



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

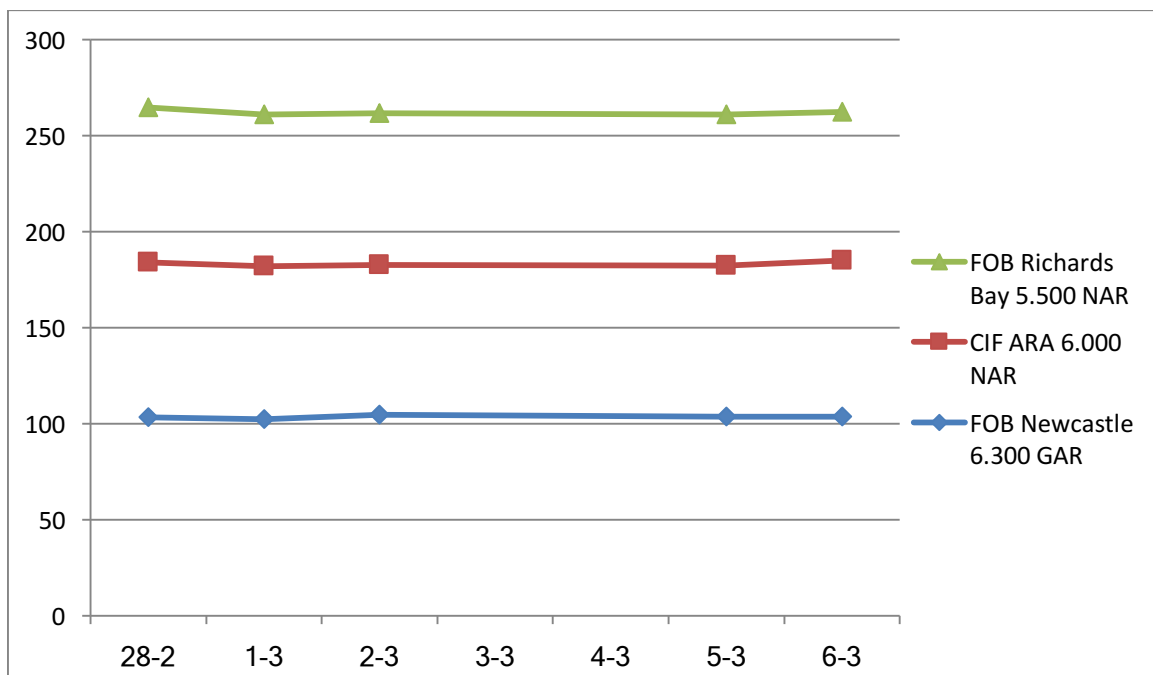
Date 07/03/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	103.75	+0.10	102.30	-1.00
CIF ARA 6,000 NAR	81.25	+2.60	81.25	+2.50
FOB Richards Bay 5,500 NAR	77.30	-1.55	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	86.50	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	72.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	57.80	+0.00	427.25	+0.04
PCC7 (CFR South China 4,700 NAR)	80.00	+0.00	591.34	+0.05
PCC8 (CFR South China 5,500 NAR)	87.50	-3.00	646.78	-22.12

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 06/03/2018)

NEWS

Some Indonesian coal producers turn to domestic demand

Indonesian thermal coal producers were turning to the domestic market amid sluggish demand for seaborne cargoes, sources said Tuesday. “[Indonesian producers] always turn to the domestic market whenever there is a slowdown in the export market,” an Indonesiabased trader said. Owing to rains impacting production during December and January, the supply flow was disrupted for domestic buyers as well, he added. “Stocks at various domestic buyers are low and they have to ramp up,” the trader said. The overseas market has hit an impasse, with both buyers and sellers holding back, waiting for clarity, market sources said.

Demand in China had slowed post Lunar New Year holidays, the producer noted. “[Chinese buyers] don’t want to purchase anything above the \$50/ mt mark for 4,200 kcal/kg GAR coal anymore,” he said. An Indonesia-based trader said Indian buyers are hugging the sidelines waiting for further price falls as Chinese demand weakened. “I think the [seaborne thermal coal] price fall started 15-20 days earlier than usual after the Chinese New Year, going by the historical data,” he said. He was offering a Supramax cargo of 4,100 kcal/kg GAR coal at \$50/mt FOB for end-March loading, but there were no counter bids. “It’s still raining in Indonesia and supply is still tight,” he said. A lack of active purchasing from China and cautiousness amongst Indian buyers had built up some pressure on prices, a west India-based trader said. Bids had seen a drop but miners were still able to hold on to their offers owing to limited supply, he added. With decent domestic demand and unpredictable weather, the producer said supply had seen marginal improvement: “We cannot say the market is oversupplied.” Only offer prices for prompt cargoes are seeing some correction, he added.

Polish hard coal production, sales down in 2017

Polish hard coal production in 2017 fell 6.9% year on year to 65.5 million mt, as sales dropped 9.3% to 66.3 million mt, the Industrial Development Agency (ARP) said Monday. Of the total production, 81% or 53 million mt was thermal coal and 19% or 12.5 million mt was coking coal. Thermal coal sales reached 54.1 million mt, or 82% of the total and coking coal sales were 12.2 million mt. More than 90% of the coal was sold in the Polish market. Higher sales volumes than production meant coal stockpiles fell 33% year on year, ending 2017 at 1.7 million mt, ARP data showed.

Falling coal output meant imports rising 61% year on year to 13.4 million mt, their highest since 2011, of which 9.8 million mt was thermal coal, and 3.6 million mt was coking coal, with most imports from Russia. Following two straight years as a net exporter, Poland became a net importer of coal again in 2017. The average price of Polish coal in 2017 rose 26% year on year to Zloty 310.78/mt (\$91.15/mt), with thermal coal averaging Zloty 239.26/mt, up 11% on year and coking coal rising 63% at Zloty 628.02/mt. Higher coal prices and restructuring helped the Polish coal sector end 2017 with a net profit of Zloty 3.611 billion, compared to 2016 when the sector just about broke even. At the end of last year, the sector employed 82,717 people, shedding 1,928 jobs during the course of the year. Of the total, 63,721 people worked underground.

Indian commercial coal mining may cut import bill by 4.6 billion USD

The move to allow the private sector to mine coal for commercial use will boost both production and mining efficiency. Substitution of imported non-coking coal with domestic production can save about 4.6 billion USD of coal imports, according to a Crisil estimate. The Cabinet Committee on Economic Affairs recently approved the methodology for auction of coal mines for sale without restrictions on end-use. Currently, about 94 per cent of the mining is done by government-owned Coal India and Singareni Collieries Company.

Despite the recent increase in domestic coal production, India still meets a fifth of its annual requirement through imports, which costs about 15.4 billion USD. Participation of private miners would increase competition, enhance productivity by facilitating the use of latest equipment, technology and services through higher investments, said Crisil. Considering that almost half of the

domestic coal reserves of 300 billion tonne, mostly non-coking coal, are yet unallocated, commercial mining can have far-reaching impact.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	8.00	+0.20
	Queensland	Japan	9.20	+0.20
	New South Wales	South Korea	9.75	+0.25
Panamax (70,000 tons)	Richards Bay	India West	13.75	+0.00
	Kalimantan	India West	9.10	+0.00
	Richards Bay	India East	13.95	+0.00
	Kalimantan	India East	7.70	+0.00
	Australia	China	12.45	+0.10
	Australia	India	13.60	+0.05

(Source: Platts Coal Trader International – Date 06/03/2018)