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

Past editions of WEO versus 2010
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(?)