



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS – FIRST WEEK OF
APRIL

(From 02/04 – 06/04/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 12/03-16/03	Week 19/03-23/03	Week 26/03-30/03	Week 02/04-06/04
PCC 6 (CFR South China 3,800 NAR)	54.94	52.46	51.45	49.73
PCC 7 (CFR South China 4,700 NAR)	77.43	75.20	72.15	71.18
PCC 8 (CFR South China 5,500 NAR)	83.62	81.52	80.58	79.25
FOB Newcastle 6,300 GAR	95.98	93.10	91.88	93.69
CIF ARA 6,000 NAR	80.30	77.51	76.83	79.61
FOB Richards Bay 6,000 NAR	75.08	74.25	74.83	78.66
NEWC (FOB Newcastle 6,000 NAR)	95.49	92.55	90.79	92.18

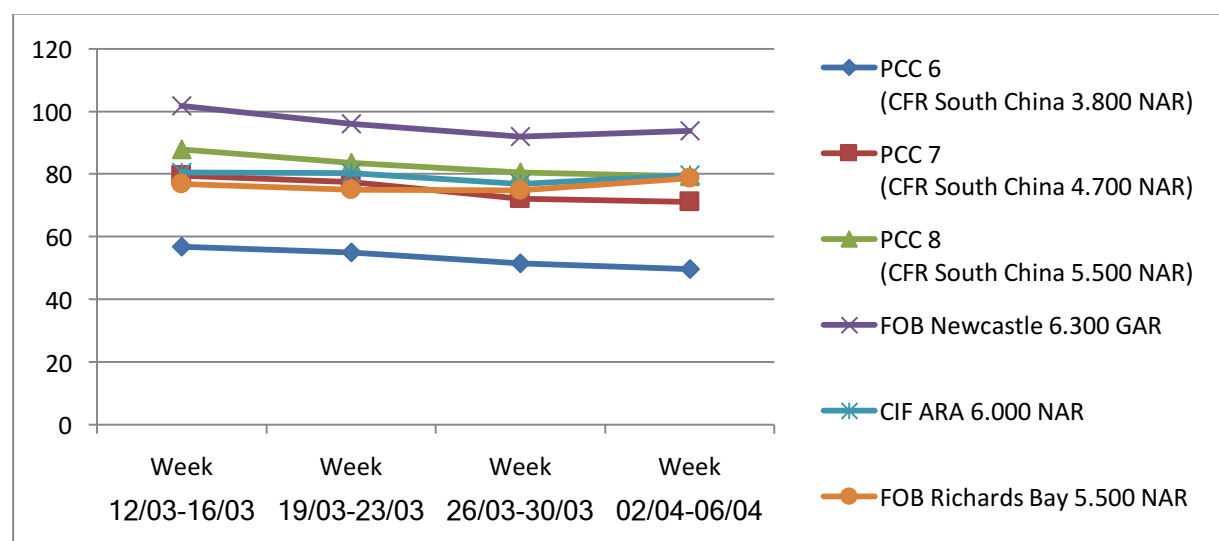


Chart 1: Average coal price week 1st April (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1 st - April	02/04	03/04	04/04	05/06	06/06
Capesize (150,000 tons)						
1	Australia – China	N/A	6.60	6.20	6.20	6.40
2	Queensland – Japan	N/A	7.60	7.10	7.10	7.50
3	New South Wales – South Korea	N/A	8.15	7.65	7.65	8.05
Panamax (70,000 tons)						
1	Richards Bay - India West	N/A	13.65	13.45	13.05	12.80
2	Kalimantan - India West	N/A	9.10	8.85	8.65	8.50
3	Richards Bay - India East	N/A	13.85	13.65	13.25	13.00
4	Kalimantan - India East	N/A	7.65	7.40	7.20	7.05
5	Australia - China	N/A	12.15	12.00	11.20	11.20
6	Australia - India	N/A	13.75	13.50	12.90	12.90

(Source: Platts Coal Trader International)

II. NEWS

Russia March coal exports rise 10.6% on month to 15.64 million

Russian coal exports totaled 15.64 million mt in March, up 10.6% month on month and up 2.8% year on year, according to data from the Russian Ministry of Energy Wednesday. The total export volume for the first quarter stood at 44.4 million mt, up 2.6% year on year. The average S&P Global Platts price in March for the 90-day FOB Russia Baltic 6,000 kcal/kg NAR was \$74.06/mt, while the average 90-day FOB Russia Pacific 6,300 kcal/kg GAR price was \$99.15/mt.



South African, Colombia coals compete for weak Indian spot demand

Colombia origin thermal coal is increasingly being sought by traders and end-users in India to compete with South African origin coal, which has been rallying in price for several weeks now. With the increased interest for Colombian coal in India, sellers of South African 5,500 kcal/kg NAR coal were being pressured to increase their discounts from the benchmark grade 6,000 kcal/kg NAR coal. “It should pressure our discount, but it could also encourage Colombian sellers to increase their price and meet the spot demand,” a producer-trader of South African coal

said. The source said the supply tightness for the 5,500 kcal/kg NAR grade would likely keep a lower limit on the discount rate, which had been seen to slightly widen so far this week. Although the possibility of Colombian coal completely displacing South African was highly unlikely, it could become a strong competitor for marginal spot cargoes, particularly while Indian demand is weaker than in previous years.

“[Colombian coal] can compete for spot cargoes because everyone likes the qualities, Colombian sellers are looking to push more volumes to Asia as well,” a European trader said. Spot purchasing from India has been relatively limited so far this year as buyers initially withheld from purchasing at high prices, and later were looking to find a floor as prices fell during the last several weeks. As well as this, several of the country’s largest buyers were experiencing credit issues, according to sources familiar with the matter, which further prevented any spot purchasing. Platts FOB Richards Bay 5,500 kcal/kg NAR price was \$78.50/mt Monday, up \$4.95 over the last two weeks, while the equivalent FOB Colombia 5,500 kcal/kg NAR price rose less sharply to \$71.50/mt, adjusted from Platts weekly FOB Colombia 6,000 kcal/kg NAR price of \$78/mt, up \$3 the last two weeks. In the same period Platts CFR India West 5,500 kcal/kg NAR price rose to \$92.20/mt, up \$4.30.

2018 seaborne thermal coal demand to hit 963 mil mt driven by Asia

The global seaborne thermal coal market is expected to grow by around 48 million mt from 2017 to touch 963 million mt in 2018, according to trading house Noble Group at the Coaltrans China conference in Beijing Tuesday. The demand is going to be mainly powered by a coal-hungry Asia led by China, India, and other eastern hemisphere countries accounting for an increase of 16 million mt, 11 million mt, and 14 million mt respectively. “Thermal power generation in China is up by 8.6% compared to the overall increase in power generation of 7.35%. While hydro power generation can be expected to improve, China is likely to import more low CV coal from Indonesia,” Rodrigo Echeverri, head of hard commodities analysis at Noble Resources International, said at the Coaltrans China conference in Beijing. The Chinese demand is expected to stem from the closure of antiquated production processes. “There is support due to elimination of supply capacity after about 500 million mt of outdated capacity has been [shut] since 2016,” said Tian Hui, vice-president of China National Coal Association. “It is difficult to say if Chinese coal demand has peaked yet,” said Kevin Tu, China program manager at International Energy Agency. There were other contrasting views which emphasized seaborne volumes remaining flat on diminishing imports into China and India.

“Larger miners [in China] are becoming bigger as they have better sales and logistics networks, while the inefficient ones are being closed down. But the total production is not dropping,” said Michelle Leung, Asia basic materials & coal analyst at Bloomberg Intelligence. According to Leung, South Korea’s imports, which recently increased due to demand from power plants commissioned before President Moon Jae-in took over, is unlikely to sustain because of Moon’s focus on renewables. About India’s seaborne coal demand, Leung said imports will be strained, with state-owned Coal India buying more railway rakes to reliably supply coal to their customers and the Indian government’s plans to allow private mining. “Coal India will likely show growth in production year-on-year but is likely to lag their targets,” said Echeverri. The advent of new technology is reducing the cost of generation of solar power and the environmental concerns of using coal are expected to reduce the share of thermal power in the energy mix in the coming years. “Energy safety is still very important for each country and coal is not likely to be replaceable [fully],” said Hui.

(Source: Platts)