



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

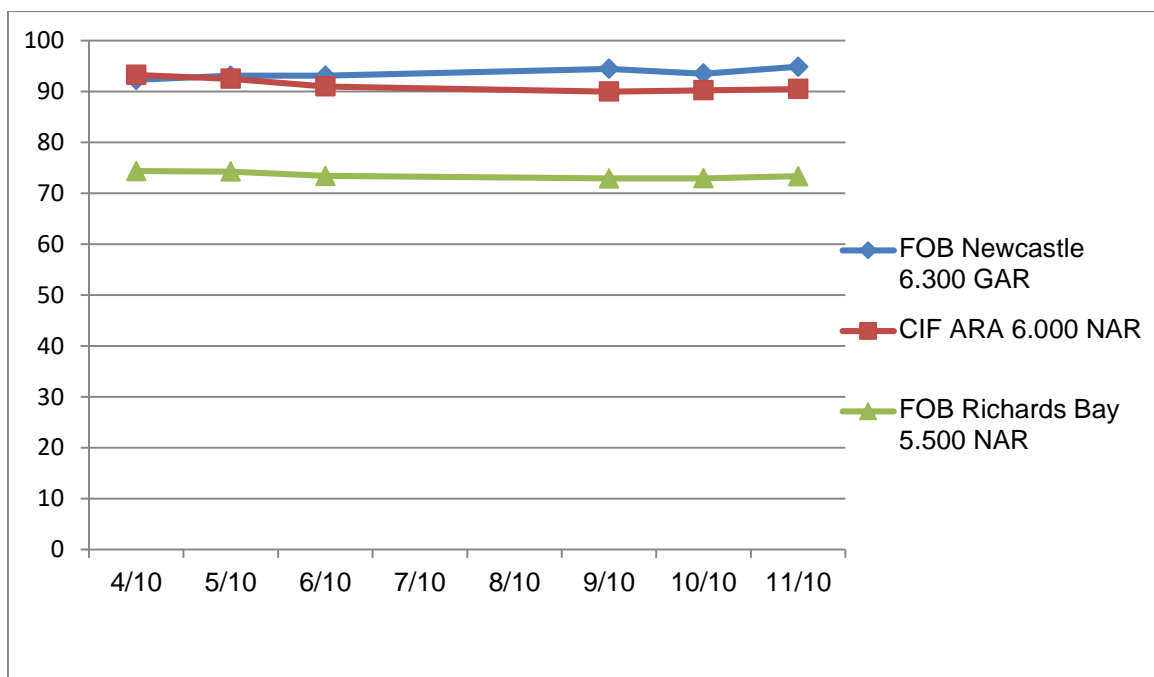
Date 12/10/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	94.85	+1.35	96.45	+1.35
CIF ARA 6,000 NAR	90.50	+0.25	90.80	+1.55
FOB Richards Bay 5,500 NAR	73.35	+0.40	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	83.50	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	67.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	54.50	+0.20	357.84	+1.67
PCC7 (CFR South China 4,700 NAR)	75.50	+0.50	495.72	+3.77
PCC8 (CFR South China 5,500 NAR)	86.50	-0.25	567.94	-1.08

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 11/10/2017)

NEWS

Government price controls have minimal impact in China

Ongoing attempts by Beijing to cool its overheated domestic coal market prices are having only a marginal impact on the spot market at China's northern ports, which remain resilient, market sources said Wednesday. Chinese authorities, including Beijing's top economic policy agency the National Development and Reform Commission, have taken additional steps to control resurgent prices, which threaten to destabilize its domestic coal market, sources said. "The NDRC has asked Shenhua to lower its price on spot cargoes by Yuan 10/mt and other large coal producers have followed," a source in China said. But he emphasized that this attempt to wield control over domestic prices had produced mixed results. This is because the Yuan 10/mt reduction is on spot cargoes "which Shenhua doesn't have much to offer in the market," he said.

"Northern port 5,500 NAR prices are still trading around Yuan 740/ mt FOB," he added, referring to the 5,500 kcal/kg NAR grade of domestic thermal coal at Qinhuangdao port. The 5,000 kcal/kg NAR grade of domestic coal was heard to have traded at Yuan 640/mt FOB Qinhuangdao. Higher Qinhuangdao port prices are opening up a wider arbitrage for imported thermal coal into southern China ports. But restrictions on imported cargoes at numerous Chinese ports, and longer port clearance checks for seaborne-traded cargoes, are making life difficult for importers, sources said.

Sellers of Australian thermal coal have tried to capitalize on higher domestic coal prices by raising their offer prices for the 5,500 kcal/kg NAR grade to \$81-\$82/mt FOB Newcastle, sources said. Buying interest for November-loading Capesize cargoes of highash coal was mostly heard at lower levels, around \$74/mt FOB Newcastle, though some isolated buyers showed bids at \$78/mt. "There is still a \$2-\$3 gap between offer and bid prices," a trader in eastern China said, adding that Capesize freight rates on the Newcastle to China route had edged up to \$11.30/mt.

Japan's Tohoku settles Oct-Sep benchmark coal price at \$94.75/mt FOB

Japanese power utility Tohoku Electric and Australian coal producer Glencore have finalized a price of \$94.75/mt FOB Newcastle basis 6,322 kcal/kg GAR for thermal coal shipments under October 2017-September 2018 term contracts, market sources said Wednesday. The fixed price of \$94.75/mt FOB Newcastle heard applies to Australian thermal coal shipped from Glencore's mines in New South Wales via Newcastle port to Tohoku's power plants in Japan for the year starting October 1. The October 2016 benchmark was also fixed at \$94.75/mt.

Some market sources had expected a higher price for this year's October term contract, citing severe tightness for Newcastle thermal coal following lengthy strikes at several Glencore mines in the Hunter Valley coal field in eastern Australia. Over January-October, spot prices for Newcastle 6,000 kcal/kg NAR thermal coal, equivalent to 6,322 GAR, averaged \$85.66/mt FOB, Platts data showed.

In the early stages of the talks, the spread between opening bids and offers spanned \$92/mt to \$105/mt FOB Newcastle, basis 6,322 kcal/kg GAR, before narrowing gradually to the mid- to high \$90s/mt, sources said. The October 2017 benchmark price is still higher than the price agreed in May between Glencore and Tohoku for contracts covering a larger volume of thermal coal shipments over the year April 2017-March 2018 at \$84.97/mt FOB Newcastle, basis 6,322 kcal/kg GAR. The October term contract price between Glencore and Tohoku is often seen in the industry as a staging post and scene-setter for price talks the following April. Typically, the October benchmark price is followed by other Australian coal suppliers for their contracts with Japanese customers, eventually covering about 8 million-10 million mt/year of the 6,322 kcal/kg GAR grade of Australian thermal coal shipped to Japan, sources said. Tohoku is one of Japan's largest power

utilities with 13 thermal power plants with a combined installed capacity of 12,725 MW, according to the company's 2016 annual report.

Whitehaven 1st-QTR coal sales beat forecast amid strong demand

Australia's Whitehaven Coal Ltd on Thursday said equity coal sales rose 23 percent to 4.7 million tonnes in the September quarter against the same period a year ago amid strong demand from Asian buyers. The figure topped a UBS forecast of 4.2 million tonnes. "The higher-quality end of the thermal coal market is experiencing stronger demand as a number of key seaborne end users are changing their quality requirements due to a greater focus on environmental and generation efficiency," Whitehaven said.

The coal burn for electricity generation in China had risen by 8 percent from a year ago due to hydropower supply constraints and strength of underlying electricity demand, creating tightness on the supply side, according to the company. Whitehaven said it sold its thermal coal for an average \$91 per tonne over the quarter, a 3.2 percent discount on the quoted average price of \$94 per tonne. Whitehaven's stock is trading at five-year highs on the back of strong thermal coal prices, which have averaged \$92.50 a tonne since Oct. 1, according to Thomson Reuters data.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	9.60	+0.05
	Queensland	Japan	11.10	+0.05
	New South Wales	South Korea	11.45	+0.05
Panamax (70,000 tons)	Richards Bay	India West	13.50	+0.45
	Kalimantan	India West	9.30	+0.00
	Richards Bay	India East	13.45	+0.45
	Kalimantan	India East	8.10	+0.00
	Australia	China	13.20	+0.20
	Australia	India	15.00	+0.30

Unit: USD/ton

(Source: Platts Coal Trader International – Date 11/10/2017)