



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

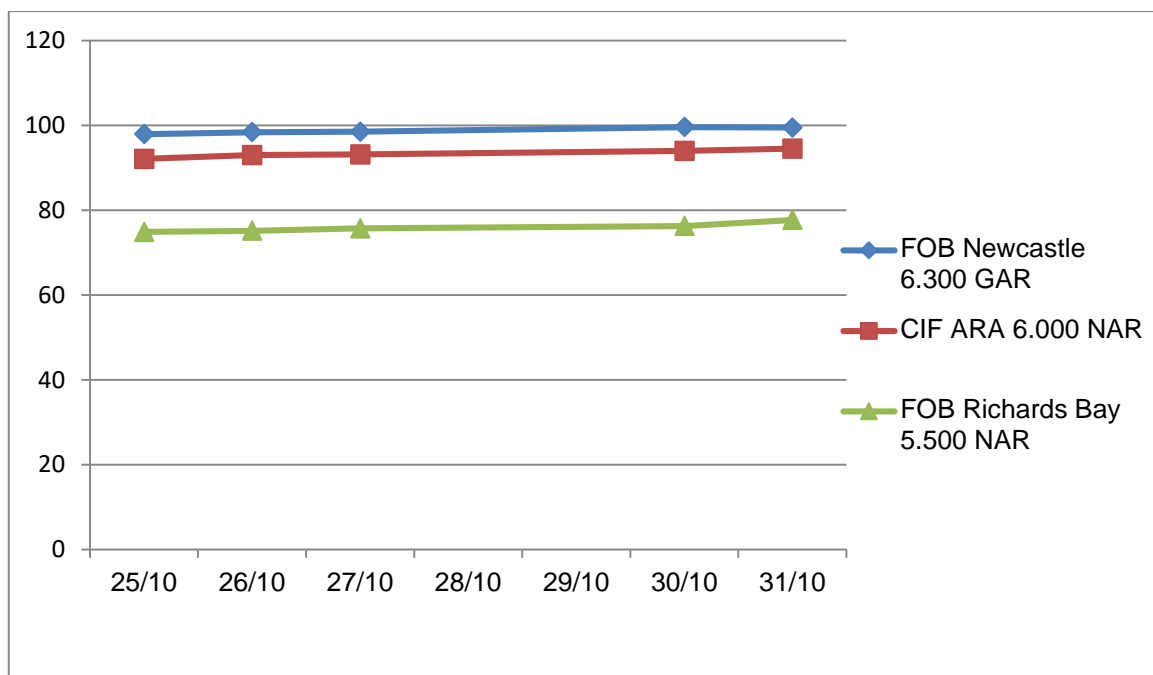
Date 03/11/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	99.50	-0.10	99.45	+0.25
CIF ARA 6,000 NAR	94.50	+0.50	94.20	+0.50
FOB Richards Bay 5,500 NAR	77.70	+1.40	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	83.10	+0.20
FOB Kalimantan 5,000 GAR	N/A	N/A	65.75	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	54.00	-0.05	417.03	-1.69
PCC7 (CFR South China 4,700 NAR)	74.10	-0.50	572.26	-5.66
PCC8 (CFR South China 5,500 NAR)	88.00	+0.00	679.61	-2.11

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 31/10/2017)

NEWS

Indonesia thermal coal prices under pressure as demand slows

Indonesian thermal coal prices were under pressure amid easing availability and lack of demand from both India and China buyers, sources said Wednesday. Indonesian prices were correcting due to improved availability, a West India-based end-user said. “Monsoons have not yet started in Indonesia, so there is pressure on the prices now,” he added. He said he is not actively looking for any shipments currently as they are covered until December. Some domestic coal is also being supplied to the captive power plants and the availability is likely to improve from here on, he noted. Meanwhile, with the recent ban on petcoke in the capital region of India, there seems to be higher demand for US coal, which is being offered around \$95/mt on CFR basis.

A Singapore-based trader said that India buyers were slowly coming back into the market with inquiries, and the bid he received from buyers last week was at \$45.25/mt FOB for 4,200 kcal/kg GAR coal. He also received an offer for a November-loading geared vessel cargo of 5,500 kcal/kg GAR coal at \$75/mt FOB, which he found too high. An Indonesia-based trader said there were inquiries for early November cargoes, but he doubts them to be firm. Noting the tight supply of prompt-loading low rank coal, he said Chinese buyers were holding back because of the current high prices. “Mid- to high-CV Indonesian coal is fetching optimism from the Australian 6,000kcal/kg NAR price which is why Indonesian prices are still holding firm despite slow demand,” he added. “Indonesia is going to enter the monsoon and no one knows how the production will be impacted.”

Coal India misses production target by 15 mt

Coal India missed its production target for the period April-October by 5% and its sales target by 3% despite power companies complaining about non-availability of adequate coal. The monopoly missed its sales target by almost 10 million tonnes during the period and its production target by almost 15 million tonnes. According to data released by the Central Electricity Authority, coal stocks available with power plants stands at an average 6 days now while 23 plant have stocks positions that are very low and require special attention. Between April and October, 2017, the monopoly managed to produce 278 million tonnes of coal while it sold 317 million tonnes thus liquidating around 40 million tonnes of existing stocks from its pit heads. The company’s total stocks at the beginning of the year was about 68 million tonnes which has now dipped to 29 million tonnes. Large subsidiaries like Central Coalfields, Mahanadi Coalfields and Central Coalfields saw their production during the period under review fall by 9.1%, 17.7% and 2.3 % respectively.

Indonesian Adaro’s Jan-Sep coal output stable on year at 39.36 million mt

Major Indonesian miner PT Adaro Energy late Wednesday said it produced 39.36 million mt of thermal coal over January-September, stable from the year before. Its average selling price or ASP jumped 42% year on year in the nine-month period, the company said, without providing details. Royalties paid to the Indonesian government rose 41% year on year to \$254 million as a result of the higher ASP, Adaro said.

Thermal coal prices have been on the rise this year driven by Chinese demand, while heavy rain in Indonesia and labor strikes in Australia have crimped supply. “Market balance was tighter than expected in the third quarter of 2017,” Adaro said in its report. “Kalimantan experienced heavy rains during the quarter, which hampered coal production and transportation from the island.” Indonesia’s domestic coal consumption has also continued to grow, rising 15% year on year in the first eight months of 2017 due to the startup of new power plants amid rising demand for electricity, Adaro said. However, the company’s sales volume over January-September was down 2% year on year to 39.44 million mt, Adaro said. It exports mainly to Indonesia, China, Malaysia and Japan.

“We are on track to achieve our annual target for 2017,” Adaro said in the report. The company in September forecast full-year production at 52 million-54 million mt. Adaro has several mines in South Kalimantan province and produces low ash, low sulfur coal with heating values ranging from 4,000 kcal/kg GAR to 5,000 kcal/kg GAR, according to its website. The price of FOB Kalimantan 4,200 kcal/kg GAR coal, a grade popular with buyers in India and China, has surged almost 23%

since the start of 2017, and was last assessed Wednesday at \$45.40/mt, S&P Global Platts data showed. Adaro is also moving into power generation, with plans to build two 1,000 MW coal-fired plants in Central Java at an estimated cost of \$4.2 billion in a joint venture with Japan's Electric Power Development Co. and Itochu Corp. It is also planning to build two 100 MW plants in South Kalimantan, which are expected to start commercial operations in the first half of 2019.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
				<i>Unit: USD/ton</i>
Capesize	Australia	China	9.30	-0.15
(150,000 tons)	Queensland	Japan	11.05	+0.05
	New South Wales	South Korea	11.40	+0.05
Panamax	Richards Bay	India West	12.80	+0.00
(70,000 tons)	Kalimantan	India West	9.00	-0.30
	Richards Bay	India East	13.00	-0.20
	Kalimantan	India East	7.60	-0.40
	Australia	China	12.30	+0.00
	Australia	India	14.00	+0.00

(Source: Platts Coal Trader International – Date 02/11/2017)