KSI Research

KIWOOM SEKURITAS INDONESIA

Commodity Update

COAL INSIGHT: ENDING THE BOTTOMING PHASE ?

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❖ HISTORICAL REFLECTION: OBSERVING PRICE CYCLE PATTERNS

Global coal price movements show a very distinctive cycle: *a bearish phase lasting 2–3 years is often followed by a bullish phase of similar duration.* Looking back, this pattern appears quite consistent:

2011–2015: Coal prices were under pressure for five consecutive years, with deeply negative annual returns (-8% to -29%).

2016–2017: The market rebounded strongly, yielding +75% and +14% annual returns.

2019–2022: After a -34% correction in 2019, the market strengthened with consecutive gains in 2020, 2021 & 2022: +19%, +111%, and +138%.

2023–2025: We are currently in a new weakening phase with -64% in 2023, followed by -14% in 2024 and -19% (YTD 2025). *But… does this mean the bottom is near?*

COAL HISTORICAL RETURN 2009-2025 (ANNUAL Y/Y, QUARTER Q/Q %)

	Q1	Q2	Q3	Q4	Annual	
2025	-18%	-2%			-19%	
2024	-12%	3%	9%	-14%	-14%	High production > oversupply
2023	-56%	-28%	25%	-9%	-64%	Post boom correction
2022	53%	49%	12%	-7%	138%	Supercycle (Russia-Ukraine war, global energy crisis)
2021	20%	40%	62%	-22%	111%	Strong rebound post-Covid
2020	0%	-23%	12%	37%	19%	Early recovery
2019	-9%	-24%	-1%	-3%	-34%	
2018	-4%	19%	0%	-10%	1%	Flat, Stable
2017	-9%	0%	20%	4%	14%	
2016	1%	11%	27%	22%	75%	Strong rebound after bottom
2015	-9%	7%	-11%	-6%	-19%	
2014	-15%	-5%	-9%	-4%	-29%	Declining demand from China
2013	-3%	-8%	-5%	10%	-7%	
2012	-5%	-17%	1%	5%	-16%	
2011	0%	-2%	2%	-9%	-8%	Post-2010 boom correction
2010	5%	4%	-3%	28%	36%	China demand boom
2009	-19%	13%	3%	27%	19%	Early high demand from Asia

Source : Bloomberg & KSI Research

❖ SUPERCYCLE: ARE WE ON THE VERGE OF A NEW CYCLE?

Expanding the perspective to the long term, a 7–10 year supercycle pattern stands out:

2011–2015: Deep correction due to global oversupply and weakening demand from China.

2016–2022: A new supercycle driven by demand recovery, global energy crisis (Europe & Asia), and pandemic-induced logistic disruptions.

2023–2025: Sharp correction reminiscent of the post-commodity boom cycle of 2008.

With a -64% correction in 2023 (the steepest in the past 17 years), and the pressure beginning to ease in 2024 and 2025, we observe a pattern similar to 2015 before coal surged in 2016.

CONCLUSION: *2025 has the potential to mark the end of the bottoming phase*, with a chance of entering the early accumulation phase for the next commodity cycle, assuming macro factors are supportive.

❖ INVERSE RELATIONSHIP: US DOLLAR VERSUS COMMODITIES

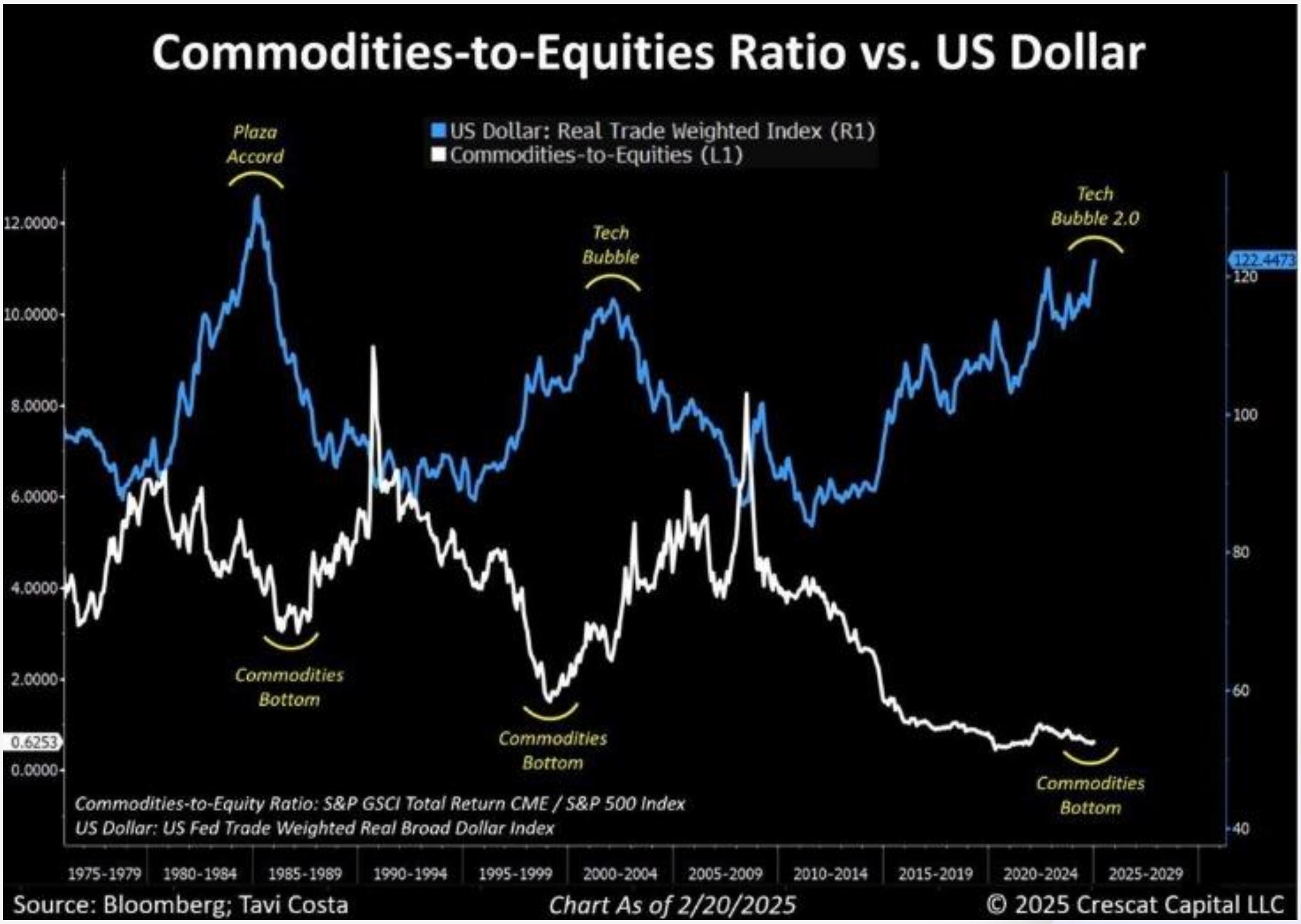
Every time the DXY (US Dollar Index) reaches its peak, commodities often find their bottom. This cycle is proven:

1985: Plaza Accord → USD weakens → commodity prices rise.

2000: Tech Bubble → USD corrects → commodity supercycle 2001–2011.

2025: USD at historical peak, and the tech sector is again seen as "overvalued." Is it time for asset rotation?

COMMODITIES TO EQUITIES RATIO VS US DOLLAR



Historical patterns show that *major investors often shift from Dollar-based assets (like Technology stocks) to real assets (Commodities, Energy, Mining) when the USD begins to weaken.*

❖ STRONG INDICATION: HAVE COMMODITIES REACHED THE BOTTOM?

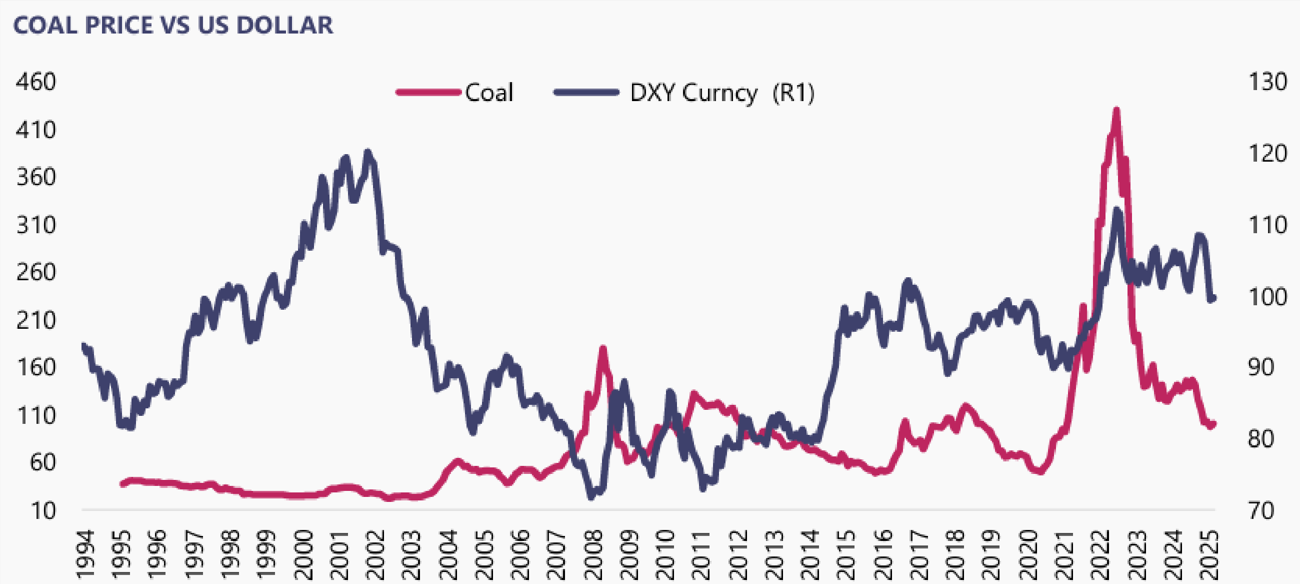
The commodity price to equity ratio is now at a multi-decade low, even lower than in 1999–2000 and 1985. Several key commodities have experienced significant corrections :

Coal: Down more than 70% from its 2022 peak.

Nickel: Sharp correction due to supply surge from Indonesia.

Copper: Previously stagnant, but started to rebound in early 2025.

COAL PRICE VS US DOLLAR (DXY)



Source : Bloomberg & KSI Research

This condition indicates that commodity prices are heavily discounted compared to equities and are strategically positioned for a rebound.

❖ SUPPORTING CATALYSTS FOR COMMODITY REBOUND (2025–2030)

Factor	Potential Impact
USD Weakening	Historically supports rising commodity prices
Green Energy Transition	Increased demand for strategic metals (nickel, copper, etc.) Mining
Investment Deficit	Limited supply as demand begins to recover
Geopolitics & Deglobalization	Rising production costs drive prices higher
Structural inflation	Investors shift to real assets as value protection
Asset Rotation	From tech to real sectors as seen in commodities/equity ratio

Challenges:

- Risk of a global recession dampening demand.
- Persistently high interest rate policies.
- Short-term oversupply (e.g., nickel).
- Accelerated green energy transition shifting demand away from coal.

❖ STRATEGIC IMPLICATION: STOCKPICKS FOR LONG-TERM INVESTMENT PLAN

If historical patterns truly repeat, then 2025 is a key moment to start building a commodity-based portfolio. Not to chase short-term momentum, but to position for the medium to long term.

Key sub-sectors to watch:

COAL: PTBA, ITMG, HRUM

BASIC & STRATEGIC METALS: MDKA, ANTM, TINS, AMMN

OTHER ENERGY: AADI , MEDC, HGII, KEEN

Smart investors avoid chasing already overvalued assets ***(Technology?)*** and instead anticipate a major rotation to real assets ***(Commodities?)***

❖ COAL – TECHNICAL VIEW

Coal prices may not yet be soaring as in 2022. However, with more indicators showing that we have passed the "capitulation" phase, the potential for a rebound is building. Not today, not this week; but a major trend is being prepared.

For long-term thinkers, *2025 could be the beginning of the next commodity decade.*

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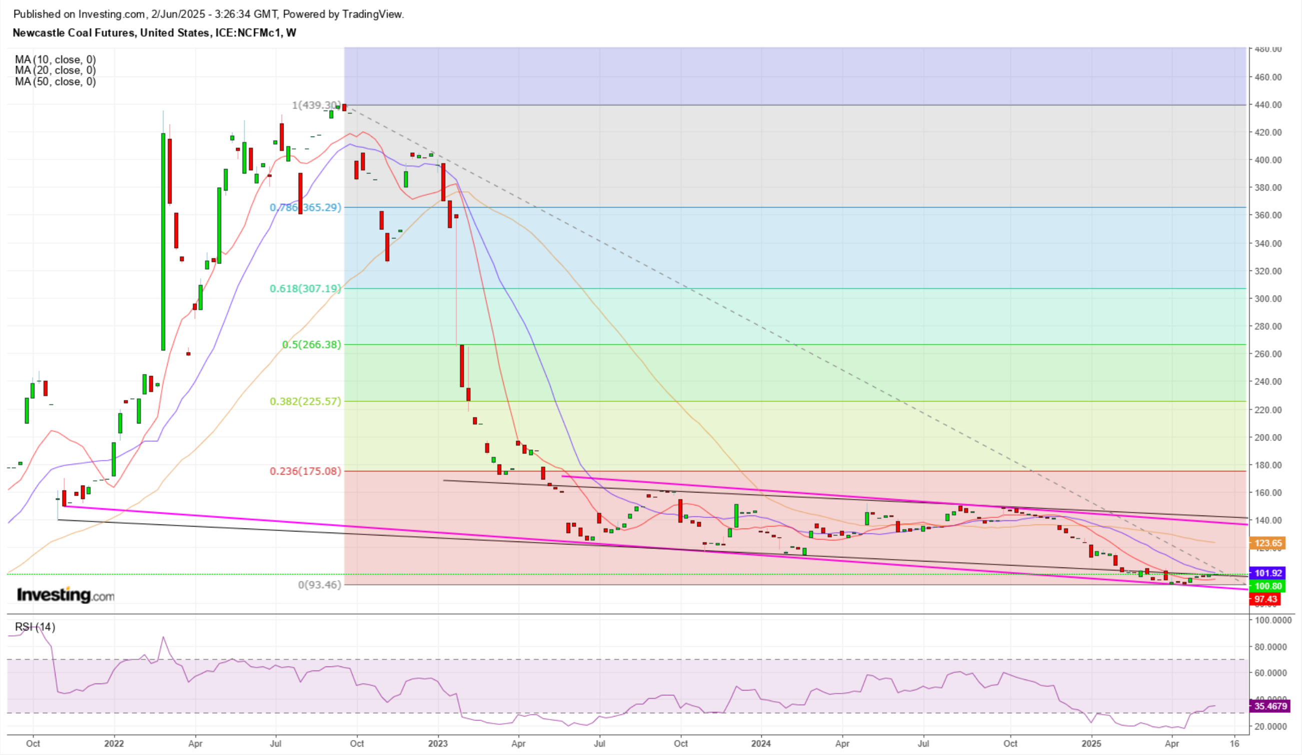

❖ COAL – last price : 100.80

Overview: Has burned down 77% exactly from the 2022 peak price of 440. Although generally still bearish, an interesting pattern has emerged lately as the price has been moving above MA10 for several weeks—something that hasn't happened since November 2024 when the price began its drop from 141.

Potential: In a bottoming phase potentially forming a short-term uptrend, considering RSI posture is starting to tilt upward. Wait for MA10 & MA20 golden cross to confirm the uptrend wave.

ADVISE: BUY or AVERAGE UP ON BREAK MA20 / 102.

TARGET: 115 / 120-123 / 140.

Support: 100 / 97.5 / 94.

For further inquiries regarding investment/trading plans related to the stockpicks, please contact Kiwoom Sekuritas Indonesia – Research Dept.

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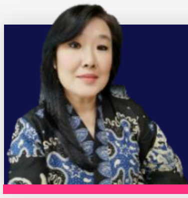

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