

EDITORIAL

## Predicting the future price of thermal coal

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In the inaugural issue of JG&G I discussed the Decadal Energy Use Predictions which suggested a bright future for oil which will remain a fuel choice for the foreseeable future. This editorial continues the future energy theme and examines the price projection scenarios for thermal coal which is also predicted to remain a significant energy source globally for some time to come.

Fluctuations in the price of thermal coal (Figure 1) [1] is a manifestation of the interactions of variations in supply and demand. The demand side is primarily influenced by political decisions particularly in China where its reliance on imports

is to be reduced and in India where it is proposed to stop the need to import coal by increasing national production. In China and India, the demand for imported thermal coal is a second derivative of the balance between domestic supply and domestic demand as both countries work towards achieving self-sufficiency. Whereas Japan, Korea, and Taiwan provide a more stable and predictable demand for thermal coal. It has been estimated that if China alone ceased the importation of thermal coal there would be a supply excess of approximately 15% in the producing countries of Australia, Indonesia, USA, and Russia.

The confluence of the energy revolution responding to climate change and the need to address a reduction in greenhouse gas emission will result in a long-term structural shift away from thermal coal use in the coming decades. There is a 'clear and present threat' to the thermal coal use and its price. Price instability is something we need to get used to. If the USA and Indonesia continues their current rate of production and Australia increases its production there will be no shortage of coal and the price will readjust downwards accordingly. The future price of thermal coal will be very volatile!

### Reference

1. Schernikau L (2018) Steam Coal Outlook 2018 and Beyond Coal Asia. pp: 68-73. [[View Article](#)]

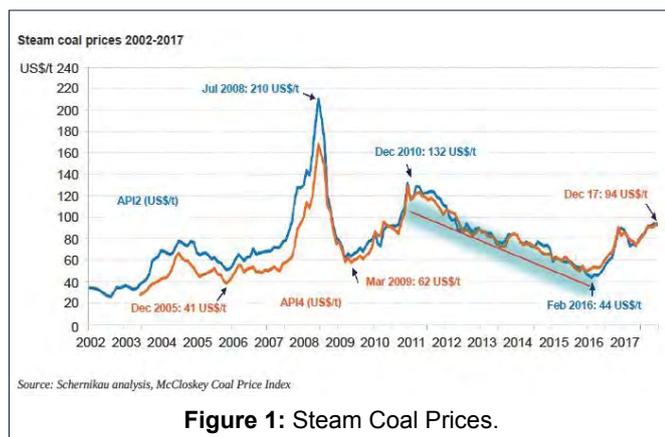


Figure 1: Steam Coal Prices.

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