



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

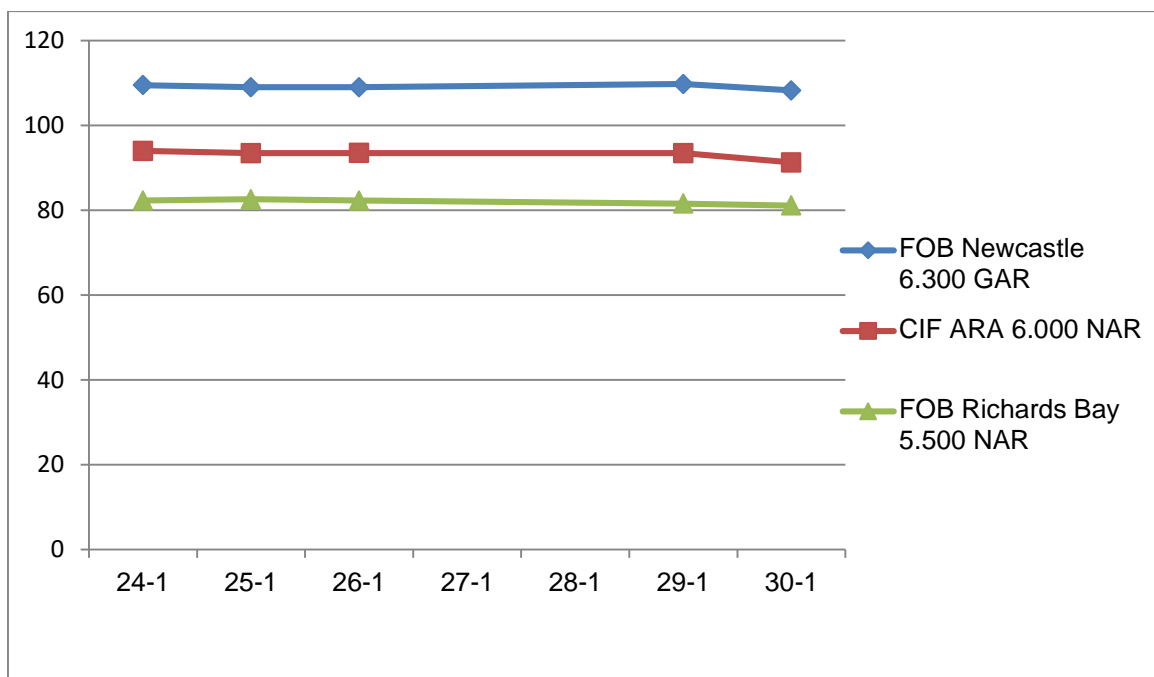
Date 31/01/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	108.25	-1.50	107.80	-1.50
CIF ARA 6,000 NAR	91.25	-2.20	91.40	-2.10
FOB Richards Bay 5,500 NAR	81.10	-0.45	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	88.00	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	71.90	+0.20

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	57.50	+0.10	423.21	+2.10
PCC7 (CFR South China 4,700 NAR)	79.60	+0.10	586.16	+1.48
PCC8 (CFR South China 5,500 NAR)	95.50	+0.70	698.97	+2.64

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 30/01/2018)

NEWS

Indonesian coal prices seen rising in near to medium term

Indonesian thermal coal prices were expected to sustain their strength in the near to medium term amid government policies which are likely to disrupt supply flow, industry sources said at a coal gathering held Tuesday in Jakarta. “The [coal] sector feels quite healthy, unlike 18 months ago,” Pandu Sjahrir, chairman of the Indonesian Coal Mining Association, said. Thermal coal prices had been on a rise since the second half of 2016 due to strong Chinese demand and supply tightness at various production sites. S&P Global Platts’ FOB Kalimantan 4,200 kcal/kg GAR coal price surged 34% since the start of 2017, and was assessed Monday at \$49.60/mt, the highest level seen in about 14 months.

One of the major issues among thermal coal buyers and sellers was the implementation of Ministerial Regulation No. 82/2017, which requires all coal export and import activities to use national maritime shipping and domestic insurance services, starting April 26, 2018. Non-compliance of this rule may lead to suspension or revocation of licenses. Bill Sullivan, senior foreign counsel with Christian Teo & Partners, pointed out while gray areas concerning this regulation — such as whether business or export license would be suspended or revoked — have yet to be clarified, the move could have detrimental impact on Indonesia’s position as a top coal exporter. “It provides no incentive for reduced costs or improved performance by national shipping and national insurance companies and makes Indonesia’s coal export less competitive,” he said. Indonesia’s Ministry of Energy and Mineral Resources aims to produce 485 million mt of coal in 2018. According to Sjahrir, the current number of national vessels would only be able to handle around 40 million mt. “This could lead to force majeure [situations],” he said. Many of the available vessels are foreign-owned and many have long-term contracts with companies. Additionally, Bob Kamandanu, former chairman of ICMA, said buyers would not normally sign a contract if they could not assign their own vessel. The transition of some mining companies from holding coal contracts of work to mining licenses or IUP were bound to shift production strategies and “change the face of the [coal] industry,” Sjahrir added. The government had set out amending contracts of a number of coal mining companies in mid-January. These supply disruptions were likely to keep prices relatively stable at firm levels, Sjahrir said.

High prices cause higher production

High thermal coal prices had encouraged higher production targets, Ben Lawson, COO of Sanaman coal, said. If the prices stay firm, he said Indonesian output could even hit 500 million mt this year — barring rains that could hamper production. He noted Indonesia had two straight years of rain now, and the tightness in supply has coincided with colder temperatures in China, resulting in higher prices. But he cautioned the market, both on the buy and sell side, remained at risk of policy-related volatilities, citing the Chinese government’s tendency to intervene when domestic coal prices increase too much as an example. S&P Global Platts’ FOB Qinhuangdao 5,500 kcal/kg NAR coal price hit Yuan 760/mt FOB on Monday, which was “far from China’s comfort level of below Yuan 600/mt,” Lawson said. So, a government intervention from China could be imminent, he added.

China’s coastal coal freight rates drop further in the week to Tuesday

Freight rates for shipping coal from northern China’s Qinhuangdao port to the other Chinese ports of Zhangjiagang, Shanghai and Guangzhou in eastern and southern China fell further in the week to Tuesday, port operator Qinhuangdao Port said Tuesday. The freight rate from Qinhuangdao to Zhangjiagang in eastern China’s Jiangsu province for 20,000-30,000 mt capacity vessels fell Yuan 7.40 week on week to Yuan 53.40/mt (\$8.43/mt), Qinhuangdao Port said. The rate from Qinhuangdao to Shanghai in eastern China for vessels with a capacity of 40,000-50,000 mt dropped Yuan 6.70 week on week to Yuan 45.50/mt. The rate from Qinhuangdao to Guangzhou in southern China for 50,000-60,000 mt capacity vessels dropped Yuan 6.40 week on week to Yuan 53.60/mt.

Freezing weather in northern China has caused parts of the Bohai Sea to freeze over, which has affected shipping activities at the Bohai sea ports and resulted in the lower coastal coal freight rates,

the port operator said. Coal stocks at Qinhuangdao stood at 6.80 million mt Tuesday, down from 7.15 million mt a week ago, port figures showed.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	8.50	+0.00
	Queensland	Japan	9.25	-0.50
	New South Wales	South Korea	9.75	-0.50
Panamax (70,000 tons)	Richards Bay	India West	12.70	-0.30
	Kalimantan	India West	8.80	-0.10
	Richards Bay	India East	12.85	-0.45
	Kalimantan	India East	7.30	-0.10
	Australia	China	12.15	-0.15
	Australia	India	13.30	-0.15

(Source: Platts Coal Trader International – Date 30/01/2018)