



Coal Price and FX consensus forecasts

June/July 2019

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 June/July 2019. 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 (March/April 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 (2019) 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 (2019) 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.

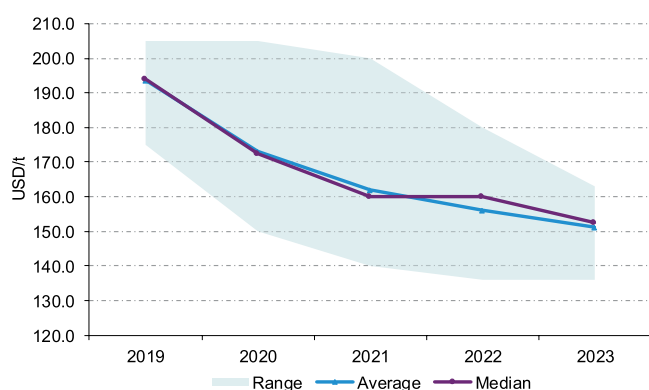
The forecast data presented in this report represents an unbiased summary of commodity price and exchange rate forecasts, based on the views of individual economic commentators and broking houses. It is not necessarily reflective of either KPMG's views on coal price or exchange rate forecasts, or our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

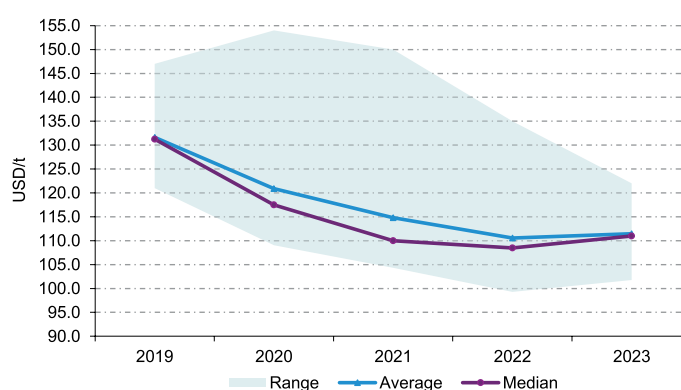
Hard coking coal price forecasts

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	2019	2020	2021	2022	2023	LT (2019)
Contributor 1	18-Jul-19	195.0	178.0	169.0	n/a	n/a	140.0
Contributor 2	10-Jul-19	205.0	205.0	200.0	180.0	n/a	160.0
Contributor 3	10-Jul-19	193.0	175.0	160.0	n/a	n/a	135.0
Contributor 5	10-Jul-19	189.9	158.0	152.3	n/a	n/a	n/a
Contributor 6	9-Jul-19	191.0	180.0	n/a	n/a	n/a	n/a
Contributor 7	8-Jul-19	193.0	170.0	156.0	163.0	163.0	n/a
Contributor 8	4-Jul-19	199.5	188.5	178.5	167.5	n/a	127.0
Contributor 9	4-Jul-19	192.0	165.0	155.0	n/a	n/a	150.0
Contributor 10	2-Jul-19	195.2	160.0	160.0	150.0	n/a	150.0
Contributor 11	2-Jul-19	205.0	197.0	191.0	n/a	n/a	140.0
Contributor 12	1-Jul-19	185.0	170.0	n/a	n/a	n/a	130.0
Contributor 13	28-Jun-19	175.0	153.8	141.8	140.0	143.5	125.0
Contributor 14	27-Jun-19	190.6	177.5	170.0	160.0	160.0	132.6
Contributor 15	26-Jun-19	199.0	175.0	165.0	160.0	155.0	135.0
Contributor 16	25-Jun-19	196.4	180.0	n/a	n/a	n/a	n/a
Contributor 17	24-Jun-19	198.0	167.0	143.0	136.0	136.0	121.6
Contributor 20	4-Jun-19	198.0	165.0	150.0	150.0	150.0	n/a
Contributor 21	17-May-19	188.0	150.0	140.0	n/a	n/a	n/a
Low		175.0	150.0	140.0	136.0	136.0	121.6
High		205.0	205.0	200.0	180.0	163.0	160.0
Average		193.8	173.0	162.1	156.3	151.2	137.2
Median		194.0	172.5	160.0	160.0	152.5	135.0
Previous bulletin (Mar/Apr19)							
Average		186.0	164.3	157.2	148.5	148.8	135.2
Median		187.0	159.4	157.5	150.0	145.0	136.7

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

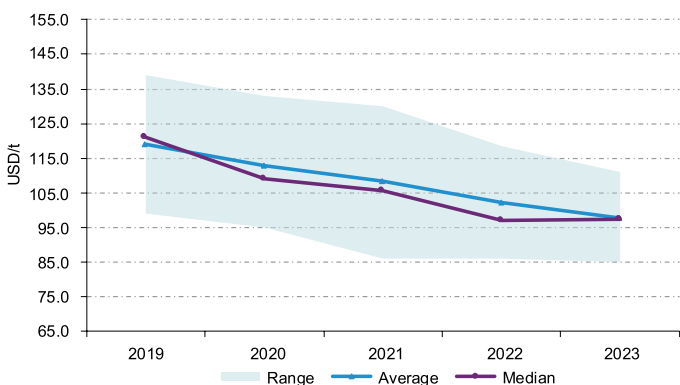
Low and ultra-low volatile PCI coal (USD/t Nominal)

Year ended 31 December	Reporting date	2019	2020	2021	2022	2023	LT (2019)
Contributor 1	18-Jul-19	135.0	123.0	117.0	n/a	n/a	105.0
Contributor 2	10-Jul-19	147.0	154.0	150.0	135.0	n/a	120.0
Contributor 3	10-Jul-19	136.0	119.0	109.0	n/a	n/a	n/a
Contributor 7	8-Jul-19	121.0	123.0	113.0	109.0	122.0	n/a
Contributor 10	2-Jul-19	130.4	110.0	110.0	100.0	n/a	100.0
Contributor 13	28-Jun-19	127.7	109.0	104.3	99.3	101.8	88.7
Contributor 15	26-Jun-19	124.0	113.0	105.0	108.0	110.0	95.0
Contributor 17	24-Jun-19	132.0	116.0	110.0	112.0	112.0	92.3
Low		121.0	109.0	104.3	99.3	101.8	88.7
High		147.0	154.0	150.0	135.0	122.0	120.0
Average		131.6	120.9	114.8	110.5	111.4	100.2
Median		131.2	117.5	110.0	108.5	111.0	97.5
Previous bulletin (Mar/Apr19)							
Average		127.5	114.0	106.4	104.0	107.2	98.8
Median		128.8	109.5	104.0	104.5	109.5	97.9

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

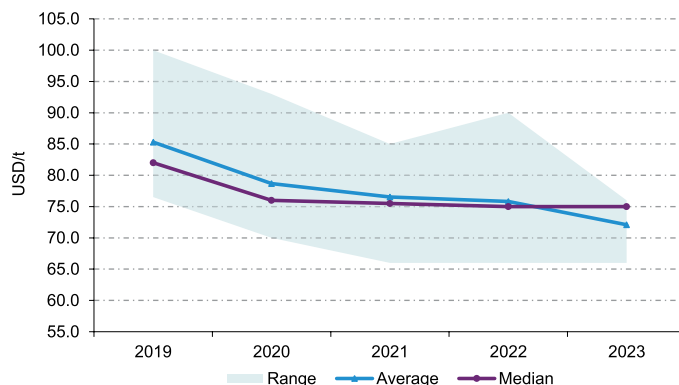
Semi-soft coking coal price forecasts

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	2019	2020	2021	2022	2023	LT (2019)
Contributor 1	18-Jul-19	126.0	114.0	109.0	n/a	n/a	98.0
Contributor 2	10-Jul-19	131.0	133.0	130.0	117.0	n/a	105.0
Contributor 6	9-Jul-19	108.0	106.0	n/a	n/a	n/a	n/a
Contributor 7	8-Jul-19	99.0	109.0	102.0	97.0	111.0	n/a
Contributor 8	4-Jul-19	139.0	128.0	124.5	118.5	n/a	90.0
Contributor 10	2-Jul-19	115.9	100.0	100.0	90.0	n/a	90.0
Contributor 14	27-Jun-19	129.4	124.5	119.0	112.0	100.0	88.4
Contributor 15	26-Jun-19	101.0	95.0	86.0	86.0	85.0	80.0
Contributor 17	24-Jun-19	121.0	106.0	96.0	95.0	95.0	85.4
Low		99.0	95.0	86.0	86.0	85.0	80.0
High		139.0	133.0	130.0	118.5	111.0	105.0
Average		118.9	112.8	108.3	102.2	97.8	91.0
Median		121.0	109.0	105.5	97.0	97.5	90.0
Previous bulletin (Mar/Apr19)							
Average		122.1	110.7	104.6	98.4	94.8	88.7
Median		125.1	109.0	100.0	94.0	93.5	89.0

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

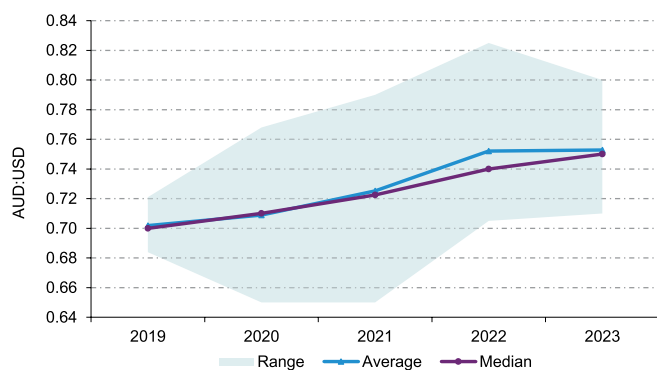
Newcastle thermal coal (USD/t Nominal)

Year ended 31 December	Reporting date	2019	2020	2021	2022	2023	LT (2019)
Contributor 1	18-Jul-19	80.0	77.0	79.0	n/a	n/a	77.0
Contributor 2	10-Jul-19	86.0	80.0	80.0	75.0	n/a	75.0
Contributor 3	10-Jul-19	80.0	75.0	80.0	n/a	n/a	70.0
Contributor 4	10-Jul-19	82.6	71.8	n/a	n/a	n/a	n/a
Contributor 5	10-Jul-19	78.9	76.0	71.8	n/a	n/a	n/a
Contributor 7	8-Jul-19	81.0	70.0	66.0	66.0	66.0	n/a
Contributor 8	4-Jul-19	97.5	85.0	83.0	80.0	n/a	68.0
Contributor 9	4-Jul-19	81.0	75.0	75.0	n/a	n/a	65.0
Contributor 10	2-Jul-19	76.5	75.0	85.0	90.0	n/a	90.0
Contributor 11	2-Jul-19	84.0	82.0	82.0	n/a	n/a	75.0
Contributor 12	1-Jul-19	92.0	90.0	n/a	n/a	n/a	80.0
Contributor 14	27-Jun-19	98.6	83.7	74.0	70.5	68.5	57.5
Contributor 15	26-Jun-19	80.0	75.0	70.0	75.0	75.0	70.0
Contributor 16	25-Jun-19	89.1	93.0	n/a	n/a	n/a	n/a
Contributor 17	24-Jun-19	81.0	79.0	76.0	75.0	76.0	74.2
Contributor 20	4-Jun-19	82.0	75.0	75.0	75.0	75.0	n/a
Contributor 21	17-May-19	100.0	75.0	75.0	n/a	n/a	n/a
Low		76.5	70.0	66.0	66.0	66.0	57.5
High		100.0	93.0	85.0	90.0	76.0	90.0
Average		85.3	78.7	76.6	75.8	72.1	72.9
Median		82.0	76.0	75.5	75.0	75.0	74.2
Previous bulletin (Mar/Apr19)							
Average		93.9	87.7	81.8	78.9	75.0	71.9
Median		95.0	89.0	80.5	80.0	76.0	72.5

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	2019	2020	2021	2022	2023	LT (2019)
Contributor 1	3-Jul-19	0.69	0.65	0.69	n/a	n/a	0.76
Contributor 2	10-Jul-19	0.71	0.74	0.75	0.75	n/a	0.75
Contributor 3	10-Jul-19	0.71	0.71	0.71	n/a	n/a	0.75
Contributor 4	10-Jul-19	0.69	0.68	0.71	0.73	0.75	n/a
Contributor 5	8-Jul-19	0.71	0.75	n/a	n/a	n/a	n/a
Contributor 7	8-Jul-19	0.70	0.71	0.73	n/a	n/a	0.75
Contributor 8	4-Jul-19	0.70	0.72	0.75	0.78	n/a	0.80
Contributor 9	4-Jul-19	0.70	0.70	0.70	n/a	n/a	0.70
Contributor 10	2-Jul-19	0.69	0.67	0.68	0.71	n/a	0.75
Contributor 11	2-Jul-19	0.70	0.73	0.75	0.83	n/a	0.83
Contributor 12	4-Jul-19	0.69	0.66	n/a	n/a	n/a	n/a
Contributor 13	28-Jun-19	0.72	0.77	0.78	0.78	0.78	0.78
Contributor 14	27-Jun-19	0.70	0.69	0.71	0.73	0.75	0.75
Contributor 15	26-Jun-19	0.70	0.70	0.72	0.73	0.74	0.75
Contributor 16	25-Jun-19	0.68	0.68	n/a	n/a	n/a	n/a
Contributor 17	24-Jun-19	0.71	0.74	0.74	0.73	0.72	0.70
Contributor 18	13-Jun-19	0.70	0.71	0.75	0.78	0.80	0.81
Contributor 19	4-Jun-19	0.72	0.75	0.75	n/a	n/a	n/a
Contributor 20	4-Jun-19	0.70	0.73	0.79	0.78	0.77	n/a
Contributor 21	17-May-19	0.70	0.68	0.65	n/a	n/a	n/a
Contributor 22	7-May-19	0.71	0.71	0.71	0.71	0.71	0.71
Low		0.68	0.65	0.65	0.71	0.71	0.70
High		0.72	0.77	0.79	0.83	0.80	0.83
Average		0.70	0.71	0.73	0.75	0.75	0.76
Median		0.70	0.71	0.72	0.74	0.75	0.75
Previous bulletin (Mar/Apr 19)							
Average		0.72	0.73	0.75	0.76	0.75	0.76
Median		0.72	0.74	0.75	0.78	0.75	0.75

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

KPMG.com.au

Contact us

If you require any further information in relation to this bulletin, please contact:

Bill Allen
Partner
Valuation Services, Deals, Tax & Legal
T: + 61 7 3233 3174
E: billallen@kpmg.com.au

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

© 2019 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo and are registered trademarks or trademarks of KPMG International. Liability limited by a scheme approved under Professional Standards Legislation. August 2019. 380998166ENR.