



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
MONTHLY NEWS - OCTOBER
 (From 01/10 – 31/10/2017)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 02/10-06/10	Week 09/10-13/10	Week 16/10-20/10	Week 23/10-27/10
PCC 6 (CFR South China 3,800 NAR)	N/A	54.60	54.83	54.77
PCC 7 (CFR South China 4,700 NAR)	N/A	75.45	75.44	75.06
PCC 8 (CFR South China 5,500 NAR)	N/A	87.25	88.07	88.67
FOB Newcastle 6,300 GAR	91.62	94.46	97.47	97.63
CIF ARA 6,000 NAR	92.03	90.10	92.01	92.1
FOB Richards Bay 6,000 NAR	73.55	73.31	75.03	74.84
NEWC (FOB Newcastle 6,000 NAR)	97.88	94.85	98.13	97.46

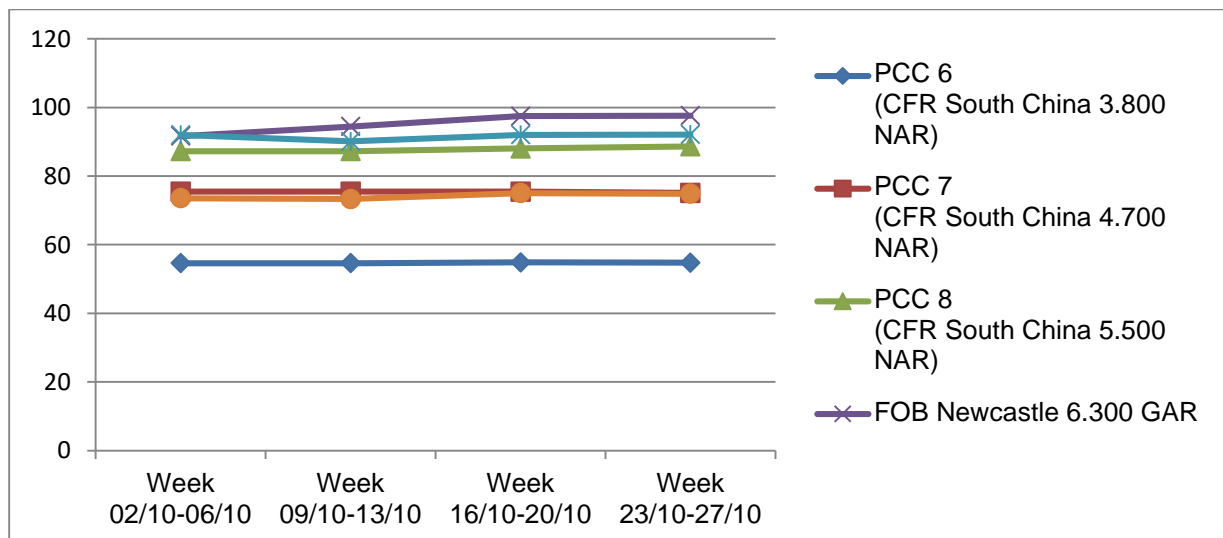


Chart 1: Average coal price October (2017)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Month - August	03/10	06/10	11/10	16/10	20/10	25/10	30/10
Capesize (150,000 tons)								
1	Australia – China	8.75	9.65	9.60	10.25	9.80	9.95	9.60
2	Queensland – Japan	10.25	11.15	11.10	11.75	11.30	11.45	11.10
3	New South Wales – South Korea	10.60	11.50	11.45	12.10	11.65	11.80	11.45
Panamax (70,000 tons)								
1	Richards Bay - India West	12.10	12.30	13.05	13.55	13.60	13.30	12.80
2	Kalimantan - India West	8.50	8.90	9.30	9.75	10.05	10.00	9.30
3	Richards Bay - India East	12.50	12.70	13.45	14.00	14.20	13.85	13.30
4	Kalimantan - India East	7.30	7.70	8.10	8.55	9.00	8.70	8.05
5	Australia - China	10.95	12.40	13.20	13.30	13.95	12.90	12.30
6	Australia - India	12.45	14.00	15.00	15.10	15.90	14.70	14.00

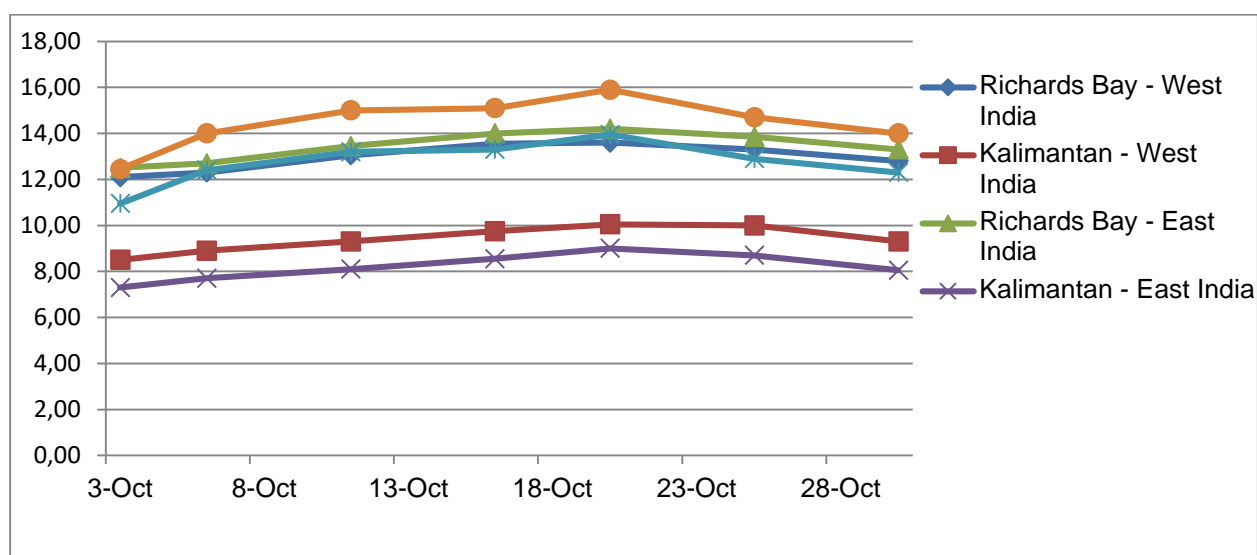


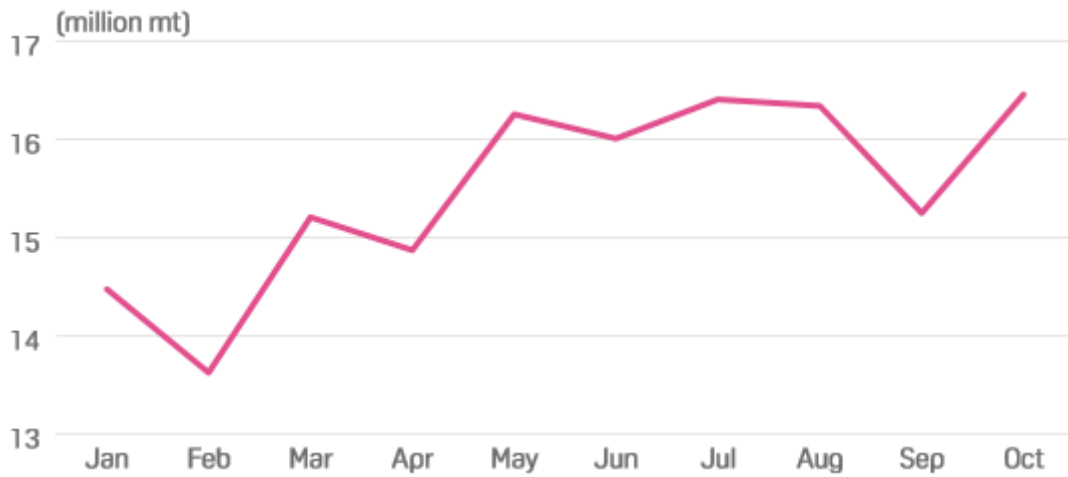
Chart 2: International spot dry bulk freight in October

(Source: Platts Coal Trader International)

II. NEWS

Russian Oct coal exports up 7.9% on month to 16.46 mil mt

Russian coal exports were up by 7.9% on the month in October to 16.46 million mt and also up 16.5% year on year, according to the Russian Federation Ministry of Energy Friday. Total year-to-date volumes were 111.59 million mt at the end of October, down 17.6% from 2016. International demand was thought likely to have increased in October as consumers purchased stock for the winter period. S&P Global Platts assessed the weekly FOB Russia Baltic 6,000 kcal/kg NAR 90 day price at \$87.15/mt and the weekly FOB Russia Pacific 6,300 kcal/kg GAR 90 day price at \$102.75/mt Friday.



(Source: Russian Federation Ministry of Energy)

Market interventions lead to cautious mood in asia thermal coal market

Import restrictions at certain Chinese ports and the National Development and Reform Commission’s readiness to quell “abnormal fluctuations in coal prices” this winter have led to a cautious mood among buyers in China, market sources said Friday. Large power utilities in China that buy millions of tones of thermal coal imports are still studying the implications of the NDRC’s plan of action for the domestic market released last Friday, a trader said. This had put a brake on their buying interest for imported high-ash cargoes from Australia, which he currently put at only \$74-\$75/mt FOB Newcastle, basis 5,500 kcal/kg NAR. Other sources put this at \$76-\$77/mt FOB. A China-based trader said his bid for a December-delivery cargo of Australian 5,500 kcal/kg NAR coal was at \$72-\$73/mt FOB, based on the current Chinese futures price of Yuan 670/mt for this grade. A South Korea buyer fixed a Capesize 130,000 mt ship at \$11/mt to sail from Newcastle in the second half of November to Yonghung port, according to shipping sources.

In a notice posted on its website, the NDRC outlined several steps it was prepared to take to curtail volatility in domestic coal prices over the northern hemisphere winter months, including monitoring prices at key trading centers such as Qinhuangdao port, cracking down on monopoly-type behavior and speculative activity, and sending inspectors to mine sites. At the main trading hub for domestic coal in northeast China, Qinhuangdao, cargoes of 5,500 kcal/kg NAR coal were changing hands at around Yuan 705-710/mt FOB, and the 5,000 kcal/kg NAR grade at Yuan 615/mt, several sources said.

“Domestic prices are going down steadily,” one market source said in China, adding he believed this downward trend would likely continue for another week or so, until the colder weather sets in China. “Right now, lots of factories are closing down due to the government’s attack on pollution, so power usage will be lower than usual,” he said. On the supply side, Chinese thermal coal producers are starting to increase output, which will gradually flow into the market, he added. A trader in Singapore said that some Chinese power plants were expected to release tenders for domestic 5,500 kcal/kg NAR coal for January, but with a ceiling price at only Yuan

630/mt FOB Qinhuangdao. “It’s lower than the current spot offers [of around Yuan 700/mt FOB] but still higher than the NDRC’s ideal price level,” he said.

Coal stocks at India power plants up 4.7% to 7.85 million mt in latest week

Thermal coal stocks at Indian power plants rose 4.7% to 7.5 million mt in the week to Wednesday, which was down 59% year on year, according to data from the Central Electricity Authority Friday. Current stock levels were enough to support six days’ power generation, and the number of plants at critical or super critical stock levels fell to 22, from 25 in the previous week. Stocks of imported coal fell 22% to 303,000 mt during the week, the lowest level since November 2012 when stocks were also 303,000 mt.



(Source: Central Electricity Authority)

Blair Athol thermal coal mine produces 124,250 mt after reopening

Australia-listed TerraCom’s Blair Athol thermal coal mine, which was restarted August 13, produced 124,250 mt of run-of-mine coal in the July-September quarter, the company said Wednesday. Of the produced coal, a total of 46,461 mt was sold during the period, TerraCom said. TerraCom, through its wholly owned subsidiary Orion Mining, has signed a purchase agreement for the sale of the first six months of production with pricing linked to the Newcastle Thermal Coal Index, and has the option to extend it for a further six months, it said Wednesday. For the interim period, coal will be transported to a nearby train loading facility where it will be transported to the Dalrymple Bay Coal Terminal for export to Asia. The company is working towards establishing a dedicated train loading facility for the mine, with an indicative time line of six to nine months, it said. Earlier in the year, TerraCom said it expected Blair Athol to produce 493,000 mt of coal in the October-December quarter.

(Source: Platts)