



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
DAILY NEWS

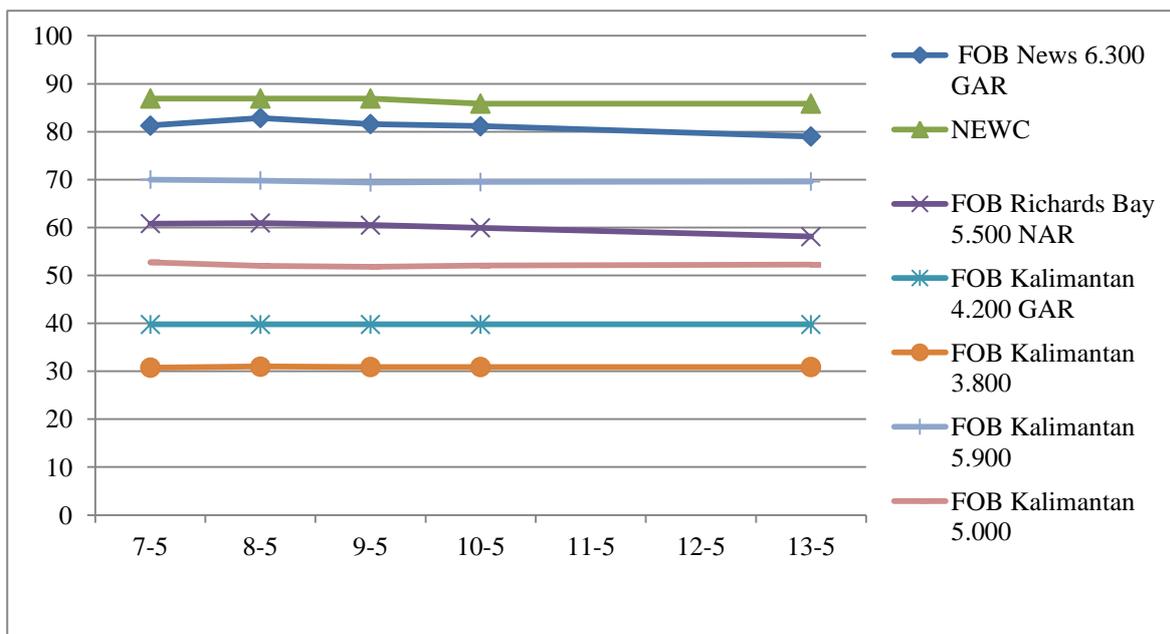
Date 17/5/2019

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	79.00	-2,15	N/A	N/A
FOB Newcastle 6,000 NAR	85.65	N/A	N/A	N/A
FOB Kalimantan 5,500 GAR	58.10	-1.85	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	69,60	+0.10
FOB Kalimantan 5,000 GAR	N/A	N/A	52,25	+0.20

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	47.55	+0.10	325.56	+3.45
PCC7 (CFR South China 4,700 NAR)	60.00	+0.30	410.81	+5.54
PCC8 (CFR South China 5,500 NAR)	70.80	+0.40	484.75	+6.84

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2019



(Source: Platts Coal Trader International – Date 13/5/2019)

NEWS

Chinese tenders keep Kalimantan low-CV thermal coal prices firm

The near term outlook for Indonesian thermal coal prices appeared positive backed by Chinese tenders and slowing production in Kalimantan provinces during Ramadan, market sources said Wednesday. "Prices are climbing at a very slow pace, and the Indonesian 4,200 kcal/kg GAR grade is having a hard time trying to hit \$40/mt FOB mark," an Indonesia-based trader said. Offers for Indonesian 4,200 kcal/kg GAR coal were largely heard at \$40-\$41/mt FOB Kalimantan, while bids were heard at \$39-\$39.25/mt. "I expect prices of low-CV Indonesian coals to cool down temporarily as the next waves of tenders from power plants are only expected to emerge in one to two weeks' time for summer stocking," a north China-based trader said.

Indian appetite

Indonesian mid-CV prices were under pressure amid dismal Indian demand as buyers were inclined towards procuring South African material, market sources said. "Buyers are reluctant to venture out and take a call since Indonesia suppliers seemed uninterested in Indian bids," a north India-based trader said. A trade for Indonesian 4,800 kcal/kg NAR coal was reported at \$53/mt FOB Kalimantan for June on a Supramax-vessel basis. Market sources were hearing a spread of about \$5-\$7/mt between Indonesian and South African thermal coals of similar heating value. "China is slowly picking up Indonesian mid-calorific value coals and India might lose out if it stays on the sidelines," an India-based trader said.

As many as 45 vessels were in the queue at Paradip port in east India after Cyclone Fani, and this might keep Indian demand muted for at least the next two weeks, he added. An India-based trader pegged the discount for Richards Bay 5,500 kcal/kg NAR at \$7-\$9/mt and for 4,800 kcal/kg NAR at \$13/mt discount to the 6,000 kcal/kg NAR price. "I see pockets of opportunistic buying for Colombian coals when prices are right at \$50/mt FOB for 6,000 kcal/kg NAR," he added.

(Source: S&P Global Platts)

Bukit Asam to complete coal gasification feasibility studies in May

Publicly listed coal miner PT Bukit Asam (PTBA) will complete feasibility studies for its coal gasification project in Sumatra in May. Following PTBA's plan to build two coal gasification plants in Sumatra, company president director Arviyan Arifin said he expected the studies to be completed by the end of the month. The plants, to be located in Peranap, Riau and Muara Enim, South Sumatra, will enable the coal miner to produce coal derivative products dimethyl ether (DME), synthetic natural gas (SNG), urea and polypropylene.

The Peranap plant is projected to produce 400,000 tons of DME and 50 million standard cubic feet per day (mmscfd) of SNG, while the Tanjung Enim plant has a maximum output capacity of 570,000 tons per year of urea, 400,000 tons per year of DME and 450,000 tons per year of polypropylene. PTBA spokesman Suherman said each factory would need about \$ 3 billion to build. However, the number may increase after completing the feasibility studies: "Maybe we will change the technology used, so the cost may rise higher than originally envisaged." Mr. Arviyan revealed as soon as the feasibility studies were completed, the company would set up joint ventures with prospective customers of products from the factory, namely the state energy company. PT Pertamina, a fertilizer company of PT Pupuk Indonesia and an integrated petrochemical company Chandra Asri: "We hope to set up joint ventures in the second half of this year," and added construction. The factory will start soon.

Earlier, business development manager Fuad Fachroeddin said factories are expected to start commercial operations in early 2023. Mr. Arviyan said Pupuk Indonesia could process urea derived from coal into manure. Fertilizer and Chandra Asri processed polypropylene into plastic. In addition, Pertamina can process DME gas derived from coal to replace liquefied petroleum gas (LPG), commonly used for cooking. The use of DME gas will help reduce LPG buying costs significantly because coal is much cheaper than natural gas. Minister of Natural Resources and Minerals, Ignasius Jonan, also said that DME gas production could help reduce Indonesia's LPG

imports, with an annual volume of 4.5 to 4.7 million tons, worth 40 trillion VND. Rp (2.79 billion USD) to 50 trillion Rp.

Besides building coal gasification plants, PTBA is also focusing on expanding coal sector this year. Arviyan said the PTBA is seeking to purchase coal-fired coal mines with high caloric value outside Sumatra this year: "New mines may be located in Kalimantan or even abroad, provided they benefit them. me". But he refused to go into details about the amount the company would allocate to buy back the mine. He said that the acquisition was necessary for the company to fulfill its national coal reserve task. Suherman said the company will allocate Rp 6.2 trillion for capital expenditures this year. The funds, he says, will be used for regular business investment and development, such as the development of a railway to Kertapati port, and construction of the Sumsel 8 coal thermal power plant in South Sumatra.

(Source: <https://www.thejakartapost.com/news/2019/05/14/bukit-asam-to-complete-coal-gasification-feasibility-studies-in-may.html>)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150.000 tons)	Australia	China	8.15	+0.10
	Queensland	Japan	9.20	+0.10
	New South Wales	South Korea	10.05	+0.10
Panamax (70.000 tons)	Richards Bay	India West	12.70	+0.10
	Kalimantan	India West	8.35	+0.10
	Richards Bay	India East	12.85	+0.10
	Kalimantan	India East	7.00	+0.10
	Australia	China	10.90	+0.00
	Australia	India	12.20	+0.00

(Source: *Platts Coal Trader International – Date 13/05/2019*)