



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
MONTHLY NEWS - FEBRUARY
 (From 01/02 – 28/02/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 29/1-2/2	Week 5/02-9/02	Week 12/2-16/2	Week 19/2-23/2	Week 26/02-02/03
PCC 6 (CFR South China 3,800 NAR)	57.74	57.85	57.30	58.50	58.69
PCC 7 (CFR South China 4,700 NAR)	79.78	80.13	80.00	80.40	80.41
PCC 8 (CFR South China 5,500 NAR)	96.22	97.47	96.70	95.90	94.37
FOB Newcastle 6,300 GAR	107.00	104.73	103.20	110.71	104.04
CIF ARA 6,000 NAR	90.43	84.33	79.15	87.13	80.39
FOB Richards Bay 6,000 NAR	80.13	74.92	73.80	82.74	79.58
NEWC (FOB Newcastle 6,000 NAR)	108.23	103.34	99.75	109.02	105.08

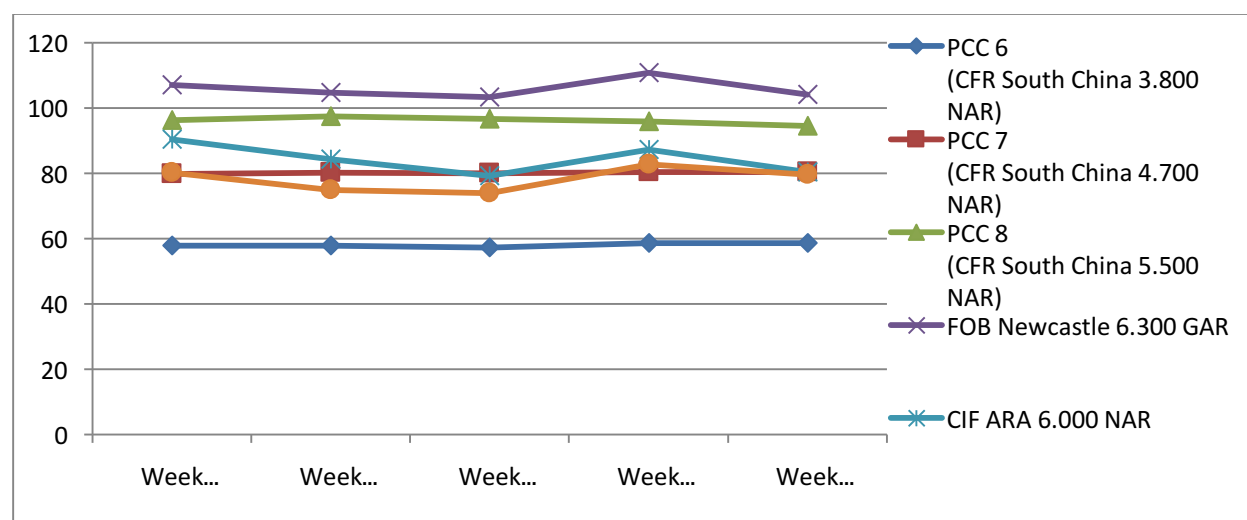


Chart 1: Average coal price February (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Month - February	01/02	07/02	12/02	15/02	20/02	23/02	28/02
Capesize (150,000 tons)								
1	Australia – China	7.70	8.20	7.85	7.40	7.80	8.15	7.75
2	Queensland – Japan	8.90	9.35	9.00	8.55	8.95	9.30	9.00
3	New South Wales – South Korea	9.40	9.85	9.50	9.05	9.45	9.80	9.50
Panamax (70,000 tons)								
1	Richards Bay - India West	12.45	12.05	11.90	12.05	12.15	12.80	13.65
2	Kalimantan - India West	8.55	8.45	8.20	8.35	8.65	9.10	9.25
3	Richards Bay - India East	12.65	12.25	12.10	12.25	12.35	13.00	13.85
4	Kalimantan - India East	7.15	7.05	6.80	6.95	7.25	7.70	7.85
5	Australia - China	11.75	11.50	11.00	10.90	11.30	11.90	12.50
6	Australia - India	12.80	13.00	12.15	12.50	12.85	13.40	13.70

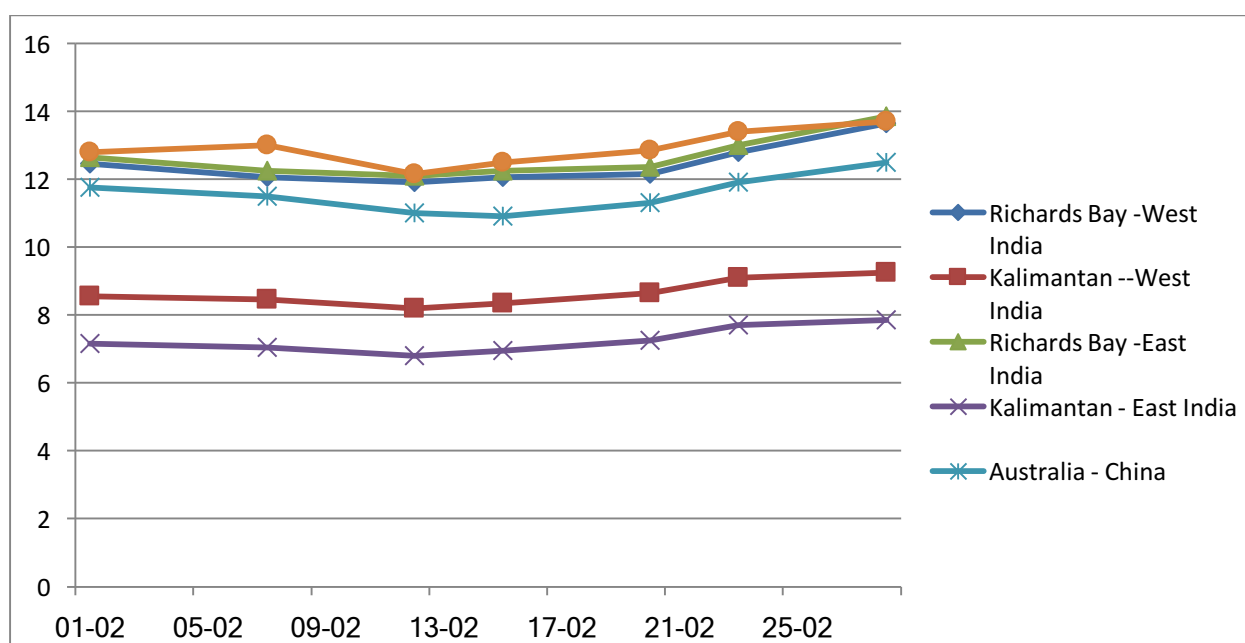


Chart 2: International spot dry bulk freight in February

(Source: Platts Coal Trader International)

II. NEWS

Atlantic thermal coal derivatives trading down 10.4% on year in Feb

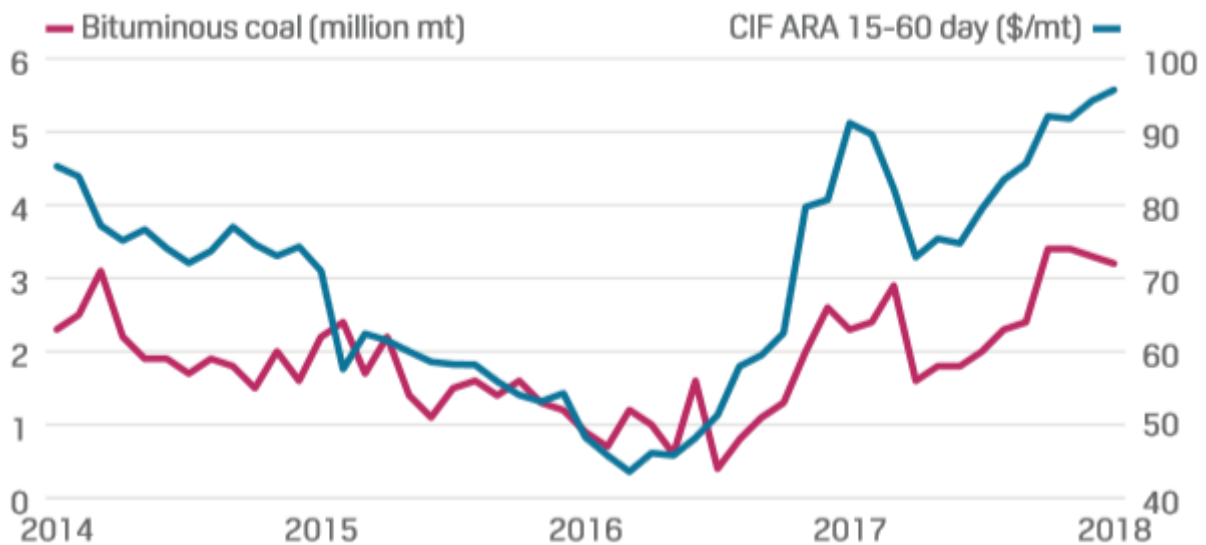
The volume of Atlantic Basin thermal coal derivatives traded in February totaled 85.6 million mt, up 20.8% on the month but down 10.4% year on year, according to data released Wednesday by the London Energy Brokers Association. The volume of Europe-delivered CIF ARA derivative contracts traded in February totaled 66.8 million mt, up 28% month on month but down 6% on the year and making up 78.0% of the total volume for the month, up from 73.9% in January. South African Richards Bay thermal coal volumes totaled 8.47 million mt, an increase of 16% on the month and also up 34% on the year. Australian Newcastle futures totaled 10.48 million mt, a decrease of 7% on the month and down 43% year on year.

Year-to-date volume stood at 156.5 million mt, down 35% from the same period in 2017, likely driven by a declining level of spot market activity in the Atlantic Basin, leading to a lower need for spot market players to hedge. A UK-based broker said the year-to-date volume was “poor”, explaining the current low level of liquidity has discouraged financial players from participating in the market, which in turn has pushed liquidity even lower.

US coal exports dip month on month in January but rise year on year

Houston—US coal exports totaled 7.96 million mt in January, down 7.6% from December but up 18.8% from the year-ago month, US Census Bureau data showed Wednesday. Exports continue to move at elevated levels compared with recent years due to higher seaborne pricing, although volumes came off slightly in January. Also notable was an increase in bituminous coal exports to India, as that nation sources more US coal due to uncertainty regarding a possible ban on some types of petcoke consumption.

US bituminous coal exports



(Source: Platts)

Bituminous coal exports in January totaled 3.22 million mt, down 2% from December, but up 38.2% year on year. The top bituminous coal export destinations in January were India at 832,785 mt, compared with 333,939 mt a year earlier; the Netherlands at 441,376 mt, compared with 472,276 mt in the year-ago period; and Morocco at 388,689 mt, compared with nothing a year earlier. By port, bituminous coal exports in January were highest from New Orleans at 1.3 million mt, compared with 1 million mt last year, while exports from Baltimore totaled 699,799 mt, up from 468,751 mt in January 2017.

Subbituminous coal exports totaled 580,881 mt in January, down 12.3% from December, but up 32.4% from the year-ago month. The top importer of US subbituminous coal in January was South Korea at 422,221 mt, compared with 15,023 mt last year, followed by Mexico at 158,660 mt, compared with 195,612 mt last year.

China to further cut steel, coal capacity in 2018

China is looking to cut ineffective steel capacity by 30 million mt and coal capacity by 150 million mt in 2018, China’s Premier Li Keqiang said during the annual Chinese People’s Political Consultative Conference and National People’s Congress meeting Monday. China had reduced about 0.25 billion mt of coal capacity in 2016 and 0.15 billion mt in 2017. China has been structurally reforming its supply side with an aim to reduce overcapacity in coal and steel industries as well as battle rising pollution levels. Given the closure of smaller and inefficient mines as well as policy changes on production, Chinese domestic thermal coal price has risen significantly since second-half of 2016, with the price of 5,500 kcal/kg NAR jumping to a two-

year high of about Yuan 770/mt FOB Qinhuangdao in early 2017, from Yuan 365/mt in early 2016, S&P Global Platts data showed.

Seaborne coal market also followed suit, with Newcastle 5,500 kcal/kg NAR with typical 20% ash more than doubled from around \$40/ mt FOB in early 2016 to about \$90/mt early this year. Keqiang also said that coal-fired power generation units with a capacity of less than 300,000 kW that fail to meet desired standards would also be closed this year. This is in line with the central government's 2015 decision to introduce ultra-low emissions power generation units in China before 2020.

Russian Feb coal exports down 4.5% on month to 13.99 mil mt

Russian coal exports totaled 13.99 million mt in February, down 4.5% on the month, but up 2.7% on the year, according to data from the Russian Energy Ministry Tuesday. The January-February volume totalled 28.6 million mt, down 38% from the same period of 2017. S&P Global Platts assessed the weekly FOB Russia Baltic 6,000 kcal/kg NAR 90 day price at \$73.75/mt and the weekly FOB Russia Pacific 6,300 kcal/kg GAR 90 day price at \$104.75/mt Friday. Russia exported 185 million tons of coal in 2017.

(Source: Platts)
