



**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**WEEKLY NEWS – SECOND WEEK OF**  
**OCTOBER**

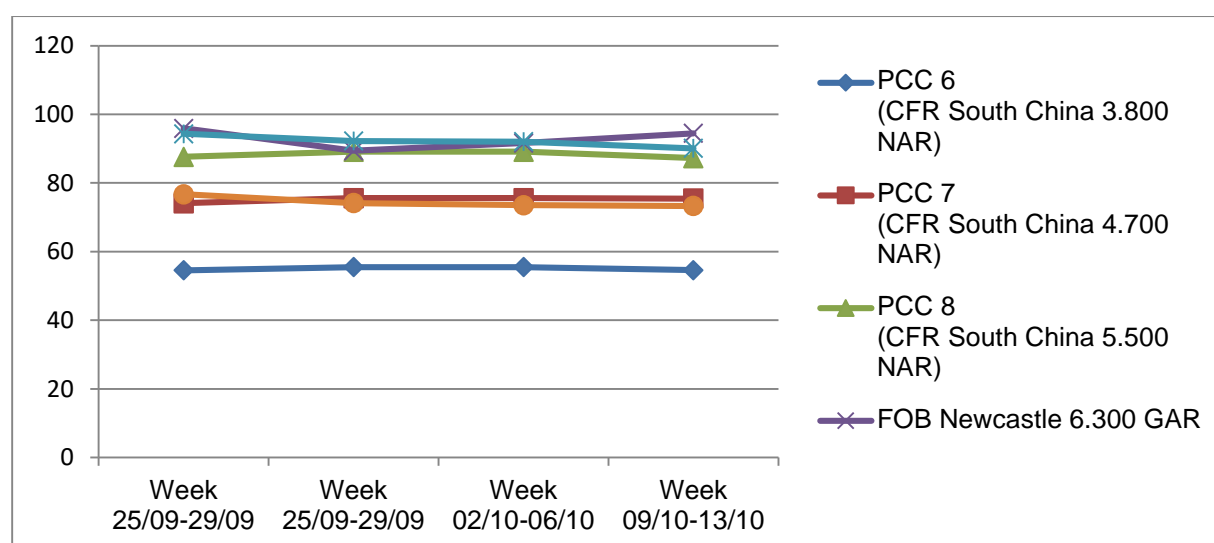
(From 09/10 – 13/10/2017)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

Price index	Week 18/09-22/09	Week 25/09-29/09	Week 02/10-06/10	Week 09/10-13/10
<b>PCC 6</b> (CFR South China 3,800 NAR)	54.55	55.46	N/A	54.60
<b>PCC 7</b> (CFR South China 4,700 NAR)	74.1	75.58	N/A	75.45
<b>PCC 8</b> (CFR South China 5,500 NAR)	87.6	89.10	N/A	87.25
<b>FOB Newcastle 6,300 GAR</b>	95.9	89.39	91.62	94.46
<b>CIF ARA 6,000 NAR</b>	94.31	92.21	92.03	90.10
<b>FOB Richards Bay 6,000 NAR</b>	76.69	74.14	73.55	73.31
<b>NEWC</b> (FOB Newcastle 6,000 NAR)	95.53	95.37	97.88	94.85



**Chart 1: Average coal price week 2<sup>nd</sup> October (2017)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1st - October	09/10	10/10	11/10	12/10	13/10
<b>Capesize (150,000 tons)</b>						
1	Australia – China	9.60	9.55	9.60	9.60	N/A
2	Queensland – Japan	11.10	11.05	11.10	11.10	N/A
3	New South Wales – South Korea	11.45	11.40	11.45	11.45	N/A
<b>Panamax (70,000 tons)</b>						
1	Richards Bay - India West	12.40	12.60	13.50	13.05	N/A
2	Kalimantan - India West	9.30	9.30	9.30	9.30	N/A
3	Richards Bay - India East	12.80	13.00	13.45	13.45	N/A
4	Kalimantan - India East	8.10	8.10	8.10	8.10	N/A
5	Australia - China	13.00	13.00	13.20	13.20	N/A
6	Australia - India	14.70	14.70	15.00	15.00	N/A

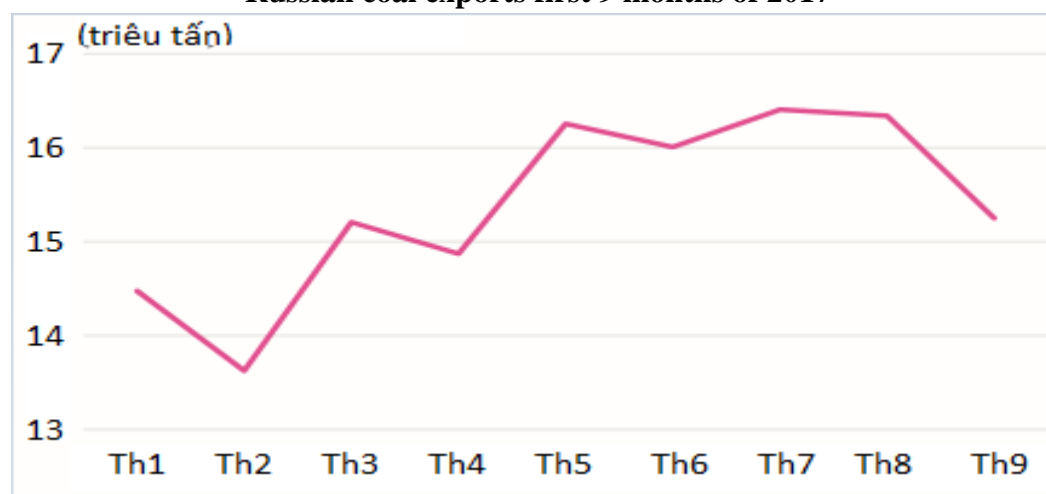
(Source: Platts Coal Trader International)

## II. NEWS

### Sep Russian coal exports fall 6.7% on month to 15.25 mil mt

Russian coal exports fell by 6.7% on the month in September to 15.25 million mt but were up 7.5% year-on-year, according the Russian Federation Ministry of Energy Thursday. Total year-to-date volumes were 110.34 million mt at the end of September, down 9.1% from 2016 and the first year-to-date drop in exports since October 2015. Volumes typically increase in the summer months, with international consumers purchasing stock for the winter period. S&P Global Platts last assessed the weekly FOB Russia Baltic 6,000 kcal/kg NAR 90 day price at \$88/mt and the FOB Russia Pacific 6,300 kcal/kg GAR 90 day price at \$104.75/mt last Friday.

### Russian coal exports first 9 months of 2017



### China urges utilities to sign supply deals with coal miners as soon as possible

China's state planner encouraged utilities to sign long-term purchase contracts with coal producers for next year as early as they can to secure enough supplies for this winter as coal power plants ramps up inventory for peak demand season. The National Development and Reform Commission (NDRC) – in a statement on Monday citing an internal meeting – also repeated a pledge to secure supplies for power plants in six northern regions including Heilongjiang, Liaoning and Jilin provinces, and the industrial sector made up of capital Beijing,

Tianjin port and Hebei province. The NDRC statement came as rallying coal prices, increasing safety checks and robust imports spurred more concerns of tight winter supplies.

China’s top coal-producing province, Shanxi, said on Saturday that it planned to close nine more coal mines by the end of this year, equivalent to 5.25 million tonnes of annual production capacity. In September, some power plants in Heilongjiang province issued a plea to the NDRC asking for help with securing coal supplies.

Prices of thermal coal in China have jumped more than 50 percent since the start of this year, while coking coal futures have gained about 5 percent. The NDRC also said in its statement that relatively high level of stocks at the largest coal port Qinhuangdao and at major utilities showed the market is balanced this year. The state planner as well encouraged efficient coal mines to increase their mining capacity. NDRC intervened in the coal market last winter when a market rally fuelled worries of a imminent coal crunch. A flurry of measures such as capping contract prices and hiking production were taken to help ensure fuel supplies and ease market values.

**Indonesia has 20% of the global tug fleet**

Indonesia has the world’s largest tug fleet, at around 3,600 vessels, representing 20% of the global fleet in terms of number of vessels, with a combined bollard pull of 6.6M tonnes. Domestic tug numbers are expected to grow over the next five years as ports are upgraded and population growth drives demand for bulk product transportation, particularly coal.

**Asian nations - tug fleet**

Country	No of tugs	% of world fleet	total BP (tonnes)	% of world fleet
<b>Indonesia</b>	3600	20.1	6,602,930	13.6
<b>Singapore</b>	71	4.0	2,093,370	4.3
<b>Malaysia</b>	520	2.9	1,141,940	2.4
<b>South Korea</b>	485	2.7	1,393,870	2.9
<b>India</b>	414	2.3	1,159,036	2.4

According to tug and barge operator Mitrabahtera Segara Sejati (MBSS), there are opportunities for vessels that are flagged in Indonesia. MBSS general manager Ferdinand Chavez Mapaye said that there are increasing requirements for transporting coal from production centres in south and east Kalimantan to the major population centres, such as cities on the island of Java. Coal is used for power generation, which is expected to rise in line with both population growth and increasing kWh per capita, he said at Riviera’s Asian Tug Technology & Salvage Conference, in Singapore, in September. There will be greater need for tugs and barges as there are hundreds of shipping routes within the archipelago of islands and because of their relatively short distance. He urged international companies to consider investing in Indonesia to grow their businesses and provide alternative tug technology to what domestic players currently offer. “[Tug operators] should not be afraid to enter the Indonesian market and it is not necessary to go through an agency or distributor,” he said, adding that the most successful companies are those that are ready to invest as there are no restrictions to technology adoption. “Companies can import foreign-built tugs and reflag in Indonesia and get tax benefits,” Mr Mapaye said. He expects requirements for handling larger ships in Indonesian ports will lead to tugs with higher bollard pull entering the market, but with domestic ownership.

However, Kim Heng Offshore & Marine Holdings chief executive and executive chairman Thomas Tan said the cabotage rules, vessel flagging and taxes are challenges to operating tugs in Indonesia. Indonesian tug operator Pelindo Marine Service chief executive Captain Ali Sodikin explained that US\$643M is being invested in central Indonesian port infrastructure from 2017 to 2019. This will be spent on increasing port capacity and improving terminal productivity through investing in cranes and creating new portside land. This is part of a project called the Indonesian

Maritime Highway that will improve inter-island connectivity. Capt Sodikin said that channels and port areas will be dredged to enable larger ships to dock.

As an example of this investment, Pelindo III, which operates ports within this maritime highway in Kalimantan, Java, Sulawesi and other smaller islands, is expanding the hub ports Tanjung Emas and Tanjung Perak on Java, Sampit and Banjarmasin in Kalimantan and Tenau Kupang. Pelindo III purchased 15 Robert Allan-designed harbour tugs in 2016 with varying bollard pull capabilities and enhanced stability and manoeuvrability. Capt Sodikin said these tugs have large forward fenders, heavy-duty anchor and towing winches, high bulwarks and advanced navigation consoles in their wheelhouses that have panoramic visibility for tug masters. These tugs range from 745 kW with 23 tonnes of bollard pull to 1,780 kW with 60 tonnes bollard pull.

*(Source: Platts)*