



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

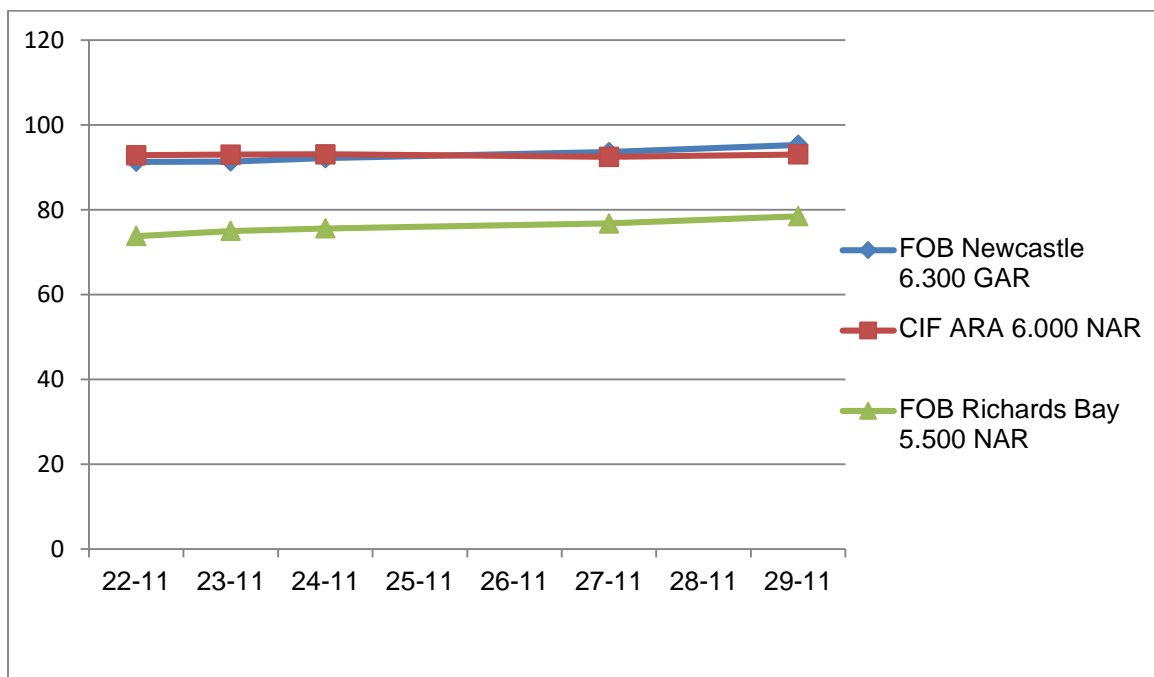
Date 30/11/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	95.30	+0.30	98.75	+0.30
CIF ARA 6,000 NAR	93.05	+0.15	93.05	+0.45
FOB Richards Bay 5,500 NAR	78.50	+0.10	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	82.00	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	63.35	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	51.40	+0.20	395.31	+1.66
PCC7 (CFR South China 4,700 NAR)	70.90	+0.10	545.27	+0.94
PCC8 (CFR South China 5,500 NAR)	83.70	+0.20	643.71	+1.73

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 29/11/2017)

NEWS

China to press for long-term coal supply deals

China will continue to support long-term supply deals between coal producers and buyers, amid rising demand for the commodity during the heating season, according to the country's top economic planner. Medium and long-term contracts with a duration of more than one year would account for more than 75 percent of the supply deals signed by coal and power enterprises both at the central and local levels in 2018, the National Development and Reform Commission said in a document published on Wednesday. Railways, ports and shipping enterprises should give priority to such contracts, according to the document.

There should be more direct contracts between the suppliers and buyers of coal to cut transaction costs and push for the healthy development of the sector. The NDRC will strengthen supervision of medium and long-term contracts of more than 200,000 metric tons and make sure that more than 90 percent of such contracts will be fulfilled in 2018. "Long-term contracts help calm volatile coal prices as coal suppliers and buyers will establish stable and effective cooperation," said Zhou Dadi, a senior researcher at the China Energy Research Society. "There will be fewer price hikes in the coal sector due to temporary supply shortages, temperature drops or speculative activities. Most of the bulk commodities are traded through long-term contracts in the world since they can ensure stable market expectations and improve transportation efficiency," he added. Han Xiaoping, chief information officer of China Energy Net Consulting Co, said: "Apart from coal enterprises, there should be long-term contracts between transportation, power generation, transmission and distribution companies to ensure stable electricity prices."

Coal India considers price hike to offset wage, salary increases

Coal India Limited (CIL) is mulling the option of increasing its coal prices across all grades to offset the impact of a hefty wage increase agreement signed with trade unions and the imminent hike in salaries of executives. Sources have pointed out that the salaries and wages bill provisions for the year will not be sufficient to cover the increases that the miner and employees have agreed upon. They say that the wage agreement signed between CIL management and trade unions will lead to an increase in the wage bill to about \$892-million a year. On Tuesday, sources also said that CIL was considering a salary hike for all its executives and that this could cost the miner about \$125-million in a year.

CIL employed 300 000 people of which 18 000 are in the executive cadre. It was pointed out that CIL achieved offtake growth of 6.9% in July, 19.1% in August and 15.5% in September, but that its net profit during the quarter was down 40% over the corresponding period of the previous financial year, indicating that production and offtake growth will not be sufficient to protect the bottom line, without an across-the-board price hike. However, no indication was available on the quantum of the coal price increase being considered, with the sources saying that fixing a new price is an elaborate exercise involving various grades of coal and location of mines. However, the sources say that increasing the price of coking coal will not face much resistance from user industries in the steel sector, as imported coking coal prices too have been firming up over the past few months. However, an increase in the price of thermal coal could have political implications as it translates into higher tariffs to be passed on to consumers by thermal power plants and distribution companies. CIL increased prices by an average of 10% across all grades in May 2017.

Some 41 vessels delayed at Richards Bay coal terminal

S&P Global Platts cFlow vessel tracking software showed 41 ships were delayed outside Richards Bay Coal Terminal in South Africa Wednesday, up from 38 last week, with market sources attributing the increase in delayed vessels to adverse weather conditions in recent weeks. Seventeen of the ships were originally estimated to arrive at the terminal between October 19-November 21, with the remaining 24 ships forecast to arrive within the last week. Twenty-four of the vessels are returning from India, Pakistan or Sri Lanka, while six are returning from China, South Korea, Malaysia or Singapore. Eight ships were stationed at loading berths. The average deadweight tonnage of the delayed ships was 82,8853 mt. Market sources estimate there was more than 5

million mt of coal in stockpiles Wednesday at the 9.2 million mt RBCT. The ongoing delays were reducing market activity as players wanted to avoid any demurrage fees, with one trader saying they had a ship stuck in the queue that was costing roughly \$20,000/day in fees.

According to sources, the delay was yet to have any impact on pricing as there was still tonnes available at the terminal and many end-users are not in any desperate mood to purchase spot volumes in the current market. However, there was market speculation that a recent ban of petcoke in several Indian states could see buyers replace the fuel with high CV coal of several origins, including South Africa. A January-loading FOB Richards Bay 6,000 kcal/kg NAR cargo traded Wednesday morning via globalCOAL at \$95/mt, the highest deal since November 11 2016, and Platts FOB Richards Bay 5,500 kcal/kg NAR spot price has risen to \$78.40/mt on the most recent assessment Tuesday, up from \$73.55/mt the previous week. In the last week the dry bulk Panamax spot freight rate from Richards Bay-West Coast India was \$12.25/mt Tuesday, from \$12.40/mt the week before, while the Capesize Richards Bay-Rotterdam spot freight rate rose to \$11/mt from \$10.30/mt.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	11.45	+0.00
	Queensland	Japan	13.15	+0.00
	New South Wales	South Korea	13.50	+0.00
Panamax (70,000 tons)	Richards Bay	India West	12.25	+0.00
	Kalimantan	India West	8.65	+0.00
	Richards Bay	India East	12.60	+0.00
	Kalimantan	India East	7.25	+0.00
	Australia	China	11.65	+0.05
	Australia	India	13.00	+0.00

(Source: Platts Coal Trader International – Date 29/11/2017)