



**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**DAILY NEWS**

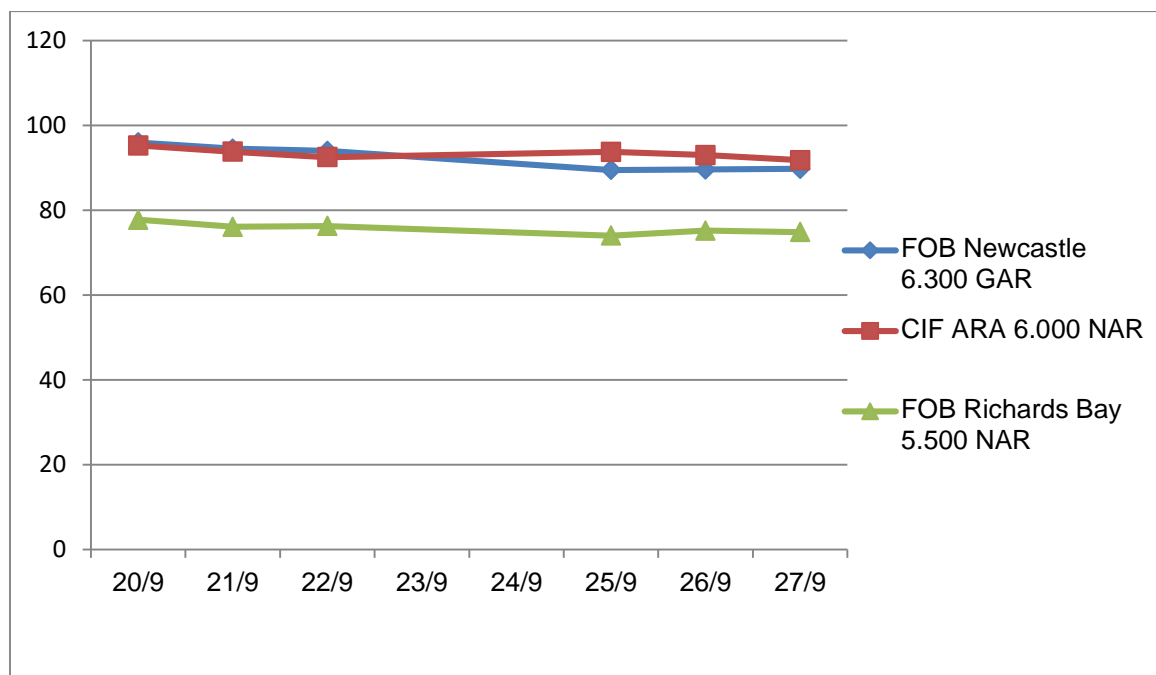
Date 29/09/2017

**INTERNATIONAL COAL PRICE ASSESSMENTS**

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	89.75	+0.15	93.45	+0.35
CIF ARA 6,000 NAR	91.80	-1.20	91.00	-1.15
FOB Richards Bay 5,500 NAR	74.85	-0.35	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	82.00	+1.00
FOB Kalimantan 5,000 GAR	N/A	N/A	67.25	+0.25

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	55.80	+0.00	368.93	+0.53
PCC7 (CFR South China 4,700 NAR)	75.80	+0.15	501.16	+1.71
PCC8 (CFR South China 5,500 NAR)	89.50	+0.50	591.74	+4.15

**DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017**



(Source: Platts Coal Trader International – Date 27/09/2017)

## **NEWS**

### **Asian thermal coal prices soften, sources anticipate rally may not hold in Q4**

Offer prices remained high in the Asian thermal coal market Wednesday, but participants were skeptical of a sustained Q4 price rally, sources said. A South China-based trader noted hearing a spot offer for domestic 5,500 kcal/kg NAR coal at Yuan 740/mt FOB basis Qinhuangdao Port, however sources said they expected the Chinese government to step in soon and arrest the rise in domestic coal prices. "It's the highest level, so far, this year," the trader said. "The Chinese government will not let the price hit last year's peak levels." FOB Qinhuangdao 5,500 kcal/kg NAR reached Yuan 760/mt in November last year before declining steadily until February 2017, according to S&P Global Platts data. Thermal coal prices have already exceeded the government's ideal level of Yuan 570/mt, a Singapore-based trader said. He said spot domestic 5,500 kcal/kg NAR was trading at close to Yuan 730/mt FOB. "Supply [in China] is still tight," he said, as the government continues to conduct environmental and mine safety checks that have curbed production, and has restricted imports at certain ports in South China. He doubted though that the high prices would sustain until the end of year, and expected prices to start falling around at the end October or first half of November. Some Chinese traders have started to sell domestic coal, changing course from two to three weeks ago when many had expectations that prices would continue to rally. The Singapore trader noted that India is also dealing with low inventories, thus forcing Indian end-users back into the market after the monsoon season.

### **Coal prices to fire up as heating season approaches**

Coal prices in China may continue to rise during the upcoming heating season, despite the endeavors of regulators to stabilize them, due to strong demand and overcapacity reduction, experts said. "From now on to the end of the heating season next spring, coal prices will not show a downturn trend, with demand rising continually, if there are no strong measures from regulators to guarantee supply," said Zhang Likuan, senior analyst at the China Coal Data Exchange Center.

China's National Development and Reform Commission on Thursday warned coal miners not to temporarily close to avoid inspections as the country's top economic regulator works to stabilize prices amid environmental and safety checks. The NDRC also asked coal producers to send more coal to power plants in northeastern China that have low inventories and make an effort to increase coal inventories to a reasonable level. Regions such as the three northeastern provinces as well as the southwestern provinces of Sichuan and Yunnan are facing difficulties in securing coal supplies. "The NDRC's document will have some impact on the market, but it is still hard to curb the momentum of coal price increases on the whole," Zhang said. "The current situation is that you cannot get coal, (even if) you have cash," an industry insider said, adding that coal traders expect a rising price, so they are hesitant to sell out their stock, waiting instead for higher prices.

The Sept 13-19 Bohai-Rim Steam-Coal Price Index, which tracks domestic thermal coal spot prices at six major ports in northern China, surged to 586 yuan (\$88.9) per metric ton, increasing for the third consecutive week, according to data from Qinhuangdao Coal Website. The price of 5,500 kilogramme calorie coal in the northern ports has reached 720 to 730 yuan per ton, reaching a record high this year, according to statistics from Yimei Research Institute, a coal information providing center. "September should have been the weak season of coal market, but in both producing area and ports, price increases are the main melody," said Bi Fangjing, an analyst at JLC Network Technology Co. This is the second round of price surges since the beginning of this year. With the improvement of domestic macro-economy in 2017, coal demand has climbed up, while its supply decreased owing to supply-side reform, which directly leads to rising prices, Zhang said.

GDP growth in the first half of the year has reached an unexpected 6.9 percent, and the total social power consumption increased 6.8 percent from January to August. In the meantime, three months of safety checks since July have brought down the coal production, Zhang said. The Bohai-Rim Steam-Coal Price Index remained high in the first half of this year, with an average price of 590.29 yuan per ton, up 52.29 percent from a year earlier. At the same time, the coking coal price and anthracite coal price grew 1.2 times and 30.88 percent, respectively, year-on-year, Economic Information Daily reported. Since June, several ports along the Bohai-Rim have been forbidden

from receiving coal from highway, said Zuo Qianming, a senior coal analyst from Cinda Securities, adding that in the fourth quarter, the regulations prohibiting coal transportation by road will be implemented fully. As a result, "railway shipments (are) increasing dramatically, (and the cost of) railway freight may go up, supporting coal prices," he added. The decline in coal imports has also contributed to rising coal prices. In August, China imported 25.27 million tons of coal, down 5 percent year-on-year, but up 29.9 percent from the previous month. In June and July, the coal imports declined month-on-month continuously. "It is expected that coal imports may continue to decline in the fourth quarter," Zuo said. To stabilize the surging prices, the regulators should promote the increase of advanced coal production capacity, implementing the launched regulations earlier, Bi advised.

(Source: Platts)

## **INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS**

<b>Size</b>	<b>From</b>	<b>To</b>	<b>Freight rates</b>	<b>Change</b>	<i>Unit: USD/ton</i>
<b>Capesize</b> (150,000 tons)	Australia	China	9.15	-0.25	
	Queensland	Japan	10.65	-0.25	
	New South Wales	South Korea	11.00	-0.25	
<b>Panamax</b> (70,000 tons)	Richards Bay	India West	12.50	-0.20	
	Kalimantan	India West	8.80	-0.50	
	Richards Bay	India East	13.00	-0.20	
	Kalimantan	India East	7.55	-0.50	
	Australia	China	11.95	-0.40	
	Australia	India	13.90	-0.10	

(Source: Platts Coal Trader International – Date 27/09/2017)