



COAL PRICE AND FX MARKET FORECASTS

December 2021/January 2022

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 2021/January 2022. These have been sourced from various research databases and broker reports (the Contributors), and are 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 2021).

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 (2022) 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 these 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 these into real current (2022) 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 do not 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.

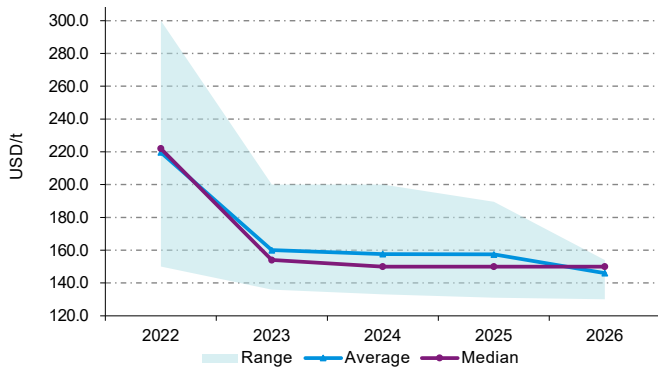
The forecast data presented in this report represents an unbiased summary of commodity price and exchange rate forecasts, based on the views of individual economic commentators and broking houses. It is not necessarily reflective of either KPMG's views on coal price or exchange rate forecasts, or our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

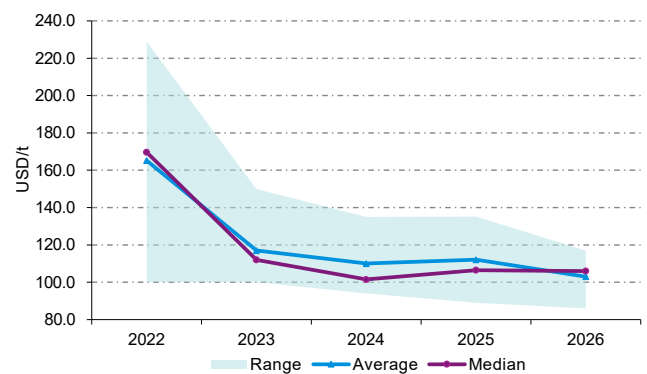
Hard coking coal price forecasts

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	2022	2023	2024	2025	2026	LT (2022)
Contributor 2	25-Jan-22	300.0	200.0	180.0	180.0	n/a	160.0
Contributor 3	22-Jan-22	215.0	175.0	150.0	150.0	n/a	150.0
Contributor 4	20-Jan-22	250.0	163.0	n/a	n/a	n/a	n/a
Contributor 5	19-Jan-22	175.0	136.0	133.0	131.0	130.0	112.0
Contributor 6	13-Jan-22	238.0	150.0	n/a	n/a	n/a	150.0
Contributor 8	6-Jan-22	245.0	156.0	144.0	149.0	154.0	144.0
Contributor 9	5-Jan-22	150.0	150.0	150.0	150.0	n/a	150.0
Contributor 10	4-Jan-22	185.0	n/a	n/a	n/a	n/a	130.0
Contributor 11	22-Dec-21	211.0	150.0	200.0	175.0	n/a	n/a
Contributor 12	19-Dec-21	205.0	140.0	n/a	n/a	n/a	120.0
Contributor 13	17-Dec-21	190.0	145.0	145.0	n/a	n/a	140.0
Contributor 14	17-Dec-21	245.0	183.0	n/a	n/a	n/a	140.0
Contributor 15	17-Dec-21	246.0	148.0	150.0	150.0	150.0	150.0
Contributor 16	16-Dec-21	222.0	162.0	n/a	n/a	n/a	n/a
Contributor 18	13-Dec-21	268.8	181.3	n/a	n/a	n/a	n/a
Contributor 19	13-Dec-21	238.0	154.0	150.0	150.0	150.0	135.0
Contributor 20	8-Dec-21	231.8	177.0	182.0	189.5	n/a	n/a
Contributor 22	3-Dec-21	153.0	n/a	n/a	n/a	n/a	n/a
Contributor 23	1-Dec-21	206.0	150.0	150.0	150.0	n/a	n/a
Low		150.0	136.0	133.0	131.0	130.0	112.0
High		300.0	200.0	200.0	189.5	154.0	160.0
Average		219.7	160.0	157.6	157.5	146.0	140.1
Median		222.0	154.0	150.0	150.0	150.0	142.0
Previous bulletin (Sep/Oct21)							
Average		184.4	151.1	145.0	149.4	n/a	139.1
Median		174.5	150.0	144.0	150.0	n/a	140.0

Source: Thomson Research, the Contributors, KPMG Analysis

n/a: forecast not available

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

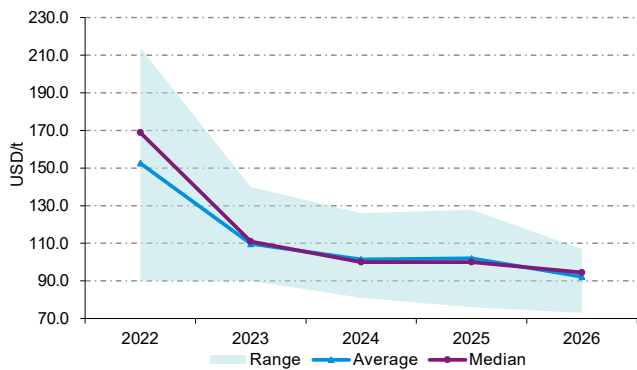
Year ended 31 December	Reporting date	2022	2023	2024	2025	2026	LT (2022)
Contributor 2	25-Jan-22	229.0	150.0	135.0	135.0	n/a	120.0
Contributor 4	20-Jan-22	183.0	119.0	n/a	n/a	n/a	n/a
Contributor 5	19-Jan-22	145.0	105.0	94.0	89.0	86.0	73.0
Contributor 8	6-Jan-22	192.0	121.0	109.0	113.0	117.0	109.5
Contributor 9	5-Jan-22	100.0	100.0	100.0	100.0	n/a	100.0
Contributor 13	17-Dec-21	133.0	101.5	101.5	n/a	n/a	98.0
Contributor 19	13-Dec-21	158.0	103.0	100.0	100.0	106.0	95.0
Contributor 20	8-Dec-21	181.3	136.3	130.8	135.3	n/a	n/a
Low		100.0	100.0	94.0	89.0	86.0	73.0
High		229.0	150.0	135.0	135.3	117.0	120.0
Average		165.2	117.0	110.0	112.0	103.0	99.3
Median		169.6	112.0	101.5	106.5	106.0	99.0
Previous bulletin (Sep/Oct21)							
Average		138.3	109.2	104.5	105.4	n/a	97.4
Median		143.0	108.5	100.0	100.0	n/a	98.2

Source: Thomson Research, the Contributors, KPMG Analysis

n/a: forecast not available

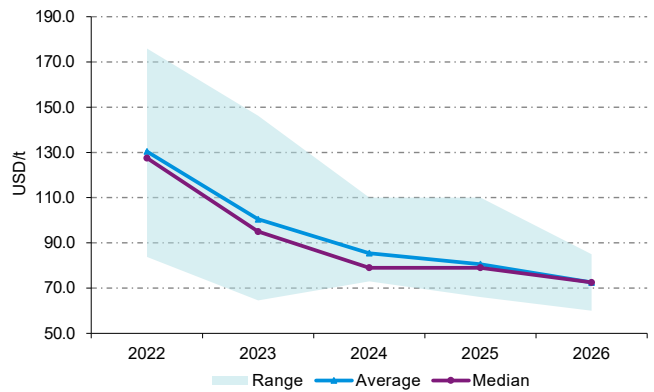
Semi-soft coking coal price forecasts

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	2022	2023	2024	2025	2026	LT (2022)
Contributor 2	25-Jan-22	214.0	140.0	126.0	126.0	n/a	105.0
Contributor 4	20-Jan-22	173.0	111.0	n/a	n/a	n/a	n/a
Contributor 5	19-Jan-22	127.0	92.0	81.0	76.0	73.0	62.0
Contributor 8	6-Jan-22	181.0	112.0	100.0	104.0	107.0	100.9
Contributor 9	5-Jan-22	90.0	90.0	90.0	90.0	n/a	90.0
Contributor 14	17-Dec-21	172.0	128.0	n/a	n/a	n/a	98.0
Contributor 15	17-Dec-21	169.0	95.0	100.0	100.0	100.0	100.0
Contributor 19	13-Dec-21	140.0	92.0	90.0	90.0	89.0	80.0
Contributor 20	8-Dec-21	168.8	127.5	123.0	127.8	n/a	n/a
Contributor 22	3-Dec-21	91.0	n/a	n/a	n/a	n/a	n/a
Low		90.0	90.0	81.0	76.0	73.0	62.0
High		214.0	140.0	126.0	127.8	107.0	105.0
Average		152.6	109.7	101.4	102.0	92.3	90.8
Median		168.9	111.0	100.0	100.0	94.5	98.0
Previous bulletin (Sep/Oct21)							
Average		132.4	103.9	95.7	96.2	n/a	89.5
Median		135.0	107.0	90.0	95.0	n/a	91.4

Source: Thomson Research, the Contributors, KPMG Analysis

n/a: forecast not available

Newcastle thermal coal (USD/t Nominal)

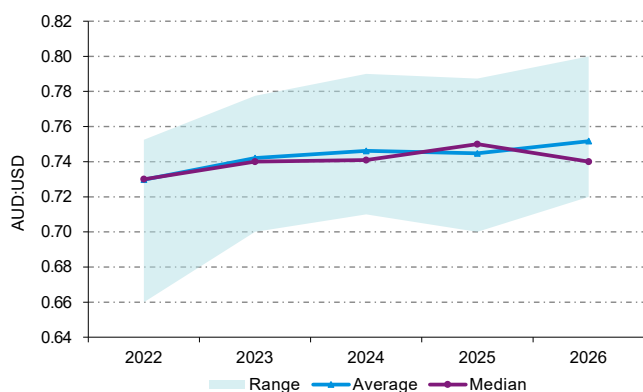
Year ended 31 December	Reporting date	2022	2023	2024	2025	2026	LT (2022)
Contributor 1	31-Jan-22	83.8	64.5	n/a	n/a	n/a	n/a
Contributor 2	25-Jan-22	160.0	120.0	110.0	90.0	n/a	75.0
Contributor 3	22-Jan-22	135.0	110.0	90.0	75.0	n/a	70.0
Contributor 4	20-Jan-22	135.0	88.0	n/a	n/a	n/a	n/a
Contributor 5	19-Jan-22	121.0	86.0	75.0	70.0	67.0	58.0
Contributor 6	13-Jan-22	130.0	90.0	n/a	n/a	n/a	65.0
Contributor 8	6-Jan-22	130.0	95.0	75.0	80.0	85.0	80.2
Contributor 9	5-Jan-22	156.3	130.0	110.0	110.0	n/a	85.0
Contributor 10	4-Jan-22	125.0	n/a	n/a	n/a	n/a	75.0
Contributor 11	22-Dec-21	125.0	100.0	75.0	66.0	n/a	n/a
Contributor 12	19-Dec-21	110.0	87.0	n/a	n/a	n/a	83.0
Contributor 14	17-Dec-21	176.0	135.0	n/a	n/a	n/a	67.0
Contributor 15	17-Dec-21	121.0	91.0	73.0	66.0	60.0	60.0
Contributor 16	16-Dec-21	120.0	91.0	n/a	n/a	n/a	n/a
Contributor 18	13-Dec-21	160.0	146.3	n/a	n/a	n/a	n/a
Contributor 19	13-Dec-21	118.0	95.0	78.0	78.0	78.0	70.0
Contributor 20	8-Dec-21	134.3	98.8	88.5	90.8	n/a	n/a
Contributor 23	1-Dec-21	108.0	80.0	80.0	80.0	n/a	n/a
Low		83.8	64.5	73.0	66.0	60.0	58.0
High		176.0	146.3	110.0	110.0	85.0	85.0
Average		130.5	100.4	85.5	80.6	72.5	71.7
Median		127.5	95.0	79.0	79.0	72.5	70.0
Previous bulletin (Sep/Oct21)							
Average		115.7	92.2	78.7	74.0	n/a	70.8
Median		113.3	87.5	78.0	75.0	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:



AUD:USD exchange rate (Nominal)

Year ended 31 December	Reporting date	2022	2023	2024	2025	2026	LT (2022)
Contributor 1	31-Jan-22	0.72	0.72	0.74	0.77	0.78	n/a
Contributor 2	25-Jan-22	0.75	0.75	0.75	n/a	n/a	0.75
Contributor 4	20-Jan-22	0.73	0.73	n/a	n/a	n/a	n/a
Contributor 5	19-Jan-22	0.73	0.73	0.73	n/a	n/a	n/a
Contributor 6	13-Jan-22	0.72	0.72	n/a	n/a	n/a	0.72
Contributor 7	6-Jan-22	0.73	0.73	0.73	0.73	0.73	0.73
Contributor 8	8-Dec-21	0.75	0.77	0.77	0.73	0.72	0.71
Contributor 9	5-Jan-22	0.73	0.74	0.74	0.75	n/a	0.75
Contributor 10	19-Jan-22	0.74	n/a	n/a	n/a	n/a	n/a
Contributor 11	22-Dec-21	0.74	0.72	0.71	0.70	n/a	n/a
Contributor 12	19-Dec-21	0.75	0.75	n/a	n/a	n/a	0.75
Contributor 13	17-Dec-21	0.66	0.78	0.79	n/a	n/a	0.79
Contributor 14	17-Dec-21	0.73	0.73	n/a	n/a	n/a	0.74
Contributor 15	17-Dec-21	0.71	0.70	0.71	0.73	0.73	0.73
Contributor 16	16-Dec-21	0.73	0.75	n/a	n/a	n/a	n/a
Contributor 17	15-Dec-21	0.75	0.78	n/a	n/a	n/a	n/a
Contributor 18	13-Dec-21	0.75	0.75	n/a	n/a	n/a	n/a
Contributor 19	13-Dec-21	0.73	0.74	0.74	0.75	0.75	0.75
Contributor 20	8-Dec-21	0.71	0.76	0.77	0.76	n/a	n/a
Contributor 21	7-Dec-21	0.73	0.75	0.77	0.79	0.80	0.81
Low		0.66	0.70	0.71	0.70	0.72	0.71
High		0.75	0.78	0.79	0.79	0.80	0.81
Average		0.73	0.74	0.75	0.74	0.75	0.75
Median		0.73	0.74	0.74	0.75	0.74	0.75
Previous bulletin (Sep/Oct21)							
Average		0.75	0.75	0.76	0.75	n/a	0.75
Median		0.75	0.75	0.75	0.75	n/a	0.75

Source: Thomson Research, the Contributors, KPMG Analysis

n/a: forecast not available

Recent KPMG thought leadership: a focus on risk



Geopolitics of the energy transition: implications for Australia and business

It has been said before: Australia has the potential to become a renewable energy superpower with considerable international leverage. However, we can't do it by ourselves, and neither can anyone else – no single nation has access to all the elements that will be needed for energy security in a decarbonised world.

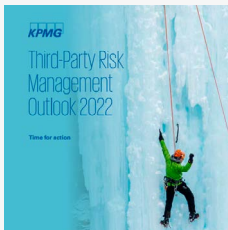
[Read the full article here](#)



Keeping Us Up At Night

As Australia fully emerges from lockdowns, we are entering the era of talent. In the fourth edition of our 'Keeping us up at night' survey, we polled over 400 CEOs, emerging leaders and Non-Executive Directors to identify the key business issues. Talent acquisition, retention and re/upskilling to meet a more digitised future was clearly seen as this year's biggest challenge.

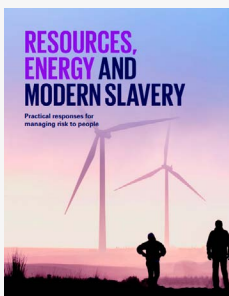
[Read the full report here](#)



Third-Party Risk Management Outlook 2022

KPMG International's new research — which surveyed 1,263 senior third party risk management (TPRM) professionals across six sectors and 16 countries worldwide — reveals that TPRM is a strategic priority for 85 percent of businesses, up from 77 percent before the outbreak of the pandemic. Nonetheless, the outlook for TPRM presents no shortage of challenges.

[Read the full report here](#)



Modern Slavery risks in Australia's resources and energy sector

The global context of decarbonisation means that the supply chains of resources and energy companies are changing rapidly and becoming increasingly intertwined, exposing the Australian resources and energy sector to modern slavery risks. To properly manage modern slavery risks, a robust approach is required, along with an understanding of existing systems and controls with an articulated pathway to enhancing them over time.

[Read the full article here](#)



Cyber Security Considerations 2022

Looking beyond the digital shifts created from the pandemic – remote, secure work environments, digital engagement and customer service – this hyperconnected world will likely face expanding cyber risks on multiple global fronts.

[Read the full report here](#)

Contact us

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