



Coal Price and FX market forecasts

December 2019/January 2020

Overview

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 2019/January 2020. 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 2019).

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 (2020) 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 (2020) 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 CY terms, 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.

While we recognise there are differing hard coking coal specifications, we note that the Contributors commonly don't differentiate between grades of hard coking coal in their forecasts. Accordingly we do not distinguish between grades of hard coking coal 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.

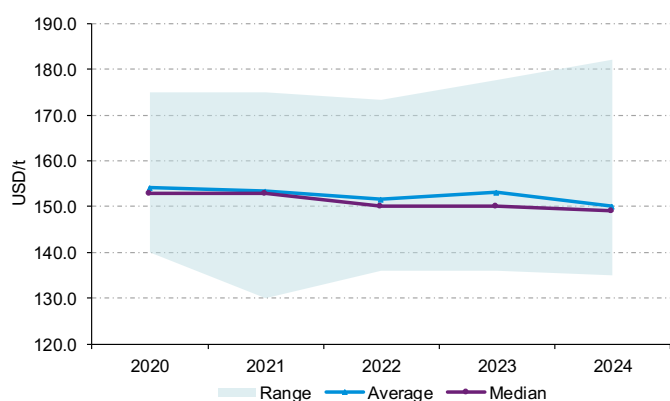
The forecast data presented in this report represents an unbiased summary of commodity price and exchange rate forecasts, based on the views of individual economic commentators and broking houses. It is not necessarily reflective of either KPMG's views on coal price or exchange rate forecasts, or our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

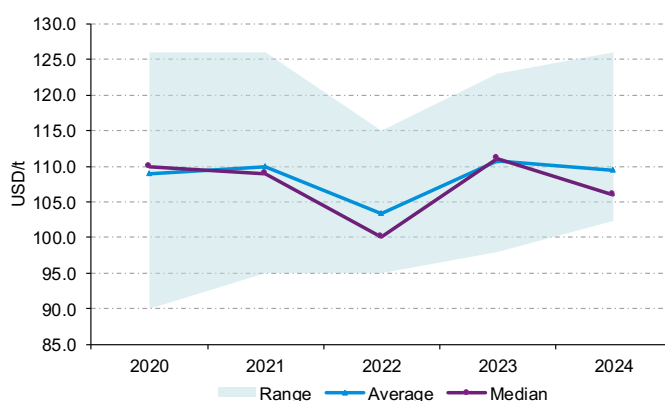
Hard coking coal price forecasts

The hard coking coal price forecasts are summarised below:



Low and ultra-low volatile PCI coal price forecasts

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



Hard coking coal (USD/t Nominal)

Year ended 31 December	Reporting date	2020	2021	2022	2023	2024	LT (2020)
Contributor 1	23-Jan-20	143.0	148.0	n/a	n/a	n/a	144.0
Contributor 2	14-Jan-20	153.0	153.0	n/a	n/a	n/a	140.0
Contributor 3	12-Jan-20	155.0	148.6	136.6	140.0	146.3	135.0
Contributor 4	10-Jan-20	140.0	140.0	n/a	n/a	n/a	n/a
Contributor 5	9-Jan-20	163.0	160.0	145.0	145.0	148.0	135.0
Contributor 6	9-Jan-20	150.0	153.0	n/a	n/a	n/a	n/a
Contributor 7	7-Jan-20	149.0	154.0	152.0	148.0	140.0	142.0
Contributor 9	6-Jan-20	160.0	169.1	173.4	177.7	182.1	n/a
Contributor 10	23-Dec-19	150.0	150.0	150.0	n/a	n/a	150.0
Contributor 11	17-Dec-19	162.5	170.0	160.0	160.0	150.0	n/a
Contributor 12	16-Dec-19	155.0	163.0	171.0	163.0	150.0	135.0
Contributor 13	13-Dec-19	143.0	130.0	140.0	150.0	n/a	n/a
Contributor 14	12-Dec-19	158.8	157.3	n/a	n/a	n/a	n/a
Contributor 15	11-Dec-19	150.0	142.0	136.0	136.0	135.0	119.9
Contributor 17	11-Dec-19	165.0	155.0	150.0	n/a	n/a	150.0
Contributor 18	11-Dec-19	149.3	151.0	n/a	n/a	n/a	n/a
Contributor 20	5-Dec-19	140.0	145.0	145.0	150.0	150.0	135.0
Contributor 21	4-Dec-19	175.0	175.0	160.0	163.0	n/a	160.0
Contributor 22	2-Dec-19	170.0	150.0	n/a	n/a	n/a	130.0
Low		140.0	130.0	136.0	136.0	135.0	119.9
High		175.0	175.0	173.4	177.7	182.1	160.0
Average		154.3	153.4	151.6	153.3	150.2	139.7
Median		153.0	153.0	150.0	150.0	149.0	137.5
Previous bulletin (Sep/Oct19)							
Average		162.0	157.1	154.8	156.6	n/a	139.7
Median		165.0	156.0	160.0	160.0	n/a	135.0

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

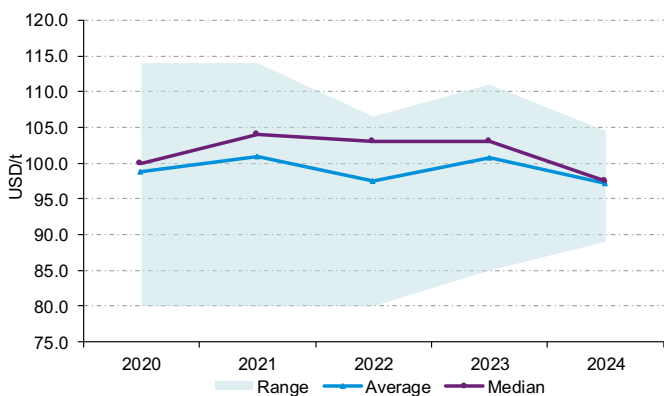
Low and ultra-low volatile PCI coal (USD/t Nominal)

Year ended 31 December	Reporting date	2020	2021	2022	2023	2024	LT (2020)
Contributor 3	12-Jan-20	108.5	104.0	95.6	98.0	102.3	94.5
Contributor 5	9-Jan-20	110.0	109.0	99.0	123.0	126.0	115.0
Contributor 10	23-Dec-19	110.0	110.0	100.0	n/a	n/a	100.0
Contributor 12	16-Dec-19	113.0	118.0	115.0	122.0	110.0	100.0
Contributor 15	11-Dec-19	105.0	107.0	104.0	104.0	103.0	89.7
Contributor 20	5-Dec-19	90.0	95.0	95.0	100.0	106.0	95.0
Contributor 21	4-Dec-19	126.0	126.0	115.0	118.0	n/a	120.0
Low		90.0	95.0	95.0	98.0	102.3	89.7
High		126.0	126.0	115.0	123.0	126.0	120.0
Average		108.9	109.9	103.4	110.8	109.5	102.0
Median		110.0	109.0	100.0	111.0	106.0	100.0
Previous bulletin (Sep/Oct19)							
Average		111.5	109.9	104.0	113.1	n/a	102.7
Median		111.6	110.0	100.0	115.0	n/a	100.0

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

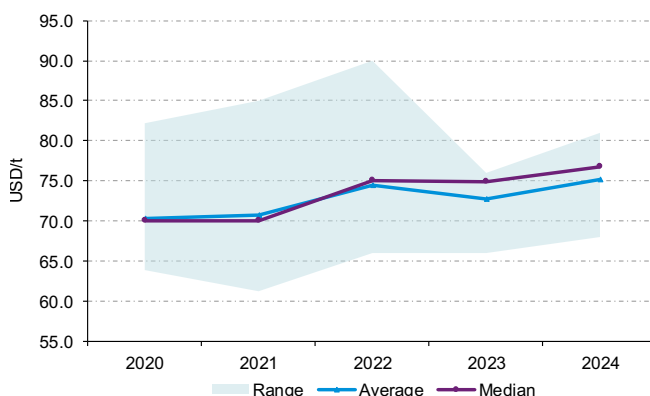
Semi-soft coking coal price forecasts

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



Newcastle benchmark thermal coal price forecasts

The Newcastle benchmark thermal coal price forecasts are summarised below:



Semi-soft coking coal (USD/t Nominal)

Year ended 31 December	Reporting date	2020	2021	2022	2023	2024	LT (2020)
Contributor 2	14-Jan-20	104.0	104.0	n/a	n/a	n/a	98.0
Contributor 6	9-Jan-20	90.0	92.0	n/a	n/a	n/a	n/a
Contributor 7	7-Jan-20	101.0	104.5	106.5	107.5	104.5	107.0
Contributor 10	23-Dec-19	100.0	100.0	90.0	n/a	n/a	90.0
Contributor 11	17-Dec-19	105.8	111.0	104.0	100.0	n/a	90.6
Contributor 12	16-Dec-19	100.0	107.0	103.0	111.0	100.0	90.0
Contributor 15	11-Dec-19	95.0	96.0	95.0	95.0	95.0	83.6
Contributor 20	5-Dec-19	80.0	80.0	80.0	85.0	89.0	80.0
Contributor 21	4-Dec-19	114.0	114.0	104.0	106.0	n/a	105.0
Low		80.0	80.0	80.0	85.0	89.0	80.0
High		114.0	114.0	106.5	111.0	104.5	107.0
Average		98.9	100.9	97.5	100.8	97.1	93.0
Median		100.0	104.0	103.0	103.0	97.5	90.3
Previous bulletin (Sep/Oct19)							
Average		106.9	104.8	99.0	99.4	n/a	90.8
Median		108.0	104.5	97.0	100.0	n/a	90.0

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

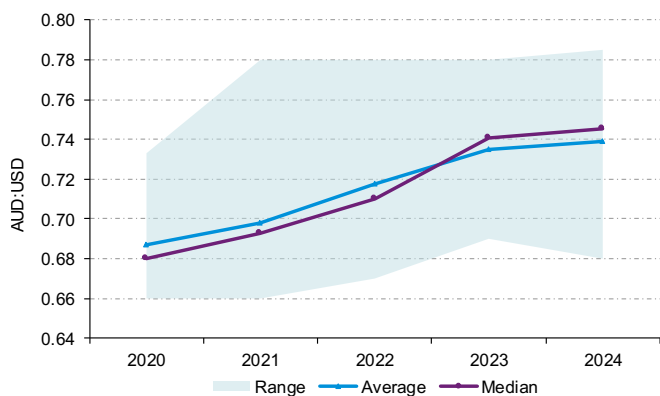
Newcastle thermal coal (USD/t Nominal)

Year ended 31 December	Reporting date	2020	2021	2022	2023	2024	LT (2020)
Contributor 1	23-Jan-20	68.0	71.0	n/a	n/a	n/a	77.0
Contributor 2	14-Jan-20	72.0	76.0	n/a	n/a	n/a	72.0
Contributor 4	10-Jan-20	65.0	65.0	n/a	n/a	n/a	n/a
Contributor 5	9-Jan-20	75.0	80.0	80.0	74.9	76.7	70.0
Contributor 7	7-Jan-20	68.0	67.0	68.0	70.0	72.0	77.0
Contributor 8	7-Jan-20	63.9	61.2	n/a	n/a	n/a	n/a
Contributor 10	23-Dec-19	75.0	85.0	90.0	n/a	n/a	90.0
Contributor 11	17-Dec-19	82.2	72.0	70.0	68.5	n/a	58.9
Contributor 12	16-Dec-19	70.0	66.0	66.0	66.0	68.0	57.0
Contributor 13	13-Dec-19	69.0	75.0	75.0	75.0	n/a	n/a
Contributor 14	12-Dec-19	68.8	62.3	n/a	n/a	n/a	n/a
Contributor 15	11-Dec-19	66.0	69.0	75.0	76.0	81.0	73.3
Contributor 17	11-Dec-19	70.0	70.0	70.0	n/a	n/a	65.0
Contributor 18	11-Dec-19	70.0	67.5	n/a	n/a	n/a	n/a
Contributor 20	5-Dec-19	70.0	70.0	75.0	75.0	78.0	70.0
Contributor 21	4-Dec-19	66.0	69.0	75.0	76.0	n/a	75.0
Contributor 22	2-Dec-19	76.0	76.0	n/a	n/a	n/a	77.0
Low		63.9	61.2	66.0	66.0	68.0	57.0
High		82.2	85.0	90.0	76.0	81.0	90.0
Average		70.3	70.7	74.4	72.7	75.1	71.8
Median		70.0	70.0	75.0	75.0	76.7	72.6
Previous bulletin (Sep/Oct19)							
Average		71.5	73.1	75.1	74.3	n/a	71.5
Median		70.0	71.8	75.0	76.0	n/a	71.6

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:



AUD:USD exchange rate (Nominal)

Year ended 31 December	Reporting date	2020	2021	2022	2023	2024	LT (2020)
Contributor 1	23-Jan-20	0.68	0.67	n/a	0.75	n/a	0.75
Contributor 2	14-Jan-20	0.66	0.68	n/a	n/a	n/a	0.74
Contributor 3	12-Jan-20	0.73	0.78	0.78	0.78	0.78	0.78
Contributor 5	5-Jan-20	0.70	0.70	n/a	n/a	n/a	0.75
Contributor 7	7-Jan-20	0.68	0.71	0.74	0.76	0.79	0.80
Contributor 8	7-Jan-20	0.68	0.69	0.71	0.74	0.74	n/a
Contributor 9	6-Jan-20	0.68	0.69	0.69	0.69	0.69	0.69
Contributor 10	23-Dec-19	0.67	0.69	0.71	n/a	n/a	0.75
Contributor 11	17-Dec-19	0.71	0.71	0.71	0.75	n/a	0.75
Contributor 12	16-Dec-19	0.70	0.70	0.70	0.70	0.71	n/a
Contributor 13	13-Dec-19	0.68	n/a	n/a	n/a	n/a	0.68
Contributor 14	12-Dec-19	0.66	0.66	n/a	n/a	n/a	n/a
Contributor 15	11-Dec-19	0.71	0.71	0.70	0.69	0.68	0.71
Contributor 16	11-Dec-19	0.68	0.68	0.71	0.74	0.78	0.81
Contributor 17	11-Dec-19	0.67	0.67	0.67	n/a	n/a	0.67
Contributor 18	6-Jan-20	0.70	0.73	n/a	n/a	n/a	n/a
Contributor 19	6-Dec-19	0.70	0.70	0.75	n/a	n/a	n/a
Contributor 20	5-Dec-19	0.68	0.69	0.72	0.74	0.75	0.75
Contributor 21	4-Dec-19	0.70	0.72	0.75	0.75	n/a	0.75
Contributor 22	18-Dec-19	0.68	0.68	n/a	n/a	n/a	n/a
Contributor 22	5-Sep-19	0.70	0.66	0.71	0.78	0.77	n/a
Low		0.66	0.66	0.67	0.69	0.68	0.67
High		0.73	0.78	0.78	0.78	0.79	0.81
Average		0.69	0.70	0.72	0.73	0.74	0.74
Median		0.68	0.69	0.71	0.74	0.75	0.75
Previous bulletin (Sep/Oct19)							
Average		0.69	0.70	0.74	0.74	n/a	0.74
Median		0.68	0.71	0.72	0.75	n/a	0.75

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

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