



FOB cash costs for seaborne traded steam coal in 2010

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Presentation

- 1. Produce the 2010 FOB cash cost curve for the forthcoming WEO 2011**
- 2. Trend in costs since 2005**
- 3. Discussion amongst delegates**

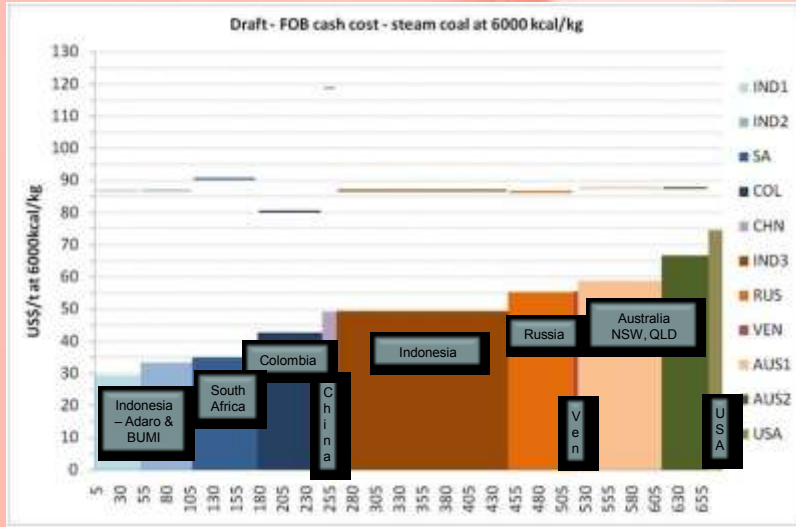
Headlines results:

- In 2010, the *average* FOB cash cost increased 25% to **50 \$/t****
- Between 2005 and 2010, FOB cash costs rose by 2/3rds**

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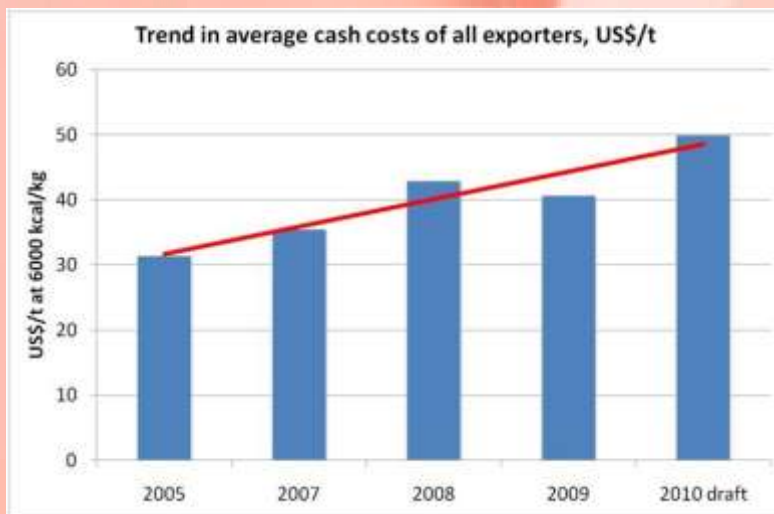
2010 FOB cash cost curve (6000 kcal/kg)
 Note this chart is draft and subject to change



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Past editions of WEO versus 2010



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Possible factors that influenced rising costs in 2009-10

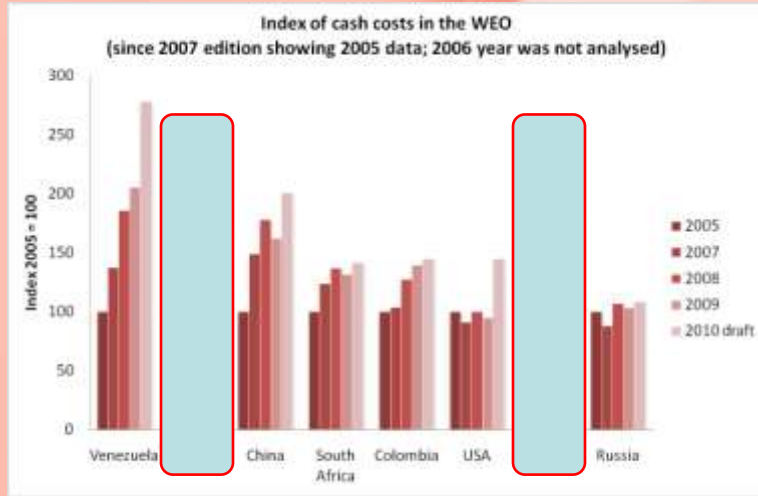
- **Weaker US\$ (-15% against most exporter currencies)**
- **Increasing overburden removal in opencast mines with deeper seams?**
- **Rise in labour, diesel, steel products explosives, tyres, and all commodity cost inputs?**



Rise in costs will also reflect costs and events in Indonesia and Australia

- **For instance, since 2005, global exports expanded *by 170 Mt/y to 680 Mt/y***
- **Where growth occurs mainly in Indonesia (+157 Mt/y) and Australia (+30 Mt/y) amongst others;**
- **And China reduces exports (-49 Mt),**
- ***It is therefore logical that mining conditions, currency, and inland transport issues affecting Australia and Indonesia have been drivers for the rising cost curve in 2005-2010(?)***

Breakdown of FOB cash cost trends by country



**FOB cash cost versus
FOB average price (2005-2010)**

