



**PETROVIETNAM OIL & GAS GROUP**  
**PETROVIETNAM POWER CORPORATION**  
**DAILY NEWS**

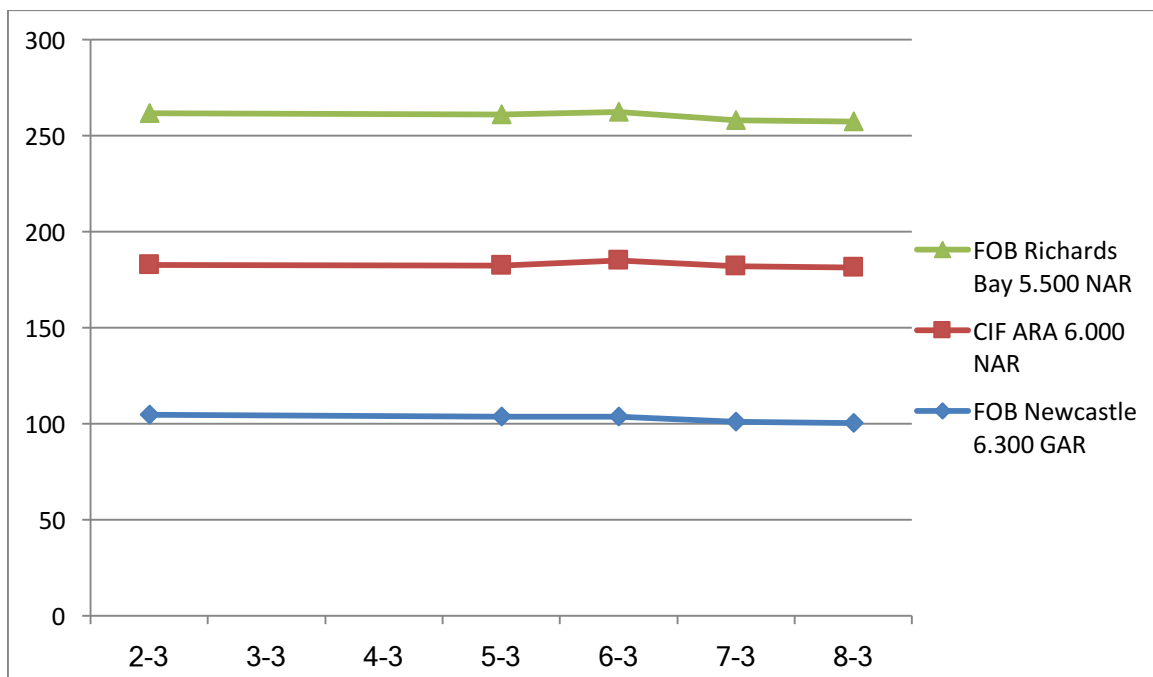
Date 09/03/2018

**INTERNATIONAL COAL PRICE ASSESSMENTS**

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	100.90	-2.85	99.95	-2.35
CIF ARA 6,000 NAR	81.00	-0.25	80.95	-0.30
FOB Richards Bay 5,500 NAR	76.20	-1.10	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	86.00	-0.50
FOB Kalimantan 5,000 GAR	N/A	N/A	71.50	-0.50

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	56.20	+0.00	414.96	+0.78
PCC7 (CFR South China 4,700 NAR)	79.00	-0.30	583.30	-1.12
PCC8 (CFR South China 5,500 NAR)	86.80	-0.70	640.90	-3.95

**DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018**



*(Source: Platts Coal Trader International – Date 08/03/2018)*

### **China policy uncertainty halts seaborne thermal coal trade**

Chinese buyers were taking a cautious approach and avoiding taking positions in the seaborne market against the backdrop of Beijing's National People's Congress meeting this week, market sources said Thursday. Buyers and importers in China do not want to be caught off guard by any potential changes to China's national coal policy, sources said. Perceived policy uncertainty is adding to other bearish market factors in China such as high utility stocks, warmer weather and improved availability of domestic coal — all of which were weighing on prices, they said.

Chinese buyers were holding onto buying interest at \$85/mt CFR South China for 5,500 kcal/kg NAR, April-loading Australian thermal coal, said one market source. Therefore, for transactions to occur, spot deals would have to be done at prices in the low- to mid-\$70s/mt FOB Newcastle, basis 5,500 kcal/kg NAR, he said. Recent trades for March-loading cargoes of Newcastle 5,500 kcal/kg NAR high ash coal at around \$80/mt FOB were being viewed as “distressed” by market participants, said the source. Benchmark prices for 2018 Japanese financial year term contracts, for which negotiations are about to start, could settle in the low- to mid-\$90s/mt FOB Newcastle, basis 6,000 kcal/kg NAR, he said. Australian coal producers were expected to manage the flow of high-CV product to the market, said a source. Too much volume and low prices could lead producers to mix 5,500 kcal/kg NAR thermal coal with higher CV coal to produce a blended product suitable for markets other than China, or lower the ash content of this grade to create a mid-range thermal coal, said the source.

### **Indonesian coal sellers struggle with falling bids, high freight**

Indonesian thermal coal sellers struggled with falling bids and limited buying interest Thursday, further widening the bid-offer spread, market sources said. Rising freight rates have made the situation worse, sources added. A major producer based in Indonesia said he is receiving fewer bids from China and bids have also dropped. “They are quoting very low numbers. It is difficult to match the buyers' expectation with a gap of \$2/mt,” he added. Bids for April loading Supramax shipments of 3,400 kcal/kg NAR coal were at \$39/mt FOB while his offer was at \$41/mt FOB.

Buyers are waiting for some correction in prices so there are hardly any serious bids, a west India-based trader said. Coal stocks at Chinese ports look healthy even as power consumption drops with winter season coming to a close in China, the producer said. “This is normal. We see a slowdown from China in April and May traditionally. We are not panicking yet. We fully understand the situation,” he added. The west India-based trader said there is still some vessel loading issues in South Kalimantan and noted: “We are facing loading delays due to scattered rainfall.”

### **Indonesia caps domestic coal price at \$70 per ton for 2 years**

Indonesia has moved to cap prices of domestic coal for power at \$70 per ton for 2 years, the Energy and Mineral Resources Minister said, according to media reports on Friday. The government plans to keep electricity tariffs unchanged this year and next, and the cap on thermal coal for power is intended to shield state-owned utility Perusahaan Listrik Negara (PLN) from price fluctuations. “We've fixed prices for every transaction at \$70 per ton or HBA, whichever is lower,” Energy Minister Ignasius Jonan said on the sidelines of an industry event in Kalimantan on Thursday, as quoted in *Bisnis Indonesia* newspaper. Jonan was referring to the monthly Indonesian Coal Benchmark Price (HBA), which was set last week at \$101.86 per ton for the month of March, its highest since May 2012.

An official at the ministry confirmed Jonan had signed the new rule, but declined to provide further detail. The new rule will be applied retroactively to Jan. 1, 2018, and will be reviewed in December 2019. The rule also allows coal miners supplying PLN to apply for an increase to their approved production quota for the year of up to 10 percent, Jonan said. PLN expects its coal demand to climb 18 percent this year to 90 million tonnes. The government has said national coal output could reach 485 million tonnes in 2018, up from a realized output of 461 million tonnes in 2017. About a

quarter of this - 118 million tonnes - is to be for domestic coal consumption, with the rest to be exported.

(Source: Platts)

## **INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS**

*Unit: USD/ton*

<b>Size</b>	<b>From</b>	<b>To</b>	<b>Freight rates</b>	<b>Change</b>
<b>Capesize</b> (150,000 tons)	Australia	China	7.65	+0.10
	Queensland	Japan	8.80	+0.10
	New South Wales	South Korea	9.35	+0.10
<b>Panamax</b> (70,000 tons)	Richards Bay	India West	13.80	+0.00
	Kalimantan	India West	9.20	+0.00
	Richards Bay	India East	14.00	+0.00
	Kalimantan	India East	7.80	+0.00
	Australia	China	12.90	+0.00
	Australia	India	13.90	+0.10

(Source: Platts Coal Trader International – Date 08/03/2018)