



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS - FIRST WEEK OF
SEPTEMBER
 (From 04/09 – 08/09/2017)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 14/08-18/08	Week 21/08-25/08	Week 28/08-01/09	Week 04/09-08/09
PCC 6 (CFR South China 3,800 NAR)	48.88	49.07	50.44	50.58
PCC 7 (CFR South China 4,700 NAR)	66.08	66.34	67.75	68.45
PCC 8 (CFR South China 5,500 NAR)	82.05	81.7	82.08	82.92
FOB Newcastle 6,300 GAR	99.04	96.5	97.50	99.22
CIF ARA 6,000 NAR	86.04	87	88.50	89.59
FOB Richards Bay 6,000 NAR	72.10	71.38	72.58	72.61
NEWC (FOB Newcastle 6,000 NAR)	100.10	101.83	98.16	98.15

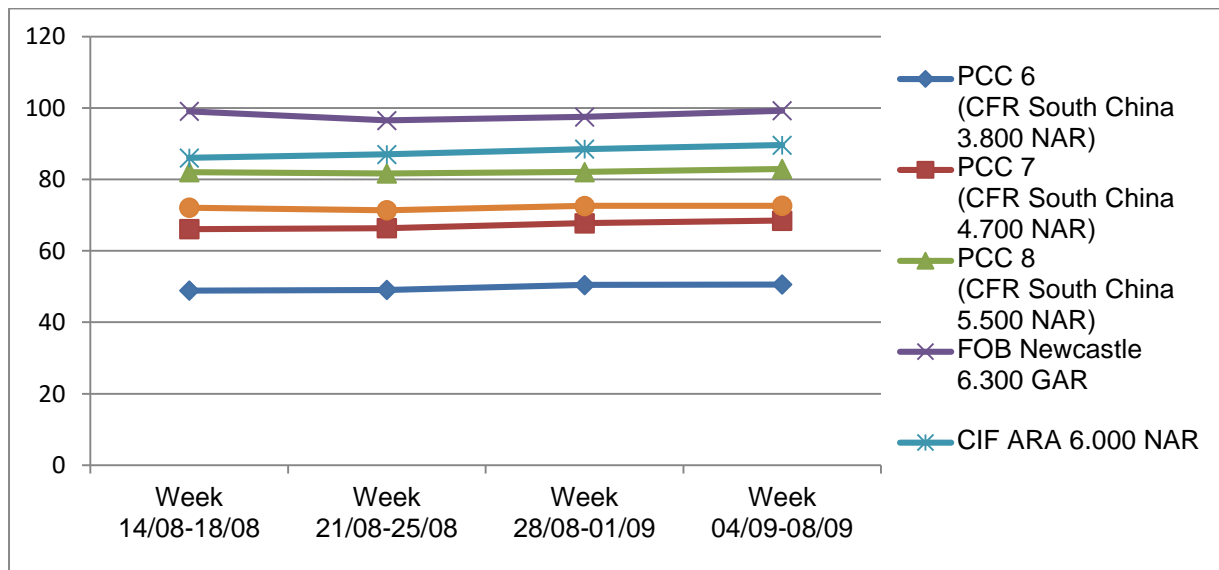


Chart 1: Average coal price week 1st September (2017)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1 st - September	04/09	05/09	06/09	07/09	08/09
Capesize (150,000 tons)						
1	Australia – China	8.50	8.80	9.00	9.35	9.50
2	Queensland – Japan	9.30	9.60	10.50	10.85	11.00
3	New South Wales – South Korea	9.55	9.85	10.85	11.20	11.35
Panamax (70,000 tons)						
1	Richards Bay - India West	11.65	12.00	12.15	12.25	12.65
2	Kalimantan - India West	7.90	8.05	8.15	8.25	8.65
3	Richards Bay - India East	12.00	12.35	12.50	12.60	13.00
4	Kalimantan - India East	6.85	6.95	7.05	7.15	7.55
5	Australia - China	10.45	11.25	11.00	11.35	11.85
6	Australia - India	11.70	12.90	12.50	12.85	13.40

(Source: Platts Coal Trader International)

II. NEWS

Indonesian coal miner shares tumble on possible new pricing rules

Share prices of some of Indonesia's biggest coal miners plunged on Wednesday after the country's mining minister said he would be open to revising domestic coal pricing rules. PT Bukit Asam Tbk was worst hit, tumbling 17 percent to close at 10,075 rupiah (\$0.7632), while PT Bumi Resources Tbk dropped 9 percent to 218 rupiah, and PT Adaro Energy Tbk fell 8 percent to 1,715 rupiah. Domestic media reported that Energy and Mineral Resources Minister Ignasius Jonan was considering drafting new rules on marketing coal for domestic supply, as part of government efforts to reduce electricity prices. The comments were later confirmed by Reuters.

Recent high coal prices have put pressure on state electricity utility Perusahaan Listrik Negara (PLN), which buys the bulk of the roughly 90 million tonnes of coal consumed domestically each year. Indonesia requires miners to set aside a portion of their output, based on assumptions of domestic demand. "To devise the right coal price formula, Mr Jonan will definitely listen to input from related stakeholders, primarily coal companies," said Hadi Djuraid, who works in Jonan's office. However, Djuraid said there was no timeframe yet for a new pricing formula.

PLN has been pushing for the government to adopt a cost plus margin mechanism for coal purchases, which would allow it to maintain pricing stability, but which analysts say would hurt coal producers' profits. Djuraid, however, said the government would not just take PLN's proposals into account. PLN strategic procurement director Supangkat Iwan Santoso was earlier quoted by domestic news portal Detik.com as saying the company hoped to set coal prices at cost plus a 15 percent to 25 percent margin. The proposed pricing mechanism would likely dent coal companies' profits, said Vicella Tjhin, an independent analyst. "The main impact would be on companies that sell to PLN," Tjhin said, referring to Adaro and Bukit Asam.

China August coal production drops to lowest in 10 months

China's monthly coal production fell in August from a month earlier, hitting its lowest since October 2016 as producers reduced output in the wake of major accidents in cuts that helped push domestic coal prices to a new high. China produced 291 million tonnes of coal in August, data released by the national statistics bureau showed on Thursday. That was the lowest level in

10 months, though up 4.1 percent from August 2016. Output over the first eight months of the year reached 2.3 billion tonnes, up 5.4 percent compared with the same period of last year.

Beijing increased safety checks in August after a coal mine landslide killed eight in major producing region Shanxi. China said it would launch nationwide safety inspections of coal mines from this month. The crackdown also came as power companies flagged concerns about coal supplies ahead of the upcoming winter peak demand season. Meanwhile production of coke used in steelmaking fell 5.3 percent in August to 36.91 million tonnes, the lowest since April 2016. Year-to-date output was 295.69 million tonnes, up 1.3 percent compared with the same period last year.

Transnet announces new record volume of Richards Bay coal deliveries

Transnet Freight Rail (TFR), has set a record volume of coal delivered to Richards Bay Coal Terminal (RBCT) in South Africa for August 2017, the state-controlled rail operator said Thursday. The figure for August totalled 7.46 million mt, an increase of just under 500,000 mt from the previous record volume. RBCT Chief Executive, Alan Waller, said it was the first time in 41 years of RBCT operation that the 7 million mt figure had been achieved in a single month. According to the latest customs data available, total July exports from Richards Bay were only 4.7 million mt, the lowest monthly figure for twelve months. However, TFR Chief Executive Ravi Nair hinted in a statement that “customers ensure stockpile levels matched the plans.”

Peabody to sell Burton mine majority stake to Lenton Joint Venture

The Lenton Joint Venture has entered into an agreement to acquire the majority of Peabody Energy’s Burton coal mine in Queensland, Australia, according to New Hope Group, which owns 90% of Lenton. The price of the agreement for four mining tenements and their infrastructure is A\$14 million (\$11.22 million), New Hope said. The Burton mine entered into a care, maintenance and rehabilitation phase in December 2016. In 2016, Peabody produced 1.5 million mt of coal from the metallurgical and thermal coal mine, up from 1.3 million mt in 2015, Peabody annual reports show. The tenements adjoin New Hope’s New Lenton Project. The Bowen Basin-based New Lenton Project is allowed to mine up to 2 million mt/year of coal, according to New Hope. “Mine planning, including geotechnical considerations, is underway. The company is exploring the option of an expansion of the footprint. This would allow production to ramp up to 3.5 million mt/year. The project will provide New Hope with access to the coking coal market,” it said. In 2011, as much as 10% of the project was sold to Formosa Plastics Group subsidiary company Mai-Lao Power Corp.. The transaction with Peabody is conditional on regulatory requirements and completion is expected early in 2018, New Hope said

(Source: Platts)