



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

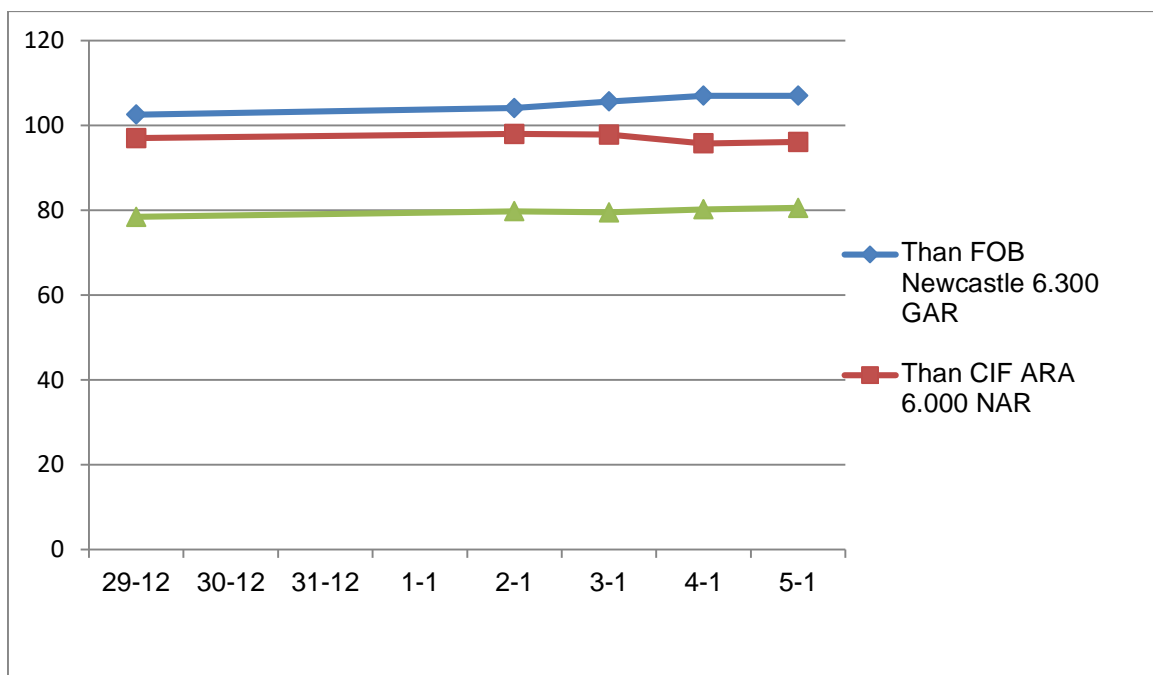
Date 08/01/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	107.00	+0.00	106.40	-1.85
CIF ARA 6,000 NAR	96.10	+0.35	96.25	+0.25
FOB Richards Bay 5,500 NAR	80.55	+0.35	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	84.95	+0.75
FOB Kalimantan 5,000 GAR	N/A	N/A	67.50	+0.40

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	55.80	+0.00	422.05	-0.72
PCC7 (CFR South China 4,700 NAR)	74.75	+0.00	565.39	-0.95
PCC8 (CFR South China 5,500 NAR)	88.50	+0.50	669.39	+2.65

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 05/01/2018)

NEWS

New environmental protection tax to pressure Chinese coal miners

China's new environmental production tax is set to increase production costs for coal miners, market sources said Friday. "Unless a rise in coal prices offsets the environmental protection tax, Chinese coal miners will see their profits drop and some may even suffer financial losses," according to a source at China Minmetals, a Beijing-based state-owned trading house. The Economic Daily, a government newspaper, reported Thursday that the environmental production tax was at least Yuan 1.2-12/mt (\$0.18-\$1.85/mt) on atmospheric pollution, and at least Yuan 1.4-14/mt on water pollution, Yuan 5/mt on coal gangue, and Yuan 15/mt on ore tailings. A Shandong-based coal trader agreed, saying the tax of Yuan 1.414/mt on water pollution will have a significant effect on coal washeries which consume large quantities of water. "Prices of coal concentrates can be expected to go up as a result of the tax," he said. Provincial governments decide specific tax rates for air pollution and water pollution. The general trend has been for eastern and coastal provinces to get tougher on air and water pollutions while western provinces have been relatively lenient.

Bullish Indonesian thermal coal market seen in near term

The Indonesian thermal coal market was set for a bullish run in the near term as it fed off positive sentiments coming from China's steady stream of inquiries, sources said Friday, although some remained cautious of possible volatility going further into the year. "We are seeing higher prices in the market now," an Indonesian-based trader said, adding he received an offer for an end-January loading, Panamax shipment, 4,200 kcal/kg GAR — or 3,800 kcal/kg NAR — coal, at \$49/mt FOB. There was more interest for January shipments than February, which is why the prices are much stronger this month, he added. According to a Singapore-based trader, the window for booking Indonesian coal cargoes stretches to early February. "So your shipment can arrive in time for Lunar New Year," he said. He heard a miner offering a geared shipment of 3,800 kcal/kg NAR coal, 0.8% sulfur, early February loading, at \$50/mt FOB.

Traders who secured cargoes at a lower price were willing to sell but miners can still afford to wait, he said. He expected some traders to take position as Chinese utilities were scheduled to announce tenders for late-January and early February shipments. Sources mentioned hearing a trade for branded 4,800 kcal/kg NAR coal, 1.4% sulfur, being concluded at \$67.25-\$68/mt FOB on either geared or gearless basis.

A China-based trader said he would be careful about taking positions currently as he expected price volatility in the near term. Prices stabilized after Christmas, then spiked in early January after the government eased import restrictions at Chinese ports toward the end of 2017, he said. Second-tier Chinese ports were allowed to discharge imported cargoes again and a number of them were at ports that could take Capesize cargoes, he added. "So, this opened interest again for imported coal, especially for the Australian coal," he added. Winter season likely pushed the government to relax its curbs on imports, but he expected some intervention to happen again after the Lunar New Year or soon after the colder months are over.

Indian demand for imported coal lessens

A West India-based trader said geared shipments of 4,200 kcal/kg GAR coal were trading at \$47.50-\$48/mt FOB. "Cargoes are very limited for January," he said, adding the gap between the tradable level in China and India had widened to around \$0.50-\$1/mt since last week as China was rushing to purchase cargoes before the Lunar New Year. India, on the other hand, was in a "slightly better position" as state-owned miner Coal India's production and delivery had improved since December. "So, apart from a few port-based plants, buyers can take indigenous coal [as alternative]," he said, and wait for the prices to correct after the Chinese Lunar New Year.

According to this trader, \$46-\$47/mt FOB for 4,200 kcal/kg GAR coal was the threshold for Indian buyers, so a price higher than this makes buyers consider whether to take imports or not, as well as call for improvements in power price. He said there had been some buying of mid-CV coal since last month for stock and sale and he expected traders in this business to liquidate stocks soon.

Branded 5,100 kcal/kg GAR coal bought in December at \$65-\$65.50/mt FOB could now be sold in the market at \$67/mt FOB, he said. So some sellers are holding their stocks, he said, adding he was trying to sell 4,800 kcal/kg GAR coal for end-January loading at around \$61-\$62/mt FOB but buyers were still bidding at sub-\$60/mt FOB level.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	8.55	-0.05
	Queensland	Japan	9.20	-0.05
	New South Wales	South Korea	9.45	-0.05
Panamax (70,000 tons)	Richards Bay	India West	12.40	+0.00
	Kalimantan	India West	8.35	-0.15
	Richards Bay	India East	12.60	+0.00
	Kalimantan	India East	7.05	-0.15
	Australia	China	12.05	+0.55
	Australia	India	13.50	+0.60

(Source: Platts Coal Trader International – Date 05/01/2018)