

# Recent Rally in Natural Gas Prices Could See Utilities Switch Back to Cheaper Coal

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## The Paragon Report Provides Stock Research on Arch Coal and Alpha Natural Resources

NEW YORK, NY -- (Marketwire) -- 10/02/12 -- The Coal Industry has been hit hard in 2012 as vast amounts of natural gas unlocked from shale deposits have made it a cheaper alternative to coal. Recent data released from the Energy Department has shown that the amount of gas used by power companies has risen 32 percent during the first half of the year, while coal usage has dropped 18 percent. The Paragon Report examines investing opportunities in the Coal Industry and provides equity research on [Arch Coal Inc.](#) (NYSE: ACI) and [Alpha Natural Resources, Inc.](#) (NYSE: ANR).

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Slowing economies in Europe and Asia have led to steep drops in demand for coal. The Wall Street Journal recently reported that for the 12 months ended in June coal output in the U.S. surpassed consumption by 152 million tons, which was the largest surplus in roughly 30 years.

The recent rally in natural gas prices could prove beneficial to coal miners. The spread between the NYMEX Central Appalachian coal and Henry Hub natural gas futures on Thursday was the widest it has been in over a year. The gap on Thursday reached \$1.25 per million British thermal units (mmBtu) according to data from Reuters. The cost of transporting Eastern coal is roughly \$1 per mmBtu, so when the discount is above \$1 per mmBtu it becomes more cost effective for utilities to burn coal instead of natural gas. Since April, natural gas has rebounded to \$3.28 per mmBtu from \$1.902, while coal has dropped to \$2.13 per mmBtu from \$2.03, according to Reuters.

Paragon Report releases regular market updates on the Coal Industry so investors can stay ahead of the crowd and make the best investment decisions to maximize their returns. Take a few minutes to register with us free at [www.ParagonReport.com](http://www.ParagonReport.com) and get exclusive access to our numerous stock reports and industry newsletters.

Arch Coal is a top five global coal producer and marketer, with 157 million tons of coal sold in 2011. Arch is the most diversified American coal company, with mining complexes across every major U.S. coal supply basin. The company reported sales volumes declined 4 million tons in the second quarter versus the prior-quarter period.

Alpha is the nation's largest supplier of metallurgical coal used in the steel-making process and is a major supplier of thermal coal to electric utilities and manufacturing industries. The company was recently replaced in the Standard & Poor's 500 Index by Kraft Foods Group. Alpha last month reported its plans to cut 9.2 percent of its workforce and by early 2013 slash their coal output by 16 million tons.

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