



**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**DAILY NEWS**

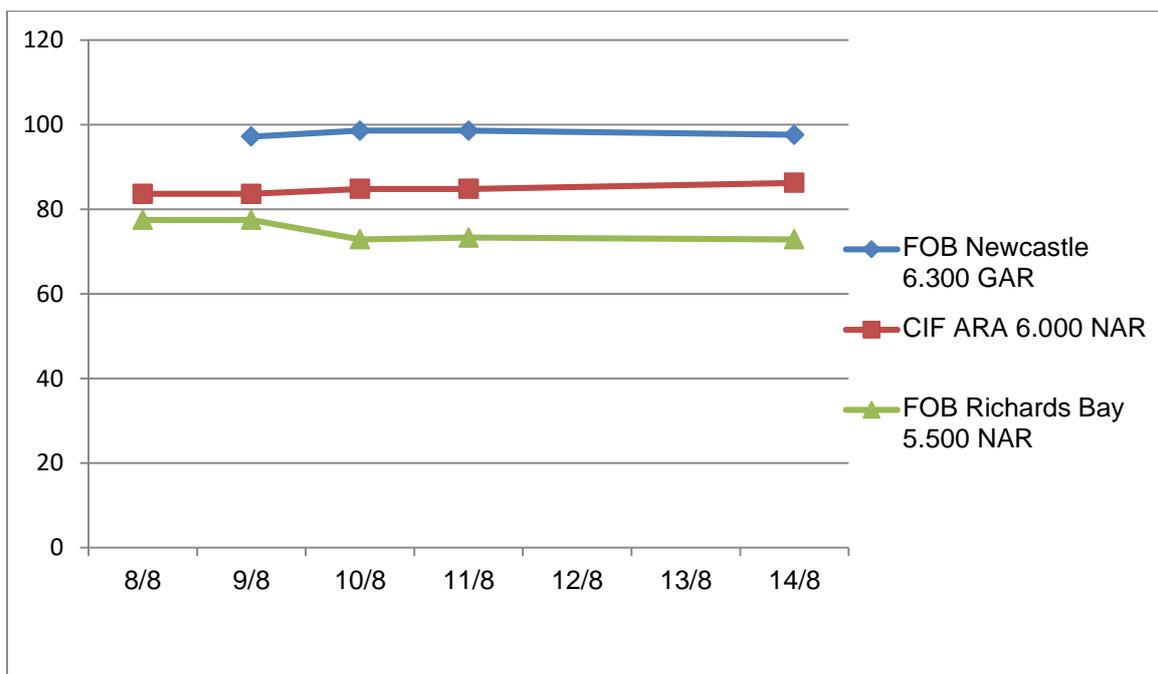
Date 18/08/2017

**INTERNATIONAL COAL PRICE ASSESSMENTS**

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	98.60	+ 0.00	95.10	+ 0.00
CIF ARA 6,000 NAR	84.80	+ 0.00	85.10	+ 0.60
FOB Richards Bay 5,500 NAR	73.30	+ 0.40	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	74.95	+ 0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	60.00	+ 0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	48.80	+ 0.10	324.27	+ 0.86
PCC7 (CFR South China 4,700 NAR)	65.90	+ 0.00	437.90	+ 0.26
PCC8 (CFR South China 5,500 NAR)	81.80	+ 0.10	543.55	+ 0.99

**DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017**



(Source: Platts Coal Trader International – Date 14/08/2017)

## **NEWS**

### **Coal India building new railway links to efficiently evacuate production**

Coal India Limited (CIL) is undertaking three critical railway infrastructure projects that will enable the miner to efficiently evacuate 282-million tons a year of production. According to a directors' report of the company, the railway infrastructure projects form part of the miner's 'Synergy for Energy' initiative, which aims to grow production and avoid the piling up of stock as a result of infrastructure deficiencies at some of its largest operating wholly owned subsidiaries. The three railways links will be constructed by joint ventures between CIL subsidiaries, Indian Railways and Itron International Limited – an engineering construction and consultancy organisation under the Railway Ministry.

The Tori-Shivpur-Kathotia broad gauge line will have the capacity to evacuate about 32-million tons a year of coal from the North Karanpura mines, which CIL subsidiary Central Coalfields operate. The Jharsuguda-Barpali-Sardega rail link will enable Mahanadi Coalfields to evacuate 70-million tons a year of coal, while the 180-million-ton-a-year East Rail Corridor and East West Rail Corridor will transport coal from the Mand-Raigarh, Korba and Gevra mines under South Eastern Coalfields. These projects will be part funded in the current financial year, during which CIL is aiming to complete a total capital expenditure (capex) of \$1.33-billion, according to the director's report. Outlining CIL's strategic growth plans, the report states that an additional \$1.015-billion of capex will be riding on various diversification projects, which include the construction of a super critical thermal power plant, ongoing revival of a defunct fertiliser plant, a coal gasification plant and the launch of a coalbed methane project. In the current financial year, CIL has set a production target of 600-million tons to achieve production growth of 8.3% over the previous financial year, while the target for 2018/19 will be 773.70-million tons. However, as per data released by the miner last week, during the April to July 2017 period, CIL produced 155.4-million tons, which was about 12-million tons below the target set for that period.

### **Prompt CIF ARA thermal derivatives rally on bank orders**

Prompt European CIF ARA thermal coal futures rallied by around 75 cents Monday to new year-to-date highs, with traders identifying banks placing customer orders in the absence of any firm fundamental drivers. Platts assessed the front-quarter CIF ARA Q4-17 at \$84.40/mt, up 65 cents on the day, and the year-ahead Cal-18 at \$77.45/mt, up 35 cents. CIF ARA futures have firmed in recent weeks, locking into strength in the Asia-Pacific market which has experienced a string of supply issues the latest of which is a coal rail logjam on Russia's far eastern coast. Q4-17 futures opened 25 cents stronger at \$84/mt before hitting an intraday peak of \$84.85/mt in the morning session, up \$1.10 on the day, before being sold off a touch just before market close. A second trading source said he was "perplexed" by the price movement, given that Chinese coal futures on the Zhengzhou Commodity Exchange were softer, and UK natural gas prices had also fallen back. A third trader said tight availability for 6,000 kcal/kg NAR coal was pushing up price levels in the physical spot market and this was filtering through to derivatives.

Despite the continuation of slow spot activity Monday, pricing rose again to \$86.25/mt, up \$1.45/mt from Friday. A 50,000 mt September-delivery multi-origin cargo with US optionality and exchange of futures for physical terms traded at \$86/ mt through Atlantic Brokers early in the morning, while a 50,000 mt October-delivery multi-origin cargo was also traded for \$86/mt during the afternoon through globalCOAL. The high pricing for FOB Newcastle 6,000 kcal/kg NAR coal continued to be seen, with a trade for a 25,000 mt parcel at \$97.50/mt FOB for September-loading being concluded Monday via globalCOAL, and the possible arbitrage opportunities these high prices create were still the main point-of interest in the current market for most players. Sources said they did not expect much change to market conditions across the week as the summer season drags on. "Prices keep increasing so buyers might be at a standstill," a Mediterraneanbased trader said. Elsewhere, bids for FOB Richards Bay 6,000 kcal/kg material were seen at \$84/mt for a 50,000 mt September-loading cargo, and at \$88.15/mt for a 50,000 mt October-loading cargo, both via globalCOAL, however no deal was seen to be concluded and the prevailing sentiment was that Asian markets remain a more popular destination than ARA.

## India's CIL says 62 projects lagging due to approval delays, other issues

State-owned Coal India Limited, which has a target to produce around 1 billion mt of coal by fiscal 2019-2020 (April-June), said Wednesday that 62 of its mining projects were running behind schedule, mainly due to a delay in obtaining forest clearances, acquiring land, and issues related to rehabilitation and resettlement. CIL's 120 coal projects and 71 non-mining projects were in different stages of implementation, CIL said in its latest annual report. Of the 120 coal projects, 58 were on schedule while 62 were delayed, CIL said. Of the 71 non mining projects, 27 were delayed, it added. As many as 34 coal mining projects were facing a delay in obtaining forestry clearances and 17 had land acquisition and associated issues, the report said. Seven projects were running behind schedule due to delayed or discontinued work or non-participation in tender by the contractors. One project was running behind due to a law and order problem and three due to lack of railway infrastructure facilities, CIL said. During fiscal 2016-2017 CIL produced 554.14 million mt of coal, missing the targeted output by 44.48 million mt. As of April 1, 2017, CIL has 394 mines of which 193 are underground, 177 opencast and 24 mixed mines.

(Source: Platts)

## **INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS**

Size	From	To	Freight rates	Change
<b>Capesize</b> (150,000 tons)	Australia Queensland New South Wales	China Japan South Korea	7.95 8.75 9.00	+ 0.10 + 0.10 + 0.10
<b>Panamax</b> (70,000 tons)	Richards Bay Kalimantan Richards Bay Kalimantan	India West India West India East India East	11.15 7.40 11.40 6.50	+ 0.00 + 0.00 + 0.00 + 0.00
	Australia Australia	China India	10.30 11.70	+ 0.10 + 0.10

(Source: Platts Coal Trader International – Date 14/08/2017)