



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

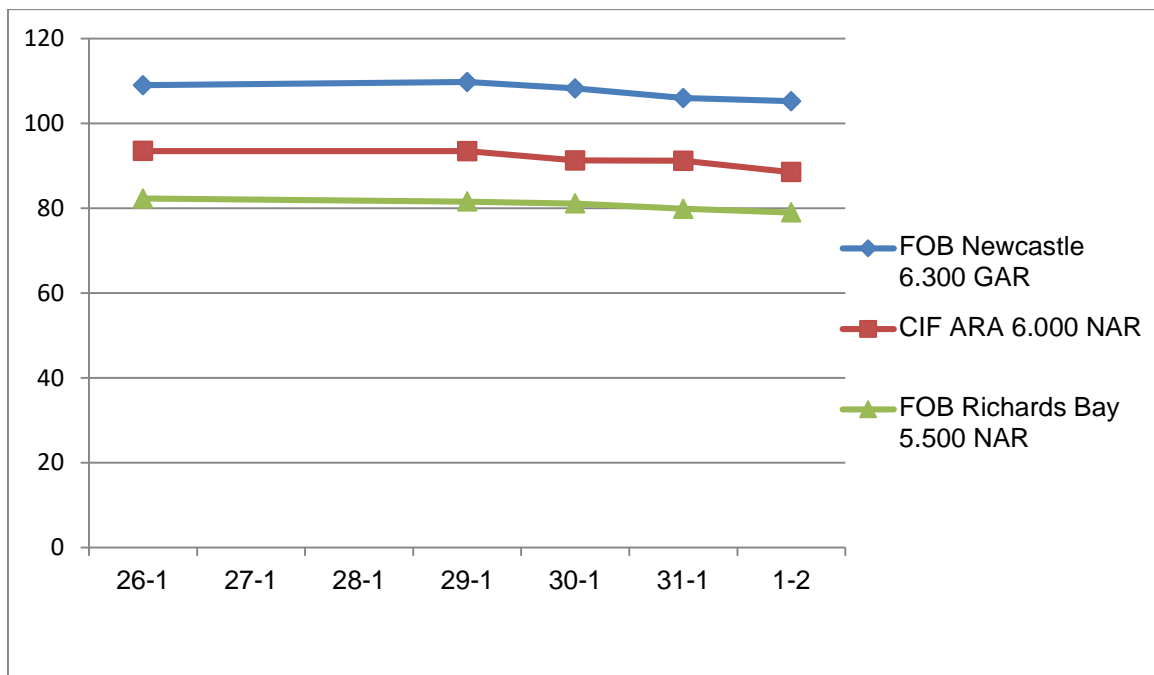
Date 02/02/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	105.25	-0.75	105.00	-0.40
CIF ARA 6,000 NAR	88.50	-2.70	88.40	-2.70
FOB Richards Bay 5,500 NAR	79.00	-0.85	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	88.50	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	71.90	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	57.90	+0.20	424.82	+1.88
PCC7 (CFR South China 4,700 NAR)	79.80	+0.00	585.49	+0.56
PCC8 (CFR South China 5,500 NAR)	96.80	+0.80	710.23	+6.56

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 01/02/2018)

NEWS

Kalimantan 4,200 GAR thermal price hits \$50/mt mark on Chinese bid

Spot prices for 4,200 GAR Kalimantan thermal coal hit \$50/mt FOB Thursday amid strong Chinese demand, coupled with tight supply in Indonesia due to rains, sources said. S&P Global Platts assessed the 7-45 day price of FOB Kalimantan 4,200 kcal/kg GAR coal at \$50/mt. This is the second time the price has hit the \$50/mt mark since Platts began assessing it in 2012, the last time occurring in November 2016. “Bids are coming higher. I think most Chinese buyers are short or they want to take positions in anticipation of further price rises,” an Indonesia-based trader said. He received a bid for an end February- or March-loading Supramax cargo of 3,800 kcal/kg NAR coal with 0.5% sulfur at \$50-\$50.20/mt FOB.

Another Indonesia-based trader, however, attributed the surge in inquiries to tenders floated by Chinese power utilities for their coal requirements post Lunar New Year holidays. Stockpile levels were low in the region near Yangtze river as well as Hunan and Hubei provinces, a China-based trader said. “The demand for coal in these regions is pretty strong as some of the utilities had only two to three days of coal to burn,” he added. However, he said that traders in Guangzhou were cautious about the market trend after the Chinese Lunar New Year holidays. The second Indonesia-based trader said that the current spurt in prices is “momentary” and is largely driven by suppliers’ bullish outlook and Chinese short covering. “Given the current tightness in the spot market, the suppliers are very bullish,” he noted. Moreover, rains have been hampering production and loading schedules, the second Indonesia-based trader said. “Some of the miners are still struggling with backlogs, thus not offering anything in the spot market,” he added. A South India-based trader said that one of his vessels is waiting for a cargo from a major miner for the past 10 days. “There are lots of delays now,” he added.

Glencore 2017 coal production down 3% on year to 120.6 million mt

Glencore produced 120.6 million mt of coal in 2017, down 3% on the year, as productivity improvements and the company’s higher equity share in certain mines offset reductions due to industrial action and adverse weather, the Switzerland-based diversified miner said Thursday. Of the total, 110.5 million mt was thermal coal, 6.1 million mt was coking coal and 4 million mt was semi-soft material. Combined annual production of export grade thermal coal was 93 million mt, down 2.5% from the previous year. Fourth quarter 2017 export quality thermal coal output was 22.1 million mt, down 3.1% on the quarter and 15.3% on the year.

Australia accounted for 49.1 million mt of thermal export production in 2017, while 25.2 million mt came from Colombia and 18.7 million mt from South Africa. Glencore’s Colombian unit Prodeco produced 14.6 million mt in 2017, down 16% on the year, with the miner citing the initial impact of severe wet weather followed by “necessary workarounds” adversely affecting production after a geotechnical event. Glencore’s 2017 share of production at the Colombian Cerrejon mine — in which it has a 33.3% stake — was 10.6 million mt, in line with 2016, with the easing of restrictions related to dust emissions in 2016 offset by disruption caused by heavy rainfall.

Indonesian coal miners seek to postpone policy implementation

The Indonesian Coal Mining Association proposed Wednesday to postpone the implementation of a new policy requiring coal exporters to use national maritime shipping and domestic insurance services amid ambiguities that could hurt Indonesia’s thermal coal industry. ICMA Executive Director Hendra Sinadia warned at an industry gathering in Jakarta that the regulation, due to come into force at the end of April, was bound to create “disruption” and “chaos” in the thermal coal business as the country exports an average 30 million-35 million mt/month, while the aggregate capacity of the current Indonesian flagged fleet of vessels suitable for export is only over 4 million mt. Sinadia said Indonesia exported a total of 355 million mt of thermal coal in 2017 and coal trade contributes almost 9% to Indonesia’s total export industry.

As much as 95% of the coal export industry relies on the foreign vessels and the policy could potentially affect Indonesian competitiveness in the coal export market. The policy would also

affect bilateral agreements including comprehensive economic partnership agreements that must be honored. Ben Lawson, chief operating officer of Sanaman Coal, pointed out traders are the most affected by this policy considering they have taken long trading positions. “They could have customers backing out [of deals],” he said. According to Bob Kamandanu, former chairman of ICMA, there was also no clarity over who gets prioritized in the use of limited national vessels. “We can’t stop exporting. This regulation is not an overnight thing,” Kamandanu said, adding that the government should consider giving exporters a transition period of at least two years.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
	<i>Unit: USD/ton</i>			
Capesize	Australia	China	7.70	-0.10
(150,000 tons)	Queensland	Japan	8.90	-0.20
	New South Wales	South Korea	9.40	-0.20
Panamax	Richards Bay	India West	12.45	-0.15
(70,000 tons)	Kalimantan	India West	8.55	-0.15
	Richards Bay	India East	12.65	-0.15
	Kalimantan	India East	7.15	-0.15
	Australia	China	11.75	-0.20
	Australia	India	12.80	-0.20

(Source: Platts Coal Trader International – Date 01/02/2018)