



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS - SECOND WEEK
OF SEPTEMBER
 (From 11/09 – 15/09/2017)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 21/08-25/08	Week 28/08-01/09	Week 04/09-08/09	Week 11/09-15/09
PCC 6 (CFR South China 3,800 NAR)	49.07	50.44	50.58	51.95
PCC 7 (CFR South China 4,700 NAR)	66.34	67.75	68.45	70.6
PCC 8 (CFR South China 5,500 NAR)	81.7	82.08	82.92	81.45
FOB Newcastle 6,300 GAR	96.5	97.50	99.22	101.7
CIF ARA 6,000 NAR	87	88.50	89.59	93.12
FOB Richards Bay 6,000 NAR	71.38	72.58	72.61	76.47
NEWC (FOB Newcastle 6,000 NAR)	101.83	98.16	98.15	99.44

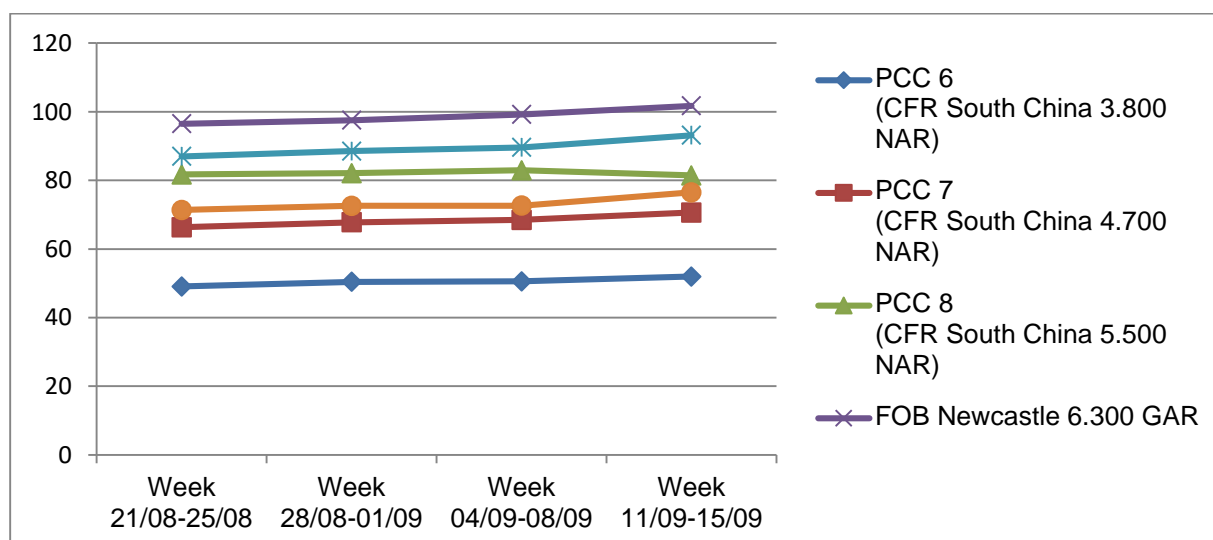


Chart 1: Average coal price week 2nd September (2017)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 2 nd - September	11/09	12/09	13/09	14/09	15/09
Capesize (150,000 tons)						
1	Australia – China	9.50	9.35	9.40	9.65	9.65
2	Queensland – Japan	11.00	10.85	10.90	11.15	11.15
3	New South Wales – South Korea	11.35	11.20	11.25	11.50	11.50
Panamax (70,000 tons)						
1	Richards Bay - India West	12.65	12.85	12.85	12.95	13.15
2	Kalimantan - India West	8.65	9.00	9.00	9.25	10.05
3	Richards Bay - India East	13.00	13.25	13.25	13.45	13.65
4	Kalimantan - India East	7.55	7.90	7.90	8.15	8.95
5	Australia - China	11.85	12.00	12.20	12.50	13.00
6	Australia - India	13.40	13.55	14.00	14.45	15.25

(Source: Platts Coal Trader International)

II. NEWS

China domestic thermal coal price surge lifts seaborne market sentiment

The rise in China's domestic thermal coal prices accelerated Tuesday, leading to a 75 cent across-the-board rise in delivered China prices for Australian and Indonesian cargoes, market sources said. At Qinhuangdao and other trading ports in northeast China, offers have risen to Yuan 700/mt FOB for spot cargoes of domestic 5,500 kcal/kg NAR coal after trades at Yuan 680-690/mt, sources said, citing surging demand among end-users and Chinese traders as the main driver. "They [end-users] want to increase their stock levels and trading companies want to make sure they have availability and can resell at a profit," said a market source in China.

Domestic 5,500 kcal/kg NAR thermal coal prices last broke through the resistance level of Yuan 700/mt FOB Qinhuangdao last November, peaking at Yuan 760/mt November 10, according to S&P Global Platts prices. Qinhuangdao traded prices for 5,000 kcal/kg NAR domestic coal were heard at close to Yuan 600/mt FOB, up from Yuan 550/mt at the start of September. Upcoming national holidays in China in early October, ongoing mine safety checks and a People's Congress meeting in mid-October were acting as a brake on coal production rates in China, sources said.

Higher prices for domestic thermal coal in China are luring buyers into the seaborne market to bid higher for Australian and Indonesian cargoes. An October-loading Panamax cargo of Newcastle 5,500 kcal/kg NAR thermal coal was booked at \$76/mt FOB in a tender that closed Monday for a power utility in south China, a source said. Buying interest for this grade of Australian high-ash coal for shipment in October was heard at \$77/mt FOB Newcastle to offers at \$78/mt, sources said. On a delivered basis, buying interest was heard at \$86/mt CFR South China, basis 5,500 kcal/kg NAR, sources said. Capesize vessel freight rates from Newcastle to China have increased this week to \$11.50-\$12/mt, sources said.

China import restrictions

Import controls recently introduced at certain ports in south China, including Guangzhou, are having an increasing impact on trade for imported cargoes, sources said. "In southern ports, the government controls are serious," said one market source, citing longer clearance times of two months for imported cargoes of thermal coal, leading to additional costs for importers.

For Indonesian cargoes, it was not uncommon for vessels departing from Kalimantan to have several changes to their destination port in China because of import restrictions, added the

source. According to one South China-based trader, Panamax cargoes of Indonesian 4,800 kcal/kg NAR coal were offered at \$70/mt FOB this week for October-loading, while October-arrival cargoes of the 3,700 kcal/kg NAR grade were bid at \$45/mt following trades last week at \$44/mt. An October-arrival 4,400 kcal/kg NAR Indonesian cargo was sold to a utility in south China at \$65/mt CFR a week ago, he added. Another trader in south China said a utility in east China had bought October-arrival Indonesian 3,200 kcal/kg NAR thermal coal at Yuan 324/mt CFR basis two weeks ago, while 3,800 kcal/kg NAR Indonesian coal had been sold to east China at Yuan 416/mt CFR.

Taiwan July coal imports increase 14% on month

Taiwan thermal coal import volumes rose 14% month on month in July, the second highest figure so far in 2017 and the highest July figure since Platts records began in 2012, according to customs data released Monday.

Origin	Volume (mt)	On-month (%)	On-year (%)
Australia	2,924,785	30	-4
Indonesia	1,510,857	-1	-30
Russia	866,243	-23	37
South Africa	653,047	98	N/A
Other	313,705	10	900
Total	6,268,637	10	7

Taiwan coal imports July 2017

(Source: Platts)

Imported volumes for July were 6.26 million mt with bituminous coal accounting for 97% of total volumes, S&P Global Platts calculations showed. Australia supplied the most coal to Taiwan, rising 30% from June's year-to-date low to hold 47% of the market, remaining the largest supplier to Taiwan for 18 consecutive months. Imports from Indonesia were largely unchanged, dropping by 1% month on month, although this was nearly double the volume of the Russia market, which fell 27% after June's record high of 1.18 million mt. Imports from South Africa nearly doubled month on month, with the June total of 653,047 mt the highest figure since November 2013. Shipments from the US continue to make their way to Taiwan, showing no great change from June's volume and being the only July volume since Platts records began. Canada exports fell for the third straight month but were the highest July figure since 2014, while there were no Colombian exports for the second straight month.

(Source: Platts)