



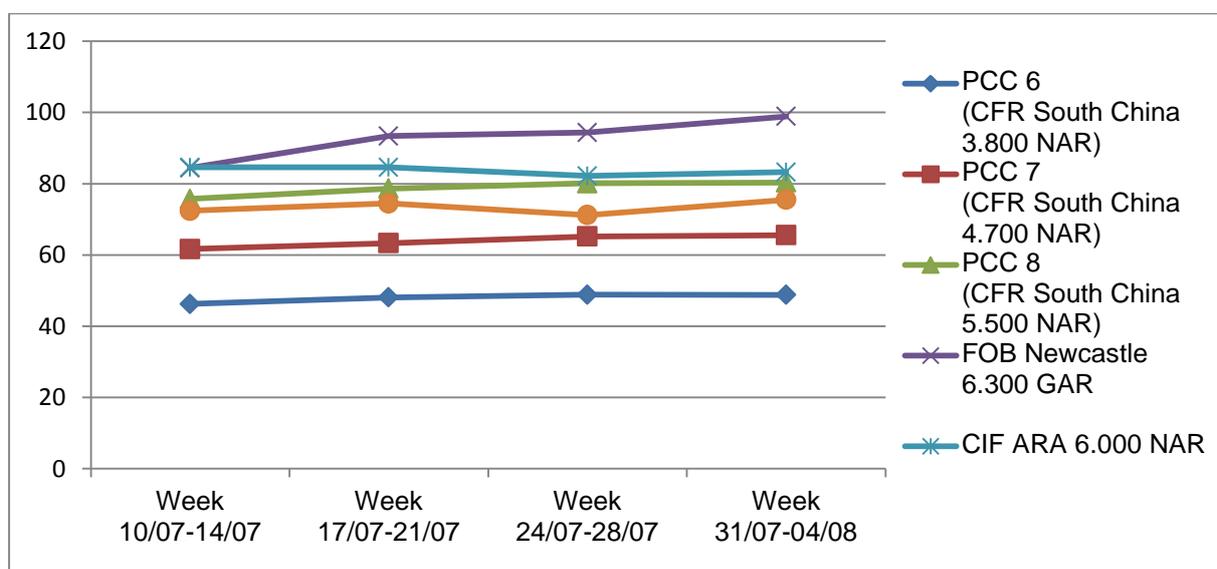
**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**WEEKLY NEWS - FIRST WEEK OF AUGUST**  
 (From 31/07 – 04/08/2017)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

Price index	Week 10/07-14/07	Week 17/07-21/07	Week 24/07-28/07	Week 31/07-04/08
<b>PCC 6</b> (CFR South China 3,800 NAR)	46.24	48.10	48.84	48.82
<b>PCC 7</b> (CFR South China 4,700 NAR)	61.68	63.30	65.18	65.55
<b>PCC 8</b> (CFR South China 5,500 NAR)	75.75	78.66	80.12	80.32
<b>FOB Newcastle 6,300 GAR</b>	84.40	93.36	94.37	98.90
<b>CIF ARA 6,000 NAR</b>	84.60	84.58	82.19	83.24
<b>FOB Richards Bay 6,000 NAR</b>	72.40	74.48	71.20	75.50
<b>NEWC</b> (FOB Newcastle 6,000 NAR)	84.03	84.03	97.00	97.00



**Chart 1: Average coal price week 1 August (2017)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

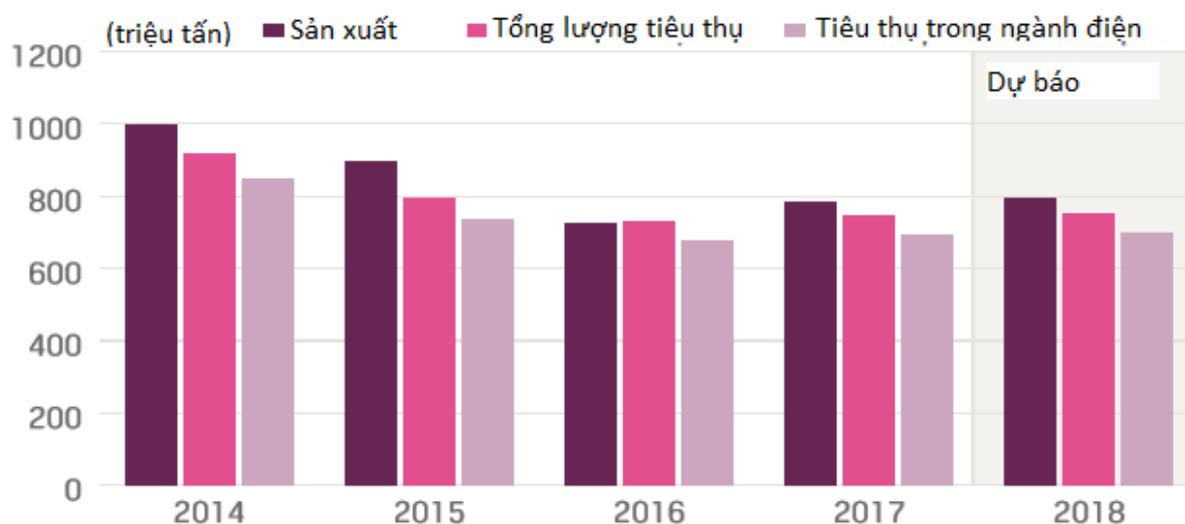
	Week 1 - August	31/07	01/08	02/08	03/08	04/08
<b>Capesize (150,000 tons)</b>						
1	Australia – China	7.15	7.40	7.65	7.75	7.50
2	Queensland – Japan	7.95	8.20	8.45	8.55	8.30
3	New South Wales – South Korea	8.20	8.45	8.70	8.80	8.55
<b>Panamax (70,000 tons)</b>						
1	Richards Bay - India West	10.40	10.40	10.50	10.75	10.75
2	Kalimantan - India West	7.15	7.20	7.20	7.20	7.20
3	Richards Bay - India East	10.65	10.65	10.75	11.00	11.00
4	Kalimantan - India East	6.10	6.15	6.15	6.15	6.15
5	Australia - China	9.30	9.35	9.45	9.50	9.60
6	Australia - India	10.55	10.70	11.00	11.15	11.25

(Source: Platts Coal Trader International)

## II. NEWS

### US coal production to total 786.1 mil st in 2017, up 8% on year

US coal production is expected to total 786.1 million st in 2017, up 8% compared with 2016 as an increase in exports in the first five months of the year has led to a rise in output, according to the US Energy Information Administration's latest monthly Short-Term Energy Outlook, released Tuesday. August's forecast is up 0.1% compared with July's 785.5 million st prediction for 2017 production, the data show. Coal production is projected to exceed 2016's total by an estimated 58 million st this year, but would still be 12.3% below the 2015 total, according to the EIA. The EIA on Tuesday predicted US coal production will total 796 million st in 2018, compared with a 786.7 million st forecast in July.



The year-over-year increase in production is being driven largely by higher exports, which are projected to total 70.4 million st, 16.7% above shipments last year. However, exports are

expected to slow in the coming months and drop to 59 million st in 2018, the EIA said. Electric power sector coal consumption is projected to total 692.9 million st in 2017, up 2.3% from last year, while consumption in 2018 is projected to total 700.2 million st. Coal is projected to provide 31.6% of US power generation in 2017, edging out natural gas. The EIA projects coal will fuel 31.5% of the nation's electricity in 2018, equal to the projected share of gas-fired plants. The EIA projects the Henry Hub spot gas price will average \$3.17/MMBtu in 2017, increasing to \$3.41/MMBtu next year. The price averaged \$2.61/MMBtu in 2016. For comparison, the average delivered price for coal is projected to be \$2.15/MMBtu in 2017, increasing to \$2.21/MMBtu in 2018. Delivered coal prices averaged \$2.11/MMBtu in 2016.

### **Indonesian coal miner ITM may miss full-year targets due to rains**

Indonesian thermal coal miner Indo Tambangraya Megah is expecting full-year production and sales volume to fall short of its previous forecast due to persistent rains, a company source said late Wednesday. ITM is expected to have produced nearly 5 million mt in the second quarter of this year while sales volume is expected to have been 5.5 million mt, the source said. For the full year, production is expected to range from 24 million mt to 24.5 million mt, while sales volume forecast is at 25 million mt to 25.5 million mt, the source said. In May this year, the company had forecast full-year production at 25.5 million mt and sales volume at 27 million mt.

According to S&P Global Platts calculations, first-half 2017 production is expected to be 10.4 million mt and sales volume 10.9 million mt, based on the expected second-quarter numbers. Coal sales volume in the first half of last year was 13.1 million mt while output was 12.7 million mt. "Indonesia has been hit by rains since January till now," the source said. Unseasonal rains in Indonesia have crippled production and loading schedules at several miners in the first half of the year, leading to supply tightness and rising coal prices. ITM, which counts Japan, China and India among its major customers, is yet to announce its second-quarter results. ITM operates six mining concessions in East, South and Central Kalimantan, producing coal with heating value in the range of 4,400-6,300 kcal/kg gross as received, according to the company's website. The 90-day price of FOB Kalimantan 5,900 GAR has risen 4% since January to be assessed Tuesday at \$74.70/mt, S&P Global Platts data showed.

### **China province plans to close 7 coal mines in 2017**

The northeastern province of Heilongjiang, a major coal production base in China, will shut down seven coal mines in 2017 in response to a government capacity-cut drive, according to a statement on the website of the National Energy Administration (NEA). As of the end of July, production had been halted at five mines, the provincial economic planner told Wang Xiaolin, deputy head of the NEA, during his recent research tour to the region. In a plan released by the provincial government last year, Heilongjiang has promised to close 44 mines in the coming three to five years to cut coal production capacity by 25.67 million tonnes. The move came as tackling overcapacity in bloated sectors such as coal and steel has been among the top priorities

for policymakers in recent years. Last year, China eliminated coal production capacity by over 290 million tonnes and steel by more than 65 million tonnes, both beating government annual targets. In 2017, China plans to slash coal production capacity by at least 150 million tonnes and steel by around 50 million tonnes.

*(Source: Platts)*