56.4
Contributor 5	11-Jan-16	49.0	43.0	44.0	47.0	50.0	49.2
Contributor 6	6-Jan-16	39.0	39.0	39.0	n/a	n/a	40.0
Contributor 7	29-Dec-15	55.0	60.0	65.0	65.0	n/a	87.1
Contributor 8	18-Dec-15	56.0	60.0	n/a	n/a	n/a	76.9
Contributor 9	15-Dec-15	51.0	49.0	49.0	52.0	56.0	60.5
Contributor 10	15-Dec-15	53.0	56.0	58.0	60.0	62.0	67.7
Contributor 12	14-Dec-15	62.0	60.8	63.5	67.0	75.0	76.9
Contributor 13	14-Dec-15	48.0	45.0	50.0	n/a	n/a	n/a
Contributor 14	14-Dec-15	57.8	61.8	73.5	85.5	92.1	101.0
Contributor 15	14-Dec-15	55.0	55.0	n/a	n/a	n/a	n/a
Contributor 16	14-Dec-15	58.4	63.6	66.0	66.0	65.0	n/a
Contributor 17	14-Dec-15	63.9	69.6	72.3	74.2	76.0	n/a
Contributor 18	10-Dec-15	67.2	71.5	77.5	n/a	n/a	87.1
Contributor 19	8-Dec-15	50.5	51.7	52.1	52.3	53.1	n/a
Contributor 20	19-Nov-15	62.3	61.2	64.3	n/a	n/a	n/a
Contributor 21	22-Oct-15	56.0	60.0	65.0	65.0	n/a	71.8
Low		39.0	39.0	39.0	47.0	50.0	40.0
High		67.2	71.5	77.5	85.5	92.1	101.0
Average		54.8	56.1	58.9	61.5	65.6	68.6
Median		55.0	56.5	58.5	62.0	63.5	67.7
Previous bulletin (September/October 2015)							
Average		59.3	61.4	65.9	69.4	n/a	75.2
Median		60.0	61.3	66.1	67.5	n/a	70.0

Source: Thomson Research, the Contributors, KPMG analysis
n/a: forecast not available

Forecast AUD:USD exchange rates

Forecast AUD:USD exchange rates are summarised below:



Forecast AUD:USD exchange rates

Year ended 31 December	Reporting date	2016	2017	2018	2019	2020	LT (2016)
Contributor 1	20-Jan-16	0.70	0.71	0.72	0.73	n/a	n/a
Contributor 2	13-Jan-16	0.70	0.74	0.78	0.80	0.80	n/a
Contributor 3	13-Jan-16	0.72	0.72	0.73	0.74	0.75	0.75
Contributor 4	13-Jan-16	0.72	0.72	0.72	0.72	n/a	0.72
Contributor 5	11-Jan-16	0.65	0.63	0.67	n/a	n/a	n/a
Contributor 6	6-Jan-16	0.73	0.77	n/a	n/a	n/a	n/a
Contributor 8	18-Dec-15	0.69	0.72	n/a	n/a	n/a	0.70
Contributor 9	15-Dec-15	0.71	0.64	0.62	0.67	0.73	0.75
Contributor 10	15-Dec-15	0.65	0.64	0.66	0.65	0.64	0.63
Contributor 19	8-Dec-15	0.68	0.68	0.72	0.78	0.79	n/a
Contributor 20	19-Nov-15	0.78	0.74	0.75	n/a	n/a	0.77
Contributor 21	22-Oct-15	0.72	0.71	0.70	0.70	n/a	0.70
Low		0.65	0.63	0.62	0.65	0.64	0.63
High		0.78	0.77	0.78	0.80	0.80	0.77
Average		0.70	0.70	0.71	0.72	0.74	0.72
Median		0.70	0.72	0.72	0.73	0.75	0.72
Previous bulletin (September/October 2015)							
Average		0.70	0.71	0.73	0.75	n/a	0.74
Median		0.70	0.72	0.74	0.75	n/a	0.75

Source: Thomson Research, the Contributors, KPMG analysis
n/a: forecast not available

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