



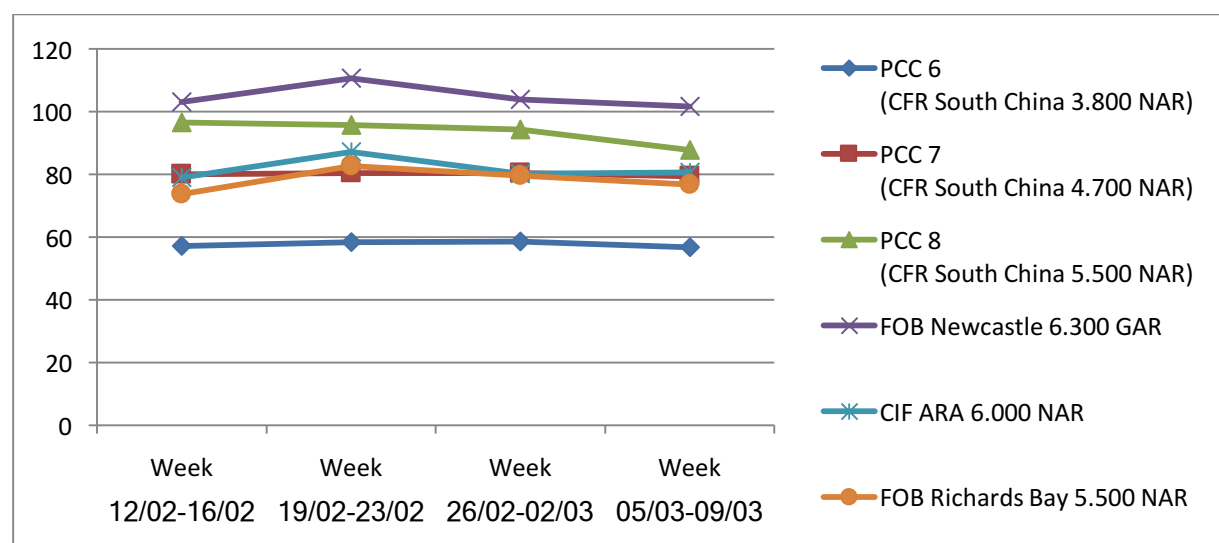
**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**WEEKLY NEWS – FIRST WEEK OF**  
**MARCH**  
 (From 05/03 – 09/03/2018)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

Price index	Week 12/02-16/02	Week 19/02-23/02	Week 26/02-02/03	Week 05/03-09/03
<b>PCC 6</b> (CFR South China 3,800 NAR)	<b>57.30</b>	<b>58.50</b>	<b>58.69</b>	<b>56.84</b>
<b>PCC 7</b> (CFR South China 4,700 NAR)	<b>80.00</b>	<b>80.40</b>	<b>80.41</b>	<b>79.43</b>
<b>PCC 8</b> (CFR South China 5,500 NAR)	<b>96.70</b>	<b>95.90</b>	<b>94.37</b>	<b>87.79</b>
<b>FOB Newcastle 6,300 GAR</b>	<b>103.20</b>	<b>110.71</b>	<b>104.04</b>	<b>101.79</b>
<b>CIF ARA 6,000 NAR</b>	<b>79.15</b>	<b>87.13</b>	<b>80.39</b>	<b>80.60</b>
<b>FOB Richards Bay 6,000 NAR</b>	<b>73.80</b>	<b>82.74</b>	<b>79.58</b>	<b>76.85</b>
<b>NEWC</b> (FOB Newcastle 6,000 NAR)	<b>99.75</b>	<b>109.02</b>	<b>105.08</b>	<b>100.96</b>



**Chart 1: Average coal price week 1<sup>st</sup> March (2018)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1 <sup>st</sup> – March	05/03	06/03	07/03	08/03	09/03
<b>Capesize</b> (150,000 tons)						
1	Australia – China	7.80	8.00	7.65	7.65	7.70
2	Queensland – Japan	9.00	9.20	8.80	8.80	8.80
3	New South Wales – South Korea	9.50	9.75	9.35	9.35	9.35
<b>Panamax</b> (70,000 tons)						
1	Richards Bay - India West	13.75	13.75	13.80	13.80	13.80
2	Kalimantan - India West	9.10	9.10	9.20	9.20	9.30
3	Richards Bay - India East	13.95	13.95	14.00	14.00	14.00
4	Kalimantan - India East	7.70	7.70	7.80	7.80	7.90
5	Australia - China	12.35	12.45	12.90	12.90	12.90
6	Australia - India	13.55	13.60	13.90	13.90	14.00

(Source: Platts Coal Trader International)

## II. NEWS

### Vietnam feb coal imports rise 5% on year to 1.2 mil mt

Vietnam imported nearly 1.2 million mt of coal in February, up 5.1% on the year, according to preliminary data from Vietnam Customs released last week. Indonesia was the biggest supplier of coal in the month, followed by Australia and Russia. In the first two months of 2018, Vietnam imported 2.33 million mt of coal, up 44.4% year on year, mostly from Indonesia, Australia, Russia and China. The country also exported 183,494 mt of coal in February, surging 37.85% year on year, mainly to Japan and South Korea. It shipped 355,727 mt of coal during January-February, up 72.05% year on year, primarily to Japan and South Korea.

### Vietnam coal imports by countries

Unit: tons

Suppliers	February/2018	January/2018	February /2017
<b>Indonesia</b>	538,938	599,920	400,491
<b>Australia</b>	279,627	318,575	482,979
<b>Russia</b>	83,250	154,529	73,830
<b>China</b>	32,134	57,956	24,679
<b>Malaysia</b>	562	26,518	58,162

(Source: Customs)

### Indonesian cap on domestic utility coal prices may lead to hike in exports

The Indonesian government's move to cap coal price for domestic utilities might lead to Indonesian thermal coal miners shifting focus to exports in the near term, sources said Monday. An Indonesia-based trader said that the government's move has taken many by surprise. "We did a quick calculation and found that we would be incurring a loss of above \$20/mt if we supply our mid-CV coal domestically after the new decree," he said. A source at a major Indonesian coal producer said they were still assessing the impact of the government price cap on domestic coal. "I'm not sure how the market will behave yet," he said, although he doubted it would have a bearish impact on the export market.

While miners could supply to domestic general industries such as cement plants at higher prices based on Indonesia's monthly coal price reference — known as Harga Batubara Acuan, or HBA — these industries would not be able to fully overtake the demand of PLN, the major Indonesian utility. Nearly 80% of the domestic thermal coal is consumed by utilities for power generation. “Miners cannot switch 100% to other domestic consumers [apart from utilities],” a Singapore-based trader said. An Indonesia-based trader said coal miners were not enthused by the government's move. “Not many of the producers will supply domestically because the price realization is too low,” he said. “Most of them will focus on the export market.”

On Friday, the Indonesian government issued a decree, under which the price of coal with a calorific value of 6,322 kcal/kg GAR for domestic power plants was set at \$70/mt; alternatively, HBA will be used if that is below \$70/mt. An Indonesian producer said those miners supplying to domestic utilities will be significantly impacted by this move as Newcastle 6,300 kcal/kg GAR coal was still trading close to \$100/mt FOB. “Suppliers will lose out money if they supply to [domestic utilities] currently,” he said.

### **High China inventory weighs on prices in Asia thermal coal market**

Further price corrections were expected in the Asian thermal coal market as high inventories curbed China's appetite for the near term, sources said Monday. Utilities imported a lot in January and February, but now they are in no hurry, a China-based source said. With inventories at a high level, the market is looking bearish in the near term and domestic prices could fall below Yuan 600/mt in the coming weeks, depending on the usage, he added. “If power usage is better than forecast, prices could stabilize, but railways might have a problem. If usage is lower, there will be no rail congestion but prices could drop some more,” he said. “The price is falling quickly,” a China-based trader said, adding he expected prices to continue decreasing until the end of March.

He said domestic 5,500 kcal/kg NAR coal was trading below Yuan 650/mt FOB and less deals had been seen in the Yangtze River area. Sources said there were higher stockpiles in Yangtze river and South China ports, and more vessels were still expected to arrive in the next few weeks. There were inquiries seen from utilities, but they were mostly to test the market, a North China-based trader said. He said offer prices for 5,500 kcal/kg NAR coal had fallen to Yuan 650/mt FOB basis Qinhuangdao last Friday, but firm buying interest remained elusive. He added some traders were willing to let go of their coal at Yuan 640-645/mt FOB, should anyone express any firm bid. The rising temperatures in China and reduced operating capacity in the manufacturing industry had fueled bearish market sentiment, he said. Another trader in North China said: “We did not see demand yet, as China is about to hold its Congress meeting this week,”.

*(Source: Platts)*

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