



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS – FIRST WEEK OF
DECEMBER
 (From 04/12 – 08/12/2017)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 13/11-17/11	Week 20/11-24/11	Week 27/11-01/12	Week 04/12-08/12
PCC 6 (CFR South China 3,800 NAR)	50.94	50.98	51.58	52.94
PCC 7 (CFR South China 4,700 NAR)	71.00	70.58	70.86	72.42
PCC 8 (CFR South China 5,500 NAR)	84.70	83.50	83.82	85.18
FOB Newcastle 6,300 GAR	94.18	91.74	94.92	95.5
CIF ARA 6,000 NAR	94.86	92.97	92.63	93.92
FOB Richards Bay 6,000 NAR	75.05	74.15	78.20	79.04
NEWC (FOB Newcastle 6,000 NAR)	96.32	91.91	96.24	96.8

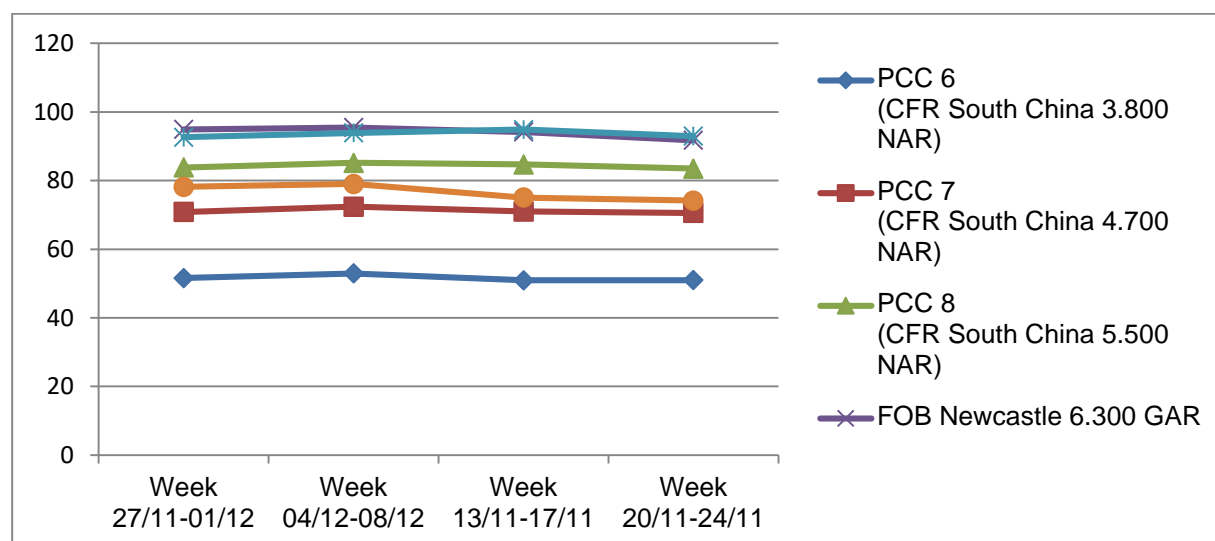


Chart 1: Average coal price week 1st December (2017)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1 st - December	04/12	05/12	06/12	07/12	08/12
Capesize (150,000 tons)						
1	Australia – China	12.05	11.75	11.65	11.55	11.55
2	Queensland – Japan	13.60	13.30	13.20	13.10	13.10
3	New South Wales – South Korea	13.95	13.65	13.55	13.45	13.45
Panamax (70,000 tons)						
1	Richards Bay - India West	12.25	12.25	12.25	12.25	12.25
2	Kalimantan - India West	8.75	8.70	8.70	9.00	9.00
3	Richards Bay - India East	12.60	12.60	12.60	12.60	12.60
4	Kalimantan - India East	7.35	7.30	7.30	7.60	7.60
5	Australia - China	11.90	11.90	11.90	12.05	12.10
6	Australia - India	13.40	13.40	13.40	13.45	13.45

(Source: Platts Coal Trader International)

II. NEWS

Indonesia's Dec HBA thermal coal price falls 7.5% on year to \$94.04/mt

Indonesia's Ministry of Energy and Mineral Resources set its December thermal coal reference price, also known as Harga Batubara Acuan or HBA, at \$94.04/mt, falling 7.5% year on year and down about 0.8% from November. The ministry had set the price for November at \$94.80/mt and for December 2016 at \$101.69/mt, the highest level seen since May 2012. The HBA is a monthly average price based 25% each on Platts Kalimantan 5,900 kcal/kg GAR assessment, Argus-Indonesia Coal Index 1 (6,500 kcal/kg GAR); Newcastle Export Index (6,322 kcal/kg GAR) and globalCOAL Newcastle (6,000 kcal/kg NAR).

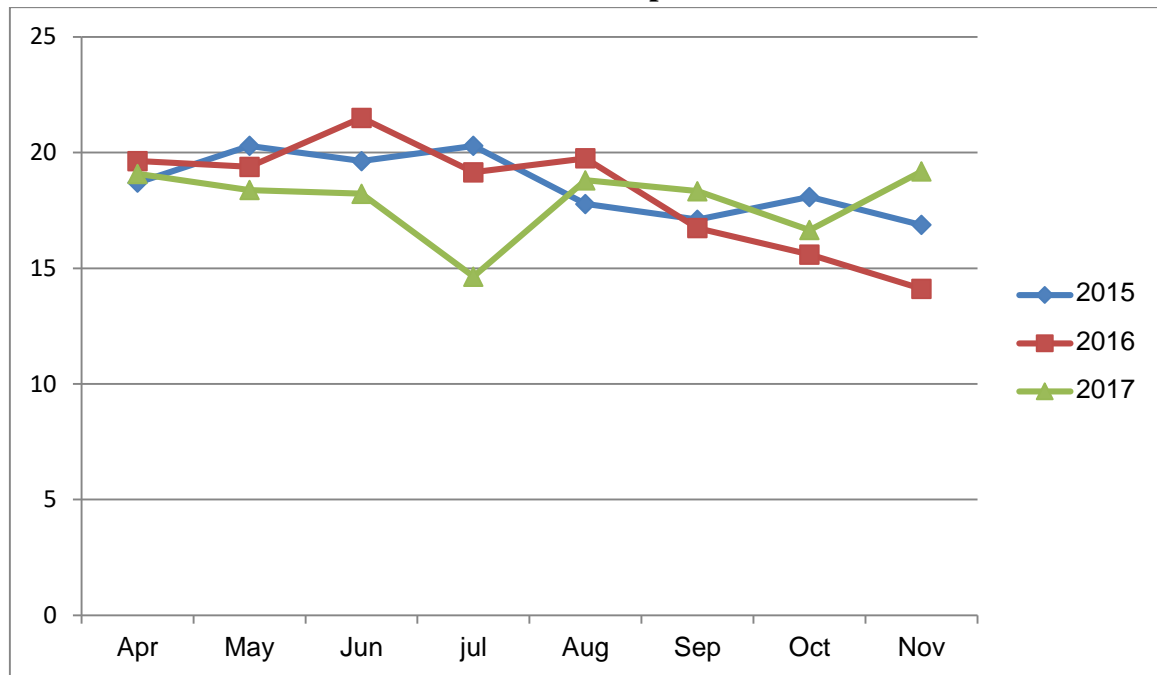
In November, the daily Platts FOB Kalimantan 5,900 kcal/kg GAR coal assessment averaged \$82.17/mt, down from \$83.12/mt in October, while the daily 90-day Platts Newcastle FOB price for coal with a calorific value of 6,300 kcal/kg GAR averaged \$96.63/mt, down from \$97.14/mt in October. The HBA price for thermal coal is the basis for determining the prices of 77 Indonesian coal products and calculating the royalty producers have to pay for each metric ton of coal sold. It is based on 6,322 kcal/kg GAR coal with 8% total moisture content, 15% ash as received, and 0.8% sulfur as received.

Coal imports rise 40% on restocking demand in November

Coal import (all type of coals) in November 2017 stood at 19.18 MT (provisional), against 13.70 MT in November 2016 and 19.77 MT in October 2017. The higher volume of imports is mainly due to 4.18 MT increase in non-coking coal imports during the month under review, the data show. There was also a healthy growth in coking coal imports in November 2017 on a yearly basis. "The demand for winter restocking and the low coal stock position at power plants led to the high volumes in non-coking coal import. Also, the uptrend in coking coal prices coupled with supply concerns saw the buyers taking fresh positions in that market," mjunction CEO Vinaya Varma said.

Of the 19.18 MT of coal imported in November, 13.15 MT was non-coking coal, followed by coking coal at 3.9 MT, among others. Coal imports witnessed a decline of 6.37 per cent at 191.95 MT in 2016-17 on higher production by Coal India Ltd that saw the country moving to a regime of surplus coal. Coal India accounts for more than 80% of total coal output of India.

Indian coal imports



(Source: <http://www.financialexpress.com>)

US coal exports estimated to total 89 million st in 2017

Coal exports are estimated to total 89 million st in 2017, a 48% jump from last year, according to the US Energy Information Administration's Short-Term Energy Outlook, released Tuesday. For the current year, metallurgical coal exports are expected to total 53.7 million st, compared with 40.9 million mt last year, while thermal coal exports are expected to total 35.3 million st, compared with 19.3 million st last year. In 2018, the agency estimates coal exports to dip to 73.5 million st.

For production, the EIA estimates the US will mine 791 million st in 2017, up 8.6% from last year, but only 771 million st in 2018. Power sector coal consumption is estimated total 672 million st this year, down 0.8% from last year, while consumption is projected to total 677 million st in 2018. The agency estimates coal will generate 30.5% of US power in 2017, up from 30.4% last year, and will generate 30.7% in 2018. Coal is slated to benefit from higher gas prices in 2018. Lower gas prices are driving the changes in the forecast, as the agency projects the average delivered price for power sector gas to be \$3.50/MMBtu in 2017 and \$3.76/MMBtu in 2018.

China approves coal mine project in Inner Mongolia

China's top economic planner has approved a coal mine project in northern China's Inner Mongolia Autonomous region to replace outdated capacity, with a total investment of 4.2 billion yuan (634 million U.S. dollars). Production capacity at the open-pit mine is planned at 15 million tonnes per year, according to the National Development and Reform Commission (NDRC). The project is expected to optimize industrial structure and ensure energy supply in the region, according to the NDRC. The government has pledged that it will strictly control new capacity in the coal industry and won't approve any new coal mines before 2019 unless a certain amount of outdated capacity is shut down as required. The NDRC stressed that the new project had to strictly follow the capacity plans, and could not seek expansion within five years of the start of production. Last year, China eliminated coal production capacity by over 290 million tonnes and plans to slash coal production capacity by at least 150 million tonnes this year.

(Source: *Platts*)