



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

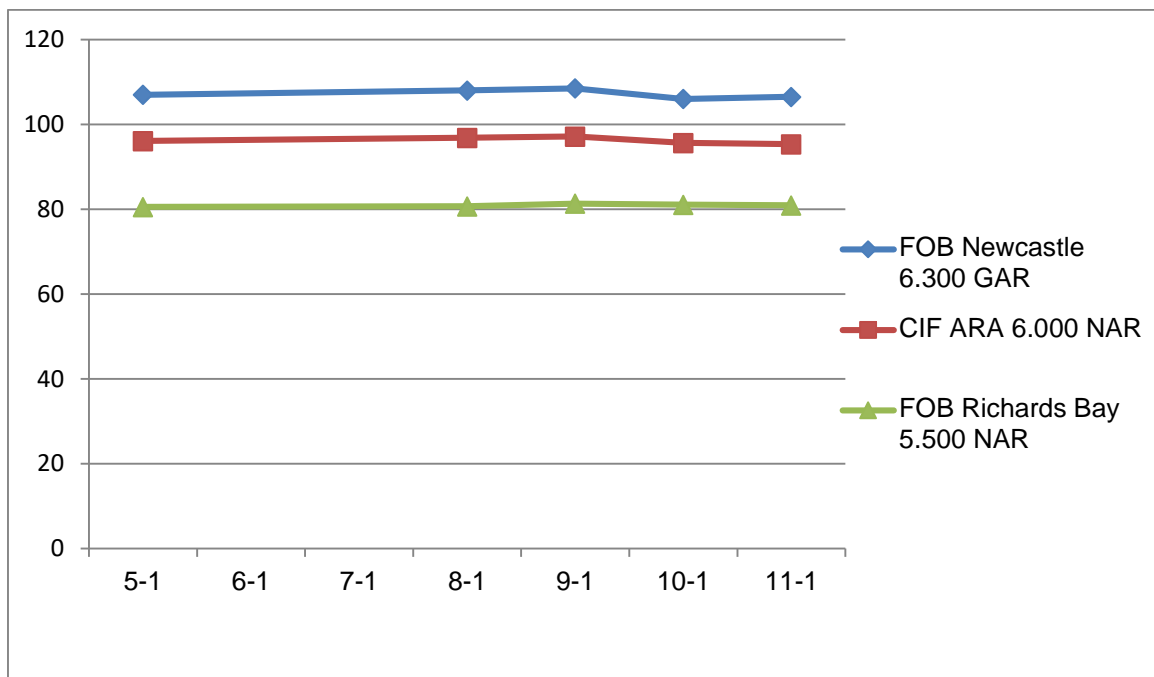
Date 12/01/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	106.50	+0.50	104.00	-0.70
CIF ARA 6,000 NAR	95.35	-0.30	94.60	-0.40
FOB Richards Bay 5,500 NAR	80.90	-0.15	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	85.35	+0.10
FOB Kalimantan 5,000 GAR	N/A	N/A	69.25	+0.25

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	56.00	+0.10	424.77	+0.33
PCC7 (CFR South China 4,700 NAR)	75.85	+0.10	575.34	+0.18
PCC8 (CFR South China 5,500 NAR)	91.00	+0.50	690.25	+3.10

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 11/01/2018)

NEWS

Prolonged tightness keeps Indonesia thermal coal prices firm

Indonesian thermal coal prices remained firm Thursday, with tight prompt supply and higher bids from China keeping prices level amid cold weather, sources said. A Singapore-based trader said the best bid he received for a Panamax-sized vessel of 3,800 kcal/kg NAR coal with 0.4% sulfur and for loading in end January was around \$49/mt FOB. “There are fewer cargoes in the market for January loading,” he said. On geared-vessel basis, he said the best bid he got for 3,800 kcal/kg NAR coal was not more than \$48.25/mt FOB.

An Indonesia-based trader said the entire last year it rained, so miners are now struggling to fulfil the backlog, keeping spot supply tight. A major Indonesia-based producer source said the buying interest for 3,700 kcal/kg NAR coal is at \$47.75-\$48/mt FOB, while for 4,600 kcal/kg NAR is at \$67-\$68/mt FOB. “We cannot take advantage of the spot market prices,” he said, adding they do not have any spot cargoes to offer as they have limited supply due to bad weather in Indonesia. He noted it traditionally rains during Q1 but this year the rain has been heavier than expected. Even though there is not a huge impact on the production, which has not been accounted for, the overall operation has slowed down considerably. Another Indonesian miner said there were a number of vessels at ports with no cargoes to load because of the rains in Kalimantan that affected production.

South African coal producers seeing Pakistan as destination for exports

Sellers of South African coal are increasingly looking to the Pakistan import market as increasing demand there helps supplement the withdrawal of Indian buyers from imported coal. Traditionally in Pakistan the largest buyers of imported thermal coal had been cement plants as the country had few operating coalfired power plants, however several new plants due to come on line over the next few years was fueling sentiment for an already strong export destination. Exports of thermal coal from South Africa to Pakistan were 3.37 million mt in 2014, 3.72 million mt in 2015, and 4.92 million mt in 2016, according to customs data collected by Platts. January-November 2017 exports almost doubled to 7.95 million mt, giving Pakistan an 11.02% share of South African exports, having been 4.52% in 2014.

“It has become a very competitive market, it is still growing so lots of people are interesting in building it,” a Central Europe-based trader of South African coal said Thursday. The trader said his firm had more competition with other sellers of South African coal rather than Indonesian coal as Indonesian sellers were looking at the closer, larger market of China and Southeast Asia. According to S&P Global Platts data, South African 5,500 kcal/kg NAR coal would be priced at \$94.65/mt, basis Karachi as discharge port, while the broadly comparable Indonesian 5,900 kcal/kg GAR coal would be \$95.25/mt, same basis. This put the South African-Indonesian seaborne arbitrage at 60 cents/mt, with South African slightly cheaper, although market sources said South African coal would remain the preferred origin in the nearterm, giving an additional margin to South African coal in theory.

Japan bereft of spot tenders in Asia thermal coal market

Japanese buyers, including power generators and industrial end-users, have yet to launch any tenders for Australian spot cargoes this month. “There are no tenders from Japan,” the source said, adding this was likely to remain the case for the whole of January. One reason is Japanese buyers are preparing April contract price negotiations with Australian producers for shipments of 6,322 kcal/kg GAR thermal coal. These are set to begin in early February. Australian coal producers’ marketing and sales teams are set to visit Japan next month to give their views on the market for the year ahead, and to explain their production plans in detail. Japanese power utilities agreed on a headline price of \$84.97/mt FOB Newcastle with Australian suppliers for shipments of 6,322 kcal/kg GAR coal, (roughly equivalent to 6,000 kcal/kg NAR), for the year starting April 1, 2017. This benchmark price is due to expire at the end of March, and last year’s Japanese price was the highest since 2013’s \$95/mt FOB Newcastle.

Another reason for the paucity of Japanese tenders in January is the persistently high price of Newcastle 6,000 kcal/kg NAR thermal coal, traditionally the feedstock for Japanese power plants. This grade of Australian thermal coal has traded above \$90/mt FOB Newcastle since mid-July 2017, according to S&P Global Platts data. There was a screen trade Wednesday for 25,000 mt of Newcastle 6,000 kcal/kg NAR thermal coal, February shipment, at \$107.50/mt FOB, up 50 cents from the last trade for a February cargo on Friday on globalCOAL.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	7.60	-0.70
	Queensland	Japan	8.25	-0.70
	New South Wales	South Korea	8.50	-0.70
Panamax (70,000 tons)	Richards Bay	India West	12.45	+0.00
	Kalimantan	India West	8.55	+0.00
	Richards Bay	India East	12.65	+0.00
	Kalimantan	India East	7.25	+0.00
	Australia	China	12.10	+0.00
	Australia	India	13.65	+0.00

(Source: Platts Coal Trader International – Date 11/01/2018)