



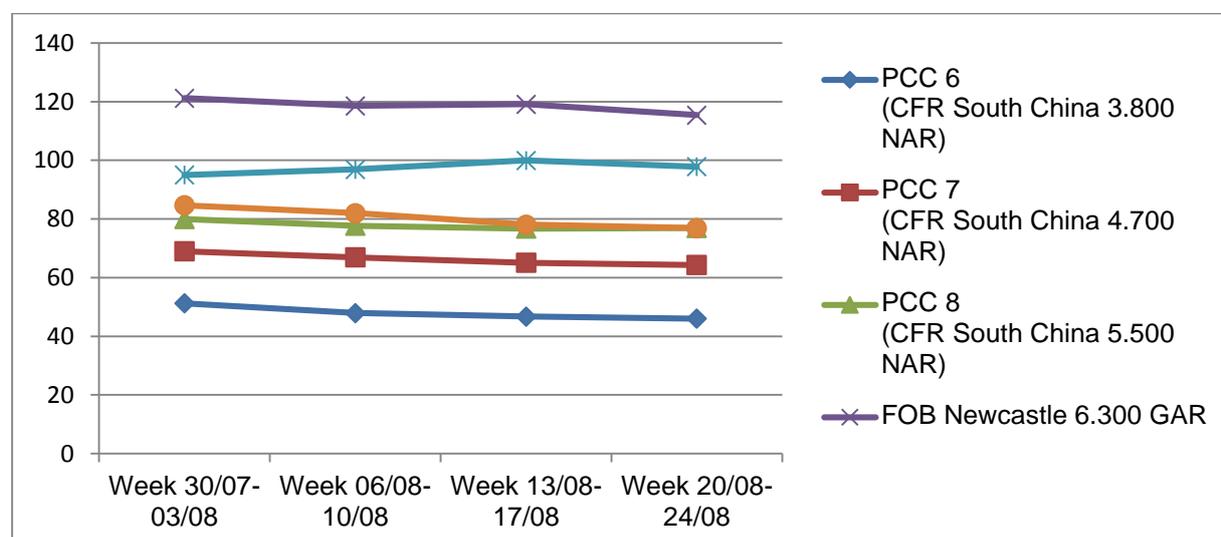
**PETROVIETNAM POWER CORPORATION**  
**PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY**  
**WEEKLY NEWS – FOURTH WEEK**  
**OF AUGUST**  
 (From 20/08 – 24/08)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

| Price index                                 | Week<br>30/07-03/08 | Week<br>06/08-10/08 | Week<br>13/08-17/08 | Week<br>20/08-24/08 |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>PCC 6</b><br>(CFR South China 3,800 NAR) | 51.25               | 47.96               | 46.73               | 46.01               |
| <b>PCC 7</b><br>(CFR South China 4,700 NAR) | 68.98               | 66.92               | 65.05               | 64.31               |
| <b>PCC 8</b><br>(CFR South China 5,500 NAR) | 80                  | 77.70               | 76.70               | 76.93               |
| <b>FOB Newcastle 6,300 GAR</b>              | 121.18              | 118.58              | 119.11              | 115.39              |
| <b>CIF ARA 6,000 NAR</b>                    | 94.99               | 96.88               | 99.94               | 97.83               |
| <b>FOB Richards Bay 6,000 NAR</b>           | 84.68               | 81.97               | 78.07               | 76.87               |
| <b>NEWC</b><br>(FOB Newcastle 6,000 NAR)    | 120.41              | 118.29              | 117.68              | 117.39              |



**Chart 1: Average coal price week 4<sup>th</sup> August (2018)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

|                                | Week 4 <sup>th</sup> - August | 20/08 | 21/08 | 22/08 | 23/08 | 24/08 |
|--------------------------------|-------------------------------|-------|-------|-------|-------|-------|
| <b>Capesize (150,000 tons)</b> |                               |       |       |       |       |       |
| 1                              | Australia – China             | 11.55 | 12.00 | N/A   | 11.45 | 11.10 |
| 2                              | Queensland – Japan            | 13.35 | 13.95 | N/A   | 13.25 | 12.80 |
| 3                              | New South Wales – South Korea | 14.20 | 14.80 | N/A   | 14.10 | 13.65 |
| <b>Panamax (70,000 tons)</b>   |                               |       |       |       |       |       |
| 1                              | Richards Bay - India West     | 13.45 | 13.80 | N/A   | 14.30 | 14.50 |
| 2                              | Kalimantan - India West       | 8.95  | 9.80  | N/A   | 10.00 | 10.40 |
| 3                              | Richards Bay - India East     | 13.65 | 14.00 | N/A   | 14.50 | 14.70 |
| 4                              | Kalimantan - India East       | 7.45  | 8.30  | N/A   | 8.50  | 8.90  |
| 5                              | Australia - China             | 12.30 | 12.75 | N/A   | 13.25 | 13.50 |
| 6                              | Australia - India             | 14.05 | 14.75 | N/A   | 15.50 | 16.00 |

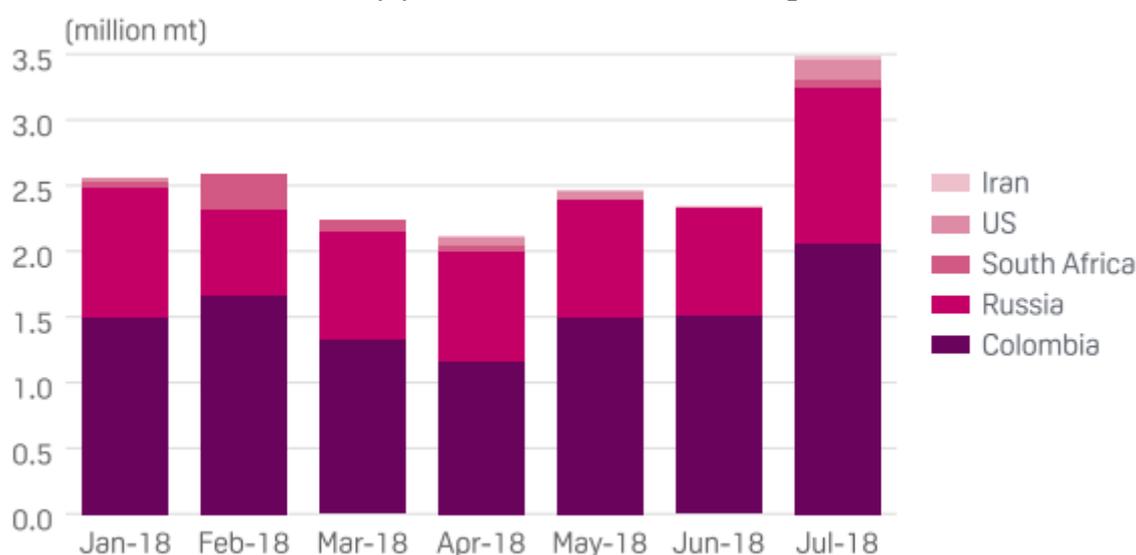
(Source: Platts Coal Trader International)

## II. NEWS

### Turkey July thermal coal imports reach year to date high at 3.48 mil mt

Turkey's thermal coal imports were 3.48 million mt in July, an increase of 45% from June and 23% on the year, as well as being the highest monthly volume so far in 2018, according to customs data released Wednesday. The total year-to-date volume came to 15.26 million mt, which was a drop of 6.7% on the year.

#### Turkey year to date thermal coal imports



Colombia remained the largest exporter to Turkey in July, with a volume of 2 million mt, an increase of 37% on the month and 24% on the year, also the highest volume since S&P Global Platts began collecting data in 2013. Imports from Russia also surged in July to 1.18 million mt, the highest since November 2017 and a 42% increase from June. Russian and Colombian coals made up 93.4% of all imports to Turkey in July. The US shipped 138,921 mt, which was also a record high, having sent no coal in June. However, an import tariff of 13.7% introduced by the Turkish government on US coal earlier in August is expected to minimize imports from there going forward. High prices in Turkey combined with some major utilities holding low inventories was likely to have been an incentive for exporters to divert cargoes to the Turkish

market. The average Platts CIF Turkey 6,000 kcal/kg NAR 90-day price in July came to \$103.13/mt, an increase of \$3.53 on the month.

### **Thailand's July coal imports jump 57% on year to 2.3 mil mt**

Thailand imported nearly 2.3 million mt of coal in July, surging 56.5% from the same month in 2017, according to latest customs data released over the weekend. Of the total, 782,903 mt was bituminous coal, up 41.6% year on year, with the cargoes mainly from Australia — 438,067 mt, 53.2% higher year on year and Indonesia — 343,880 mt, up 29.4%. Imports of other coals shot up 66.6% year on year to 1.5 million mt in July. They were imported mostly from Indonesia — 1.45 million mt, up 61.4% from a year earlier, and Russia with 45,706 mt, up from none last year. Thailand imported 21,106 mt of anthracite coal in the month, up 12.8% year on year.

In the first seven months, Thailand imported 14.57 million mt of coal, up 12% year on year, comprising mainly bituminous coal — 4.64 million mt, down 23.9% year on year. Other coals accounted for 9.83 million mt, up 44.7% from the same period in 2017. Indonesia and Australia remained key suppliers.

### **Russia targets Asia Pacific growth amid plans to ramp up coal production to 200 mil mt**

Russian thermal and coking coal production is expected to exceed 200 million mt this year, with the Asia Pacific region seen as the key strategic demand center for the coming years, according to statements from a recent meeting of the Commission on the Strategy for the Development of the Fuel and Energy Industry and Environmental Safety. Russia's current coal exports are split relatively evenly between Atlantic and Pacific markets. "According to our estimates, we expect the export of coal from Russia to exceed 200 million tons this year: about 100 million tons to the west and about 100 million tons to the east," energy minister Alexander Novak said. "This year, we will produce over 420 million tons, and we are likely to surpass the record set in the Soviet Union in 1988."

However, the split between these two strategic basins was expected to lean increasingly toward the Pacific as coal-fired generation in many Atlantic markets is on the decline, while the Pacific is a growth area predicted to hold through to 2030-40. The key areas identified by the ministry were Southeast Asia, India, and Turkey. "It is in our interests to make the most of this potential additional demand," the minister said, highlighting Russian coal's market share of the international trade had risen to 14% over the past 20 years.

In the West, Russia's main export hubs are the terminals of Ust Luga and St Petersburg in the Baltic region, Murmansk in Northwest Russia and several smaller ports in the Black Sea regions. Russian coal is also exported through other Baltic terminals in Estonia, Latvia and Lithuania, and via the Black Sea from other terminals in Ukraine. The main export terminals serving the Asia Pacific region are Vladivostok, Nakhodka and Vostochny. Russia's current market share in the Asia region is 9.3%, or 100 million mt, according to the ministry, and is expected to double by 2025 to 207 million mt, or a 20% market share. To achieve this would require state-owned Russian Railways to increase its export coal haulage to eastern ports to 125 million mt by 2019, and then 180 million mt by 2024.

*(Source: Platts)*