



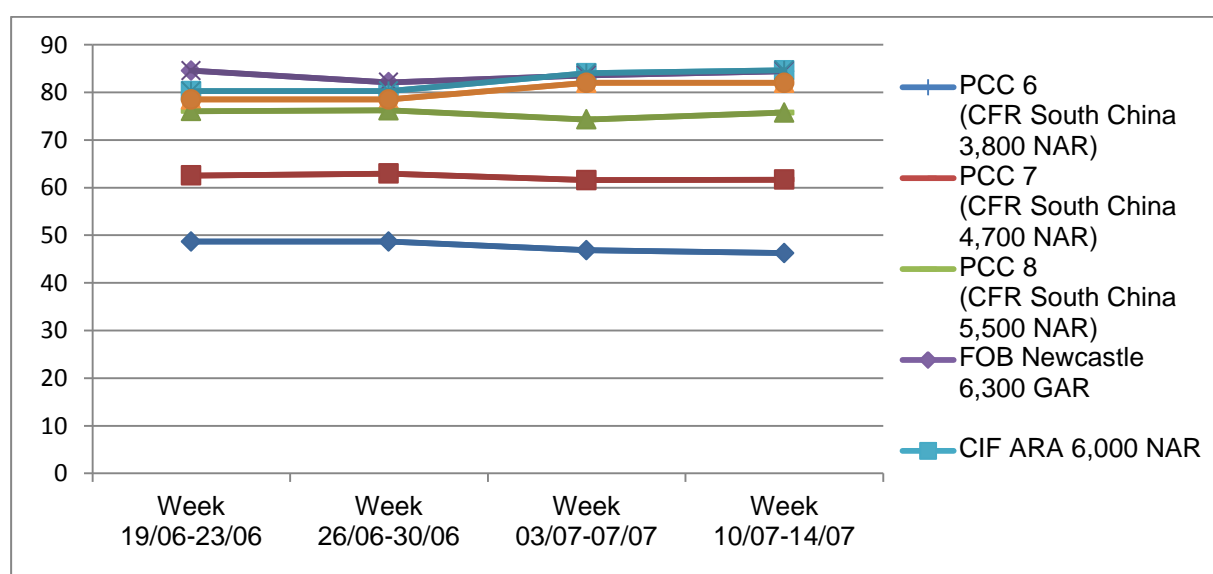
**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**WEEKLY NEWS - SECOND WEEK OF JULY**  
 (From 10/07 – 14/07/2017)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

Price index	Week 19/06-23/06	Week 26/06-30/06	Week 03/07-07/07	Week 10/07-14/07
<b>PCC 6</b> (CFR South China 3,800 NAR)	<b>48.65</b>	<b>48.68</b>	<b>46.84</b>	<b>46.24</b>
<b>PCC 7</b> (CFR South China 4,700 NAR)	<b>62.54</b>	<b>62.94</b>	<b>61.56</b>	<b>61.68</b>
<b>PCC 8</b> (CFR South China 5,500 NAR)	<b>76.05</b>	<b>76.22</b>	<b>74.30</b>	<b>75.75</b>
<b>FOB Newcastle 6,300 GAR</b>	<b>84.54</b>	<b>82.11</b>	<b>83.59</b>	<b>84.40</b>
<b>CIF ARA 6,000 NAR</b>	<b>80.26</b>	<b>80.27</b>	<b>84.00</b>	<b>84.60</b>
<b>FOB Richards Bay 6,000 NAR</b>	<b>78.49</b>	<b>N/A</b>	<b>81.98</b>	<b>N/A</b>
<b>NEWC</b> (FOB Newcastle 6,000 NAR)	<b>82.46</b>	<b>N/A</b>	<b>81.64</b>	<b>83.25</b>



**Chart 1: Average coal price week 2 July (2017)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

*Unit: USD/ton*

	<b>Week 2 - July</b>	<b>10/07</b>	<b>11/07</b>	<b>12/07</b>	<b>13/07</b>	<b>14/07</b>
	<b>Capesize (150,000 tons)</b>					
1	Australia – China	5.50	5.70	5.85	6.25	6.35
2	Queensland – Japan	6.30	6.50	6.65	7.05	7.15
3	New South Wales – South Korea	6.55	6.75	6.90	7.30	7.40
	<b>Panamax (70,000 tons)</b>					
1	Richards Bay - India West	10.45	10.45	10.45	10.50	10.50
2	Kalimantan - India West	7.00	7.00	7.00	7.00	7.25
3	Richards Bay - India East	10.70	10.70	10.70	10.75	10.75
4	Kalimantan - India East	5.95	5.95	5.95	5.95	6.20
5	Australia - China	9.55	9.55	9.65	9.65	9.70
6	Australia - India	10.80	10.80	11.00	11.00	11.30

*(Source: Platts Coal Trader International)*

## II. NEWS

### **Rio Tinto's Apr-Jun thermal coal output surges 15% on year to 4.95 mil mt**

Diversified mining giant Rio Tinto's thermal coal production stood at 4.95 million mt in the April-June quarter, up 15% year on year and 17% from the January-March quarter, it said Tuesday while announcing its quarterly results. It attributed the rise to mine sequencing at its Hunter Valley Operations in New South Wales and Queensland-based Hail Creek mine. The miner maintained its thermal coal production guidance for 2017 at 17 million-18 million mt. The guidance may, however, be adjusted depending on when the sale of Coal & Allied to Yancoal is completed. It was expected to be completed in the third quarter of 2017, Rio said. The New South Wales Hunter Valley Operations, Mount Thorley and Warkworth mines are all part of the Coal & Allied business. Rio's share of production from those coal mines in the June quarter was 3.93 million mt, up 10% year on year and 22% from the March quarter, the miner said. Rio's stake in HVO, Mount Thorley and Warkworth is 68%, 80% and 56%, respectively.

### **US Coal Exports Boomed During Trump's First Months In Office**

U.S. coal exports were nearly 60 percent higher in the first three months of the Trump administration than at the same time last year, according to federal data. It's good news for the coal industry, which is one of President Donald Trump's favored constituencies. Declining exports in the final years of the Obama administration was a major thorn in the industry's side, but now economics and some political factors have collided to give the industry some breathing room.

Coal companies exported more than 22 million short tons of steam and metallurgical coal between January and March 2017, the Energy Information Administration (EIA) reported Tuesday. Asia and Europe saw the biggest increases in U.S. coal imports from last year. EIA projects “coal exports to slow in the coming months, with total 2017 exports forecast at 72 [million short tons (MMst)], 11 MMst (19%) higher than the 2016 level.” The boom in coal exports started in October 2016 as prices increased.

Some of the biggest customers for U.S. coal were China and Japan. China saw its coal imports grow from more than 123,000 short tons in the first quarter of 2016 to nearly 736,000 short tons this year. China is using more U.S. coal to fuel its steel industry in lieu of North Korean coal being targeted by the U.S. and other powers. Chinese officials forced North Korean coal tankers to turn home in April the day after President Donald Trump authorized an airstrike on Syrian air bases. Japan is using more U.S. coal to replace nuclear power after the Fukushima Daiichi disaster in 2011. Coal is much cheaper than natural gas, despite Japan’s promising to cut greenhouse gas emissions as part of the Paris climate accord. Japan has plans to build 45 new coal plants in the coming years. South Korea has also drastically increased its reliance on U.S. coal. The country nearly doubled its coal imports from 1.1 million short tons in early 2016 to 2.1 million short tons in early 2017, according to EIA data.

### **Indonesian thermal coal prices rise as chinese buying stirs market**

Indonesian thermal coal prices continued to rise Monday amid both an import ban at certain ports and limited domestic availability in China, sources said. A surge in demand from China has been supporting prices for the past week, an Indonesia-based trader said. “Buyers were waiting for prices to correct and kept on delaying their purchases. Now, some of them are getting desperate,” he said, adding that not many people have cargoes to offer for July. A Singapore-based source said 3,800 kcal/kg NAR coal prices might have received some support from recent tenders, adding the recent partial port ban has had the short-term effect of higher domestic coal prices. He noted that the decision to ban imported coal at tier 2 ports in China had increased congestion at major ports. A Singapore-based trader said China’s summer demand and limited domestic coal supply was driving prices up again. Major coal producer Shenhua only sells on a long-term contract basis and was not entertaining spot transactions, which was further limiting the availability of domestic material, he added. He expected prices to rise by another \$1/mt this week. The Indonesia-based trader said continuing rain in South Kalimantan had made it difficult for several producers to meet their output targets.

### **China's June coal imports fall 3% on year to 21.6 million mt**

China imported 21.6 million mt of coal in June, including lignite, thermal and metallurgical material, down 2.66% from May and a marginal 0.68% lower year on year, according to preliminary data released Thursday by the General Administration of Customs. China imported 22.19 million mt of coal in May this year. In June 2016, the country imported 21.75 million mt of coal. "Total coal imports weakened slightly by 2.7% month on month and 0.7% year on year as crackdown on low-rank thermal coal imports may have kept Indonesian volumes away," Citi analysts said in a note. The analysts said they expected Chinese custom controls over low-rank thermal coal to put pressure on July and August volumes too. "However, importers could eventually adapt to these policy changes by purchasing more high-rank products," the analysts added.

Last month, China implemented a partial embargo on cargoes of imported thermal coal, with about nine tier-2 ports on China's eastern and southern coasts getting affected. Traders had estimated the potential impact on China's import market at 7 million-10 million mt in the second half of 2017. Supply in the Chinese market remained fairly tight due to high thermal power generation and slow growth of domestic coal output, Citi analysts said. Total imports over January-May rose 23.5% year on year to 133.26 million mt. Citi analysts said that they expected Chinese coal imports to maintain the momentum seen in H1 2017 and end the year with double-digit growth. China exported 0.73 million mt of coal in June, up 10.61% year on year, the data showed. China exported 1.31 million mt of coal in May this year. In June 2016, the country exported 0.66 million mt of coal. Exports over January-May were up 15.1% year on year at 5.38 million mt. The GAC did not give a breakdown of the imports and exports in June, which will be available later this month.

*(Source: Platts)*