PETROVIETNAM POWER CORPORATION

PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY

DAILY NEWS

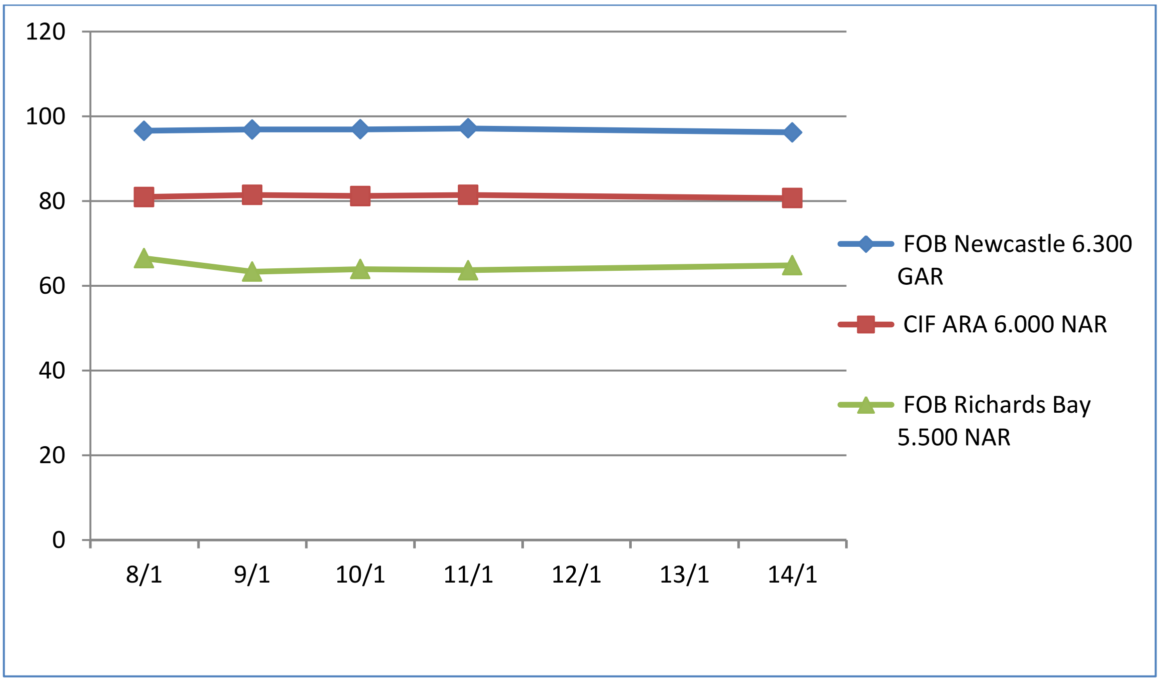
Date 18/01/2019

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	96.90	+0.30	N/A	N/A
CIF ARA 6,000 NAR	81.45	+0.50	N/A	N/A
FOB Richards Bay 5,500 NAR	63.35	+0.75	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	68.40	+0.10
FOB Kalimantan 5,000 GAR	N/A	N/A	46.90	+0.20

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	38.70	+0.10	263.19	-0.32
PCC7 (CFR South China 4,700 NAR)	54.35	+0.10	369.63	-0.72
PCC8 (CFR South China 5,500 NAR)	71.00	+0.00	482.86	-1.84

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2019



(Source: Platts Coal Trader International – Date 14/1/2019)

NEWS

Rains continue to dampen Indonesian thermal coal supply as China, India markets heat up

Bad weather conditions in Indonesia, especially in the South Kalimantan province, continue to affect thermal coal production and loading schedules, pushing up spot market prices in recent days, sources said Thursday. Market sources had noted a delay in loading schedules since weeks ago amid thunderstorms in Kalimantan. "Suppliers kept pushing back the loading period, and those vessels that had arrived at the port [in Kalimantan] had to wait in queue," a China-based trader said. The delays were previously expected to last six to nine days, but sources said Thursday shipments have been further delayed by as long as two weeks now. "Heavy rain is still happening at the mines," an Indonesian-based market source said, adding that the supply of low CV coal was particularly hit. "It would disrupt supply for January for sure," the source said. A producer said that in addition to the production disruption, loading activities have also been affected. "High swells makes it difficult to load," he added. Another producer said that they had 12 vessels that had been at the anchorage for about one and a half weeks. A weather report for Kalimantan is predicting cloudy weather for the next three days at least.

The weather-linked problems were not affecting all supplies. Some sources said their shipments from other South Kalimantan producers had been on schedule despite the rough weather. "Our producers required just one to two days for loading," a Singapore-based trader said. Production in other parts of Kalimantan seemed little impacted too. "Rain has been on and off, there's no significant impact on us so far," a North Kalimantan-based producer said. An East Kalimantan-based producer had also reported of little impact.

Market sources said that the delays had minimal impact on Chinese power plants as they are well-stocked, but traders are facing significant pressure. "Now that coal prices are increasing, we're also worried that the coal quality might drop due to the rains and the long wait [affecting the moisture levels]," a China-based trader said. Traders may incur high vessel demurrage charges and other costs as they have booked the discharge ports in China, an Indonesian producer noted. The disruption comes amid stronger buying interest from both India and China at the start of the year, after a long hiatus in the fourth quarter of last year, which is typically peak winter season for coal.

Price of 4,200 kcal/kg GAR grade of coal was assessed $33/mt FOB Kalimantan Wednesday, after reaching a multi-year low of $28.30/mt in November last year. Several spot market trades had been concluded in recent weeks, with Chinese power plants seeking Indonesian low CV coal after import restrictions were relaxed in China at the start of the year. A China-based trader said: "Chinese buyers stayed away from the market because of the import curbs and now they're entering the market seeing the prices are right."

The recent mining accident in China's Shaanxi province has also prompted some buyers to turn to the seaborne market as stringent mine safety checks hampered Chinese domestic production, sources said. At least 21 people were reportedly killed in the fatal coal mine accident on Saturday in Shenmu, Shaanxi province. Majority of the mines in the province were shut and Chinese authorities imposed stricter checks on mines in other regions, prompting fears of coal shortage in coming weeks.

Chinese domestic thermal coal prices may spike after holidays amid stringent checks: sources

Chinese domestic thermal coal prices may likely see a spike after the Lunar New Year holidays with the full impact of the recent mining accident taking effect, sources said Thursday. A coal mine in northeastern Shaanxi province collapsed earlier this month, claiming the lives of 21 people and prompting Chinese authorities to adopt stricter safety measures, including shutting down mines and conducting stringent checks on mines in other coal producing provinces as well.

Offers from domestic miners jumped as much as Yuan 50/mt since the accident in Shaanxi, while prices at Qinhuangdao port rose by a mere Yuan 3/mt since last Friday amid high stocks. Stockpiles at both ports and power plants have remained elevated in recent times, with stocks at utilities enough to last for nearly 19 days of coal burn. Chinese domestic 5,500 kcal/kg NAR grade of coal was assessed at Yuan 588/mt FOB Wednesday, up Yuan 8/mt since the start of the year, S&P Global Platts data showed. "Right now, there'll still be some restocking, but we don't see much impact on prices yet as the accident happened when there had not been much buying activities," a China-based trader said. Market sources in China expect safety checks to continue until at least end-March, and this may provide a boost to domestic prices after the Lunar New Year holidays starting early February. "We know prices will go up after Lunar New Year, but it's difficult to restock a lot right now as we've more than enough stocks, especially with the continued arrival of import cargoes," a buyer said.

The most actively traded May futures contract on the Zhengzhou Commodity Exchange rose 4% from its settlement of Yuan 560/mt on Friday to about Yuan 583/mt at 4 pm (0800 GMT) Thursday, following news of the mine accident. The mining accident has also prompted some buyers to turn to the seaborne market pushing up import prices in recent days. "We understand that all privately owned mines in Shenmu county were forced to suspend operations the day after the accident. We have also heard that mines in adjacent Fugu county -- another large coal mining area -- may also be subject to suspensions," energy consultancy firm Wood Mackenzie said in a recent note. The consultancy firm added that domestic supply could tighten if stricter checks were extended to other provinces, "helping coal imports as a result."

Australia's Whitehaven Coal on track for 10 mil mt/year Vickery plan approval this year

Australian miner Whitehaven Coal expects to receive approval for its 10 million mt/year Vickery extension project located in the Gunnedah Basin coal field in New South Wales by the end of the year, the company said Friday.Out of a total of 560 public submissions made to the NSW Department of Planning and Environment, 63% said the project should be approved. The state's Independent Planning Commission is now evaluating the proposal, and will hold public hearings in Boggabri and Gunnedah on February 4 and February 5 respectively, it said.

"After the scheduled hearings, the IPC is expected to issue a report on the outcome of the hearings and the DPE review. Whitehaven will then be asked to respond to the submissions and the IPC report. On the basis of Whitehaven's responses, DPE will proceed to prepare a whole of government report on the project, which will be provided to the IPC for final review and determination," it said. There is already an existing approval covering the site for a 4.5 million mt/year operation. The new application seeks to increase the size of the project to 10 million mt/year over the 25-year mine life. Coal mined at Vickery will be processed into semi-soft coking, thermal and PCI coal for export.

(Source: www.thejakartapost.com)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize	Australia	China	7.70	-0.15
(150.000 tons)	Queensland	Japan	8.60	-0.15
	New South Wales	South Korea	9.45	-0.15
Panamax	Richards Bay	India West	12.00	-0.30
(70.000 tons)	Kalimantan	India West	8.00	-0.10
	Richards Bay	India East	12.20	-0.30
	Kalimantan	India East	6.65	-0.10
	Australia	China	10.80	-0.10
	Australia	India	12.10	-0.10

(Source: Platts Coal Trader International – Date 14/1/2019)