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FAQ: Spotlight on the coking coal market

The coking coal market has come into the spotlight amid low spot liquidity and heightened price volatility. Alongside this, the market has evolved towards greater transparency with the emergence of named sell-tenders from some end-users. In this document, we answer some questions from the market related to the important issues around pricing volatility, low liquidity, assessment methodology and transparency.

How does Platts test market information?

Platts publishes relevant market information that meets its methodological standards, typically through real-time information services as headlines, or “heards”, so that it can be seen and tested by the market.

How does the Platts assessment process function in low liquidity? What's the minimum number of data points needed for Platts to assess prices?

Physical commodity markets vary in liquidity not only across commodities but also within commodities where there can be peaks and troughs of activity. Platts methodology is designed to accommodate that. Any market analyzed on its own will typically demonstrate rising and falling levels of transactional activity through time. Platts is committed to providing an assessment of value for every market that it covers, equally well in times of heightened and reduced liquidity.

Platts prioritizes firm market information including bids, offers, and trades. In the absence of such information, Platts also considers other verifiable data reported and published through the day, including tradeable values and other market information as provided for publication. Platts may observe direct market activity as well as the effect of movements in related markets through spread differentials and changes in fundamentals for example. As such, Platts methodology does not therefore stipulate a minimum threshold.

Why is transparent information so important in the Platts assessment process?

Transparency is about verifying the data used in the Platts assessment process in the market. When determining a final market assessment, fully transparent data is prioritized in the assessment process because it is available to the entire market for testing and therefore brings about confidence.

Some market sources recognize the importance of transparency but are concerned about confidentiality when sharing pricing information with the wider market.

As transparency evolves, if a market source prefers to share pricing information without being named, Platts editors may publish the unnamed information as a “heard”. Anonymous information that cannot be tested with full transparency in the market may still be considered but will sit lower in the data hierarchy Platts applies in its assessment process.

Platts assessment process prioritizes named firm bids and offers, expressions of interest to trade and confirmed trades, with all relevant details. Transparent information encourages responsible market behavior.

What does Platts mean when it refers to repeatability and how is it established? Does Platts survey across producers, traders and end-users to determine repeatability?

Platts speaks to producers, traders and end-users to test repeatability.

Repeatability is one of the criteria Platts uses to understand if bids, offers and trades are representative of market value. For a trade to be repeatable, it must result from a bid or offer acceptable and available to a broad representation of independent parties. Transactions that result from bids and/or offers that have atypical terms or conditions or cannot be demonstrated to be available to the broad market, may not be representative of the market at large and may be considered “one-off” transactions, including distressed cargoes, e.g. prompt cargoes with immediate delivery.

How does Platts evaluate market information attributed to third-party platforms?

The same principles of data transparency hierarchy apply. Platts market reporters will seek direct verification from the principals to a reported bid, offer or deal when communicated through a third party, including a broker. The more details of the trade, bid or offer can be verified and shared transparently with the market, the higher the information will rank in the Platts data hierarchy for the assessment process.

What's next for the coking coal market?

Platts welcomes recent steps taken by coking coal participants toward greater transparency, including the reporting for publication of named tenders and named awardees. Platts continues to engage with market participants in all regions around best practices on data submission. We encourage participants submitting bids, offers and trades for consideration in Platts coking coal assessment process to report high-quality data with details such as counterparty, product quality, specifications, order sizes, dimensions, lead times and locational and loading information.

More broadly, given the changing market dynamics and the evolution of transparency in the spot market, Platts continues to engage with the industry and explore ways to advance the coking coal market further along the transparency journey.

Where else can I find more information about Platts methodology?

[Platts Assessments Methodology Guide](#)

[Specifications guide Metallurgical coal](#)

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