



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS - THIRD WEEK OF JULY
 (From 17/07 – 21/07/2017)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 26/06-30/06	Week 03/07-07/07	Week 10/07-14/07	Week 17/07-21/07
PCC 6 (CFR South China 3,800 NAR)	48.68	46.84	46.24	48.10
PCC 7 (CFR South China 4,700 NAR)	62.94	61.56	61.68	63.30
PCC 8 (CFR South China 5,500 NAR)	76.22	74.30	75.75	78.66
FOB Newcastle 6,300 GAR	82.11	83.59	84.40	93.36
CIF ARA 6,000 NAR	80.27	84.00	84.60	84.58
FOB Richards Bay 6,000 NAR	66.20	70.16	72.40	74.48
NEWC (FOB Newcastle 6,000 NAR)	N/A	81.64	83.25	N/A

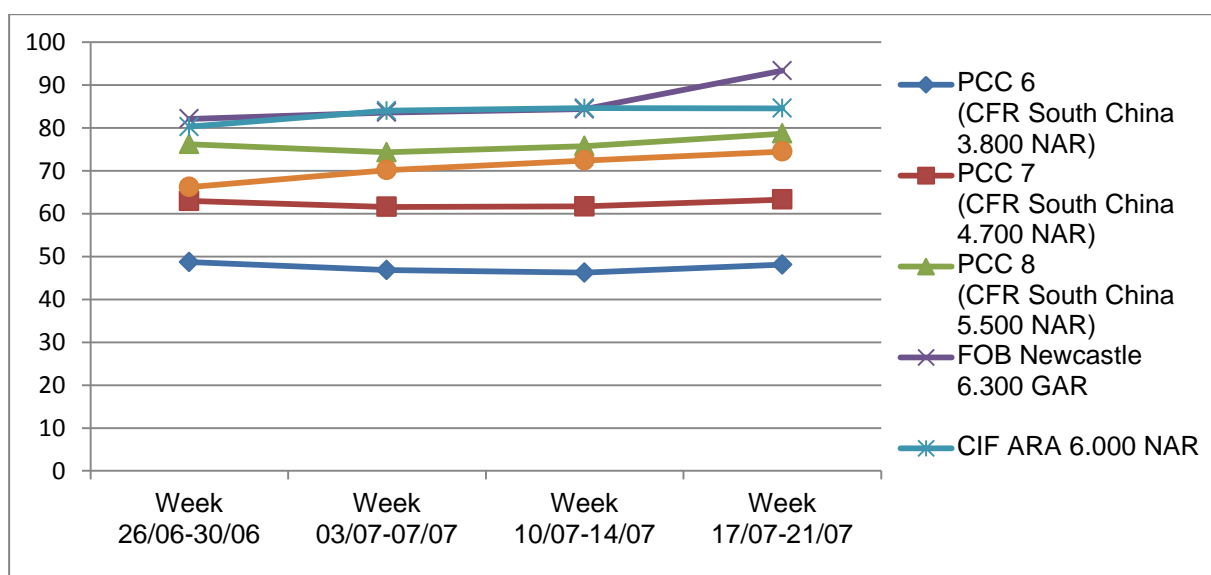


Chart 1: Average coal price week 3 July (2017)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 3 - July	17/07	18/07	19/07	20/07	21/07
Capesize (150,000 tons)						
1	Australia – China	6.25	6.30	6.40	6.75	7.00
2	Queensland – Japan	7.05	7.10	7.20	7.55	7.80
3	New South Wales – South Korea	7.30	7.35	7.45	7.80	8.05
Panamax (70,000 tons)						
1	Richards Bay - India West	10.55	10.65	10.75	10.75	10.75
2	Kalimantan - India West	7.30	7.50	7.70	7.70	7.70
3	Richards Bay - India East	10.80	10.90	11.00	11.00	11.00
4	Kalimantan - India East	6.25	6.45	6.65	6.65	6.65
5	Australia - China	9.70	9.80	9.80	9.65	9.65
6	Australia - India	11.65	11.70	11.70	11.25	11.25

(Source: Platts Coal Trader International)

II. NEWS

China June coal imports from Mongolia, Russia rise

China's coal imports from Mongolia and Russia rose in June as utilities and steel mills sought out less expensive raw materials even as the government tried to curb purchases of foreign fuel. Coal-fired power demand rose last month during a prolonged heat wave in northern China at the start of the peak consumption period. Since mid-February the two nations have helped fill a supply gap caused by China's ban on coal from North Korea. In the first half of the year, imports from Mongolia were up 79.5 percent from last year's 10.4 million tonnes, data from the General Administration of Customs showed on Monday. The data came after figures earlier this month showed total imports of coal fell year-on-year for the first time since August 2016. Beijing asked utilities in May to reduce their purchases of overseas coal by between 5 percent to 10 percent this year in an effort to restrict low-quality imports. Consumption has remained firm though, as hot temperatures stifled the north and low rainfall last month reduced hydropower output, increasing the reliance on coal to generate power. Torrential rains earlier this month have helped to replenish river and reservoir levels, which is likely to help boost hydropower this month.

Mongolian coal exports to China last month rose 58.9 percent from a year ago to 3.71 million tonnes, the customs data showed. Russian exports increased 41.7 percent to 2.57 million tonnes. Supplies from Australia, China's largest coal supplier, rose 6.8 percent from a year ago to 6.35 million tonnes in June, the data showed. Coal shipments from Indonesia in June fell 19.4 percent from a year ago to 2.33 million tonnes, according to the data. Anthracite supplies from Russia in June more than tripled to 738,324 tonnes, the data showed. Anthracite is a hard coal that can be used as coking coal to fire furnaces for the steel industry. China did not import coal from North Korea in May or June.

Ukraine paying three times more for American coal

The US has almost tripled the price for coal shipped to Ukraine in the first quarter of the year compared to the same period in 2016, according to a report by the US Energy Information

Administration. Kiev has been buying US coal at \$206 per short ton since January through March, which is almost triple the \$71 the US billed last year. At the same time, sales of American coal to Ukraine have more than doubled. The US shipped 865,000 tons of coal to Ukraine in the first quarter of the year against 355,100 tons bought during the first quarter of 2016. At the same time, the price for US coal to Norway dropped around 10 percent from \$140 to \$125 per short ton. Ukraine faced massive disruption at plants using anthracite coal after the railways leading to the breakaway Donbass region were blocked by Kiev-backed militant groups. The price hike will lead to a decline in Ukraine's revenue with massive layoffs in the steelmaking sector that directly depends on coal supplies, according to Vyacheslav Holodkov from the Russian Institute for Strategic Studies. "As Ukraine stopped purchasing coal from the republics of Donetsk and Lugansk, most of the anthracite coal is imported. Metal works need more. The extra cost coal will increase the price of the steelmakers' product, making it less competitive. One way or another it will hit Ukraine's economy," the expert said. Earlier, Ukrainian President Petro Poroshenko said the country was due to buy two millions tons of coal from the US state of Pennsylvania. Ukraine reportedly rejected South African coal as it turned out to be too expensive, while Russia was rejected for political reasons.

June Colombian thermal coal exports lowest since 2015

Colombia exported 6.33 million mt of thermal coal in June, the lowest since late 2015, as volumes to markets such as Turkey, India and Europe all retraced, the latest data from Colombian shipping agent Deep Blue showed. At 6.33 million mt, total thermal coal exports dropped 17% from May, and were 18% below the same month in 2016, reaching lows not seen since November 2015, according to S&P Global Platts data.

Destination	June 2017 (tons)	% on month	% on year
Turkey	1,158,107	-37	-26
Brazil	503,997	-21	41
Israel	344,020	103	-32
Chile	456,444	-11	17
USA	383,538	-36	-24
Spain	491,526	-32	58
Portugal	644,020	298	33
India	20,511	-95	-44
South Korea	289,810	0	4
Others	1,772,475	7	11

Exports to the Indian market showed the largest reduction on the month, falling to just 20,511 mt from over 400,000 mt in May, while volumes sold to key consumer Turkey were down 37% month on month, at 1.16 million mt. Imports into Northern Europe also scaled back, with shipments into the Netherlands at the lowest levels since February 2014, according to Platts data, while the UK imported no volumes for a third consecutive month. Colombian material had made some gains in Southern Europe, however, with volumes sold to Portugal reaching their highest level since July 2015, at 664,020 mt, as the country drew heavily on coal to meet surging power demand following a drought that limited hydropower generation across Iberia.

Platts calculations showed that despite the dip in shipments from Colombia during June, exports over the first half of 2017 were still just over 2% higher versus the same period in 2016, moving to 43 million mt from 42.2 million mt. Trade flows appeared to be evolving, as volume displaced

from India – which had been a key consumer in 2016 – made its way into alternative markets. This was primarily evident in Asia, with South Korea increasing its offtake to 1.31 million mt in H1 2017 from 590,000 in H1 2016, while Colombian shipments to Taiwan and Japan were close to 500,000 mt. Turkey also increased its offtake of Colombian volumes by almost 1 million mt during H1 2017, a rise of over 12% year on year to 8.48 million mt. Exports to India fell by over 78%, dropping to 582,496 mt in H1 2017 from 2.68 million mt in H1 2016 as the buyer resumed its offtake from the South African market. Also posting heavy declines was Europe, where falling demand – particularly in the northwest – saw volumes fall by over 1.14 million mt to total 11.67 million mt, a fall of almost 10%.

Yancoal Australian thermal coal sales rise 19% on year in Apr-Jun

Yancoal Australia saw strong thermal coal sales growth in the April-June quarter and fiscal year 2016-17 (July-June), the company said in its quarterly results released late Thursday. The company's share of thermal coal sales from its mines rose by 19% year on year to 3.30 million mt in the June quarter, and by 41% to 6.42 million mt in fiscal 2016-17, it said. "Excellent mining conditions and previously established fleet and coal handling and processing efficiencies continued to drive production and throughput rates for the Moolarben complex throughout the reporting period," it said. The miner said thermal coal prices remained mostly flat throughout the reporting period with thermal coal demand continuing to be affected by China's oversupply and the return of Indonesian supply. "Thermal coal market relativities started to return to typical levels by the end of the reporting period," it said. Yancoal is in the process of buying Rio Tinto's Coal & Allied thermal coal business, which is expected to be completed during the current quarter.

(Source: Platts)