



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

(From 09/04 – 13/04/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 19/03-23/03	Week 26/03-30/03	Week 02/04-06/04	Week 09/04-13/04
PCC 6 (CFR South China 3,800 NAR)	52.46	51.45	49.73	48.40
PCC 7 (CFR South China 4,700 NAR)	75.20	72.15	71.18	69.50
PCC 8 (CFR South China 5,500 NAR)	81.52	80.58	79.25	77.33
FOB Newcastle 6,300 GAR	93.10	91.88	93.69	94.22
CIF ARA 6,000 NAR	77.51	76.83	79.61	81.49
FOB Richards Bay 6,000 NAR	74.25	74.83	78.66	78.99
NEWC (FOB Newcastle 6,000 NAR)	92.55	90.79	92.18	93.78

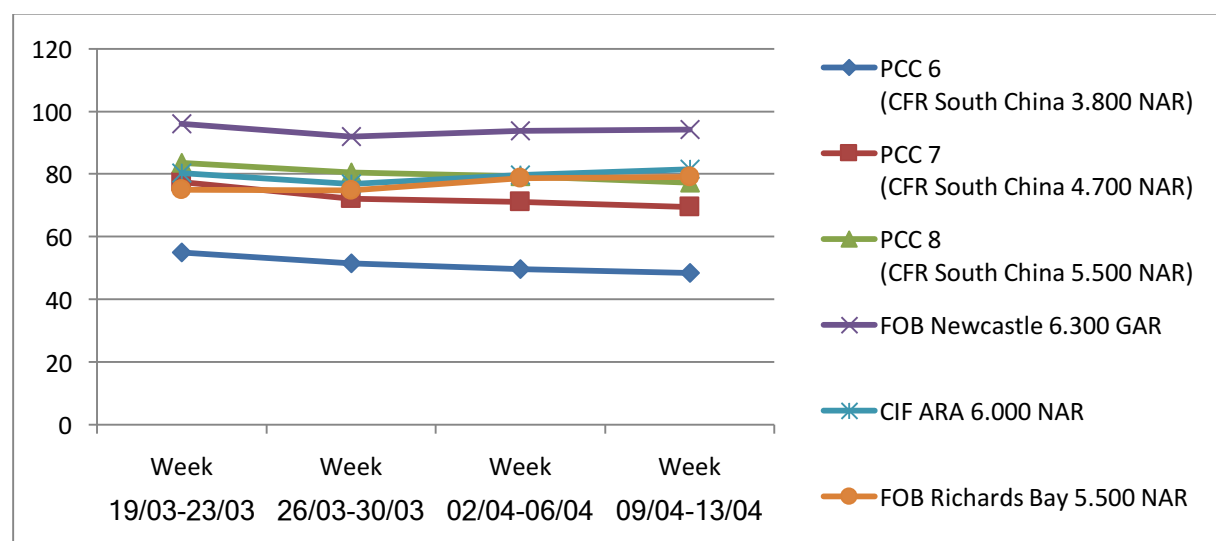


Chart 1: Average coal price week 4th April (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 4 th - April	09/04	10/04	11/04	12/04	13/04
Capesize (150,000 tons)						
1	Australia – China	6.50	7.25	7.15	7.40	7.75
2	Queensland – Japan	7.60	8.35	8.25	8.60	9.00
3	New South Wales – South Korea	8.15	8.90	8.80	9.15	9.55
Panamax (70,000 tons)						
1	Richards Bay - India West	12.80	12.80	12.80	12.85	13.30
2	Kalimantan - India West	8.50	8.50	8.60	8.70	8.70
3	Richards Bay - India East	13.00	13.00	13.00	13.05	13.50
4	Kalimantan - India East	7.05	7.05	7.15	7.25	7.35
5	Australia - China	11.20	11.40	11.20	11.25	11.50
6	Australia - India	12.80	13.00	12.60	12.65	13.00

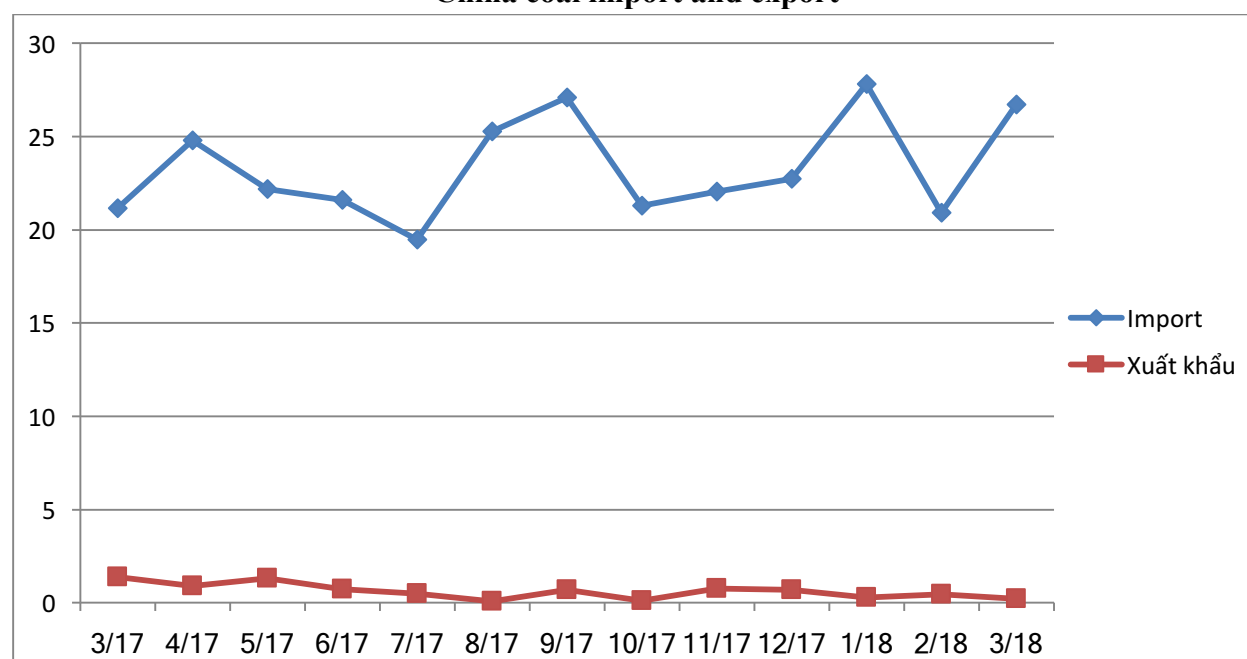
(Source: Platts Coal Trader International)

II. NEWS

China's March coal imports up 20.8% on year to 26.7 million mt

China imported 26.7 million mt of coal in March, including lignite, thermal, and metallurgical coal, up 27.7% from February and up 20.8% year on year, according to preliminary data released Friday by China's General Administration of Customs. "As expected, China commodity imports rebounded strongly in March following subdued imports during the Chinese New Year month," ANZ analysts said in a note. Imports over January-March totaled 75.41 million mt, up 16.6% year on year. The country exported 220,000 mt of coal in March, down 84.05 % year on year, the data showed. Over January-March, exports reached 970,000 mt, down 60.5% year on year. The GAC did not provide a breakdown of March imports and exports, which would be available later in April.

China coal import and export



Chinese port restrictions pull Indonesian coal prices lower

Indonesian thermal coal prices lost 20-30 cents Monday as news of more ports in South China restricting imports over the weekend hit market sentiment, sources said. A trader in South China said the import restrictions were not limited to ports in the southern regions. He said eastern China ports, such as Zhoushan port in Zhejiang province, were also affected. He expected the situation to persist for about five to six months until October. "First the stocks at the port will be reduced, then the supply will be limited, causing prices to go up," he added. But a Beijing-based trader said nobody could tell when these limits on imports would be lifted, adding very few trade activities were happening. "It's not about the price anymore. It's about whether you can import at all," a Beijing-based trader said. "There is no place to discharge your cargo." The trader said he was still confused about the reason behind the government's decision to control the import volumes. "I think the thermal coal price has fallen to a low level that the government needs to use the restrictions to balance the domestic price," a trader in Shanghai said.

According to a Singapore-based trader, he received some inquiries from Chinese end-users last week on the sidelines of a conference held in Beijing, adding that they wanted long-term contracts on a fixed price basis. "End-users are opportunistic. Summer is just around the corner now," he said, adding the situation is challenging as there was oversupply in China and the coal burn rate was low. Temperatures were no longer at freezing levels, so residential demand for electricity has gone down, he said, though the strong performance of the general industries was keeping power demand stable at best. "Producers are currently backed up against the wall right now," he said, with buyers riding the bearish sentiment and submitting low bids. This trader said he was sold out of cargoes until end-June. "We're trying to hang on as long as we can and decide in the next coal industry gathering in Bali [in early May]," he noted.

India's TNPL seeks 180,000 mt imported coal for May to August

Indian state-owned paper manufacturer Tamil Nadu Newsprint and Papers Limited (TNPL) has floated a tender to procure 180,000 mt of imported steam coal for delivery to its mills at Karur and Trichy in Tamil Nadu, southern India. Of the total quantity, 120,000 mt is required for unit 1 at Karur while 60,000 mt of coal is for unit 2 at Mondipatti near Trichy. TNPL is seeking 4,800-5,000 kcal/kg GAR coal, maximum 26% total moisture as received, maximum 6%-8% ash air dried, volatile matter of 38%-42%, and sulfur on air dried basis below 1%, according to the tender document. Indonesian, Australian, South African, Russian, and Chinese origins are acceptable. For unit 1, as much as 120,000 mt of imported steam coal has to be supplied in two shipments of 60,000 mt each in June and July as per the schedule provided by TNPL. For unit 2 at Mondipatti, the delivery of 60,000 mt imported coal is to be done in four shipments of 15,000 mt each from May-August 2018 on stock and sales basis. Price bids have to be quoted on CFR Karaikal port east coast of India basis. The last date for submission of offers is April 18.

Newcastle thermal coal prices may drift lower in 2018

Newcastle thermal coal prices are expected to drift lower for the remainder of 2018 as global supply firms and demand growth slows, Citi analysts said Monday. Citi forecast the price of Newcastle 6,300 kcal/kg GAR coal for the fourth quarter of this year to drop to \$80/mt FOB from \$103/mt in the first quarter. For 2019, Citi expects this price to be at \$85/mt before dropping to \$80/mt in 2020. However, medium-term thermal coal prices will likely stay higher for longer as the seaborne market is supported by a lack of investment in new supply, the analysts said. Second-quarter 2018 Newcastle 6,300 kcal/kg GAR prices are expected to be at \$90/mt FOB.

"China should remain the bellwether of the seaborne thermal coal market," the analysts said. Chinese thermal coal demand has had a strong start to the year with thermal power generation up 8.7% year on year, the analysts said. However, full-year growth could be much weaker, they

added. Strong demand from China and supply tightness at various coalproducing regions have led to a spike in thermal coal prices since the latter half of 2016. Chinese thermal coal supply has been hampered due to environmental and safety crackdowns, railway transportation bottlenecks and strong demand for coal during the colder-thanexpected winter, boosting its domestic prices. “Physical market tightness has eased since March [in China], with inventories building rapidly at utilities and ports,” the analysts said. “Domestic production has picked up and transportation bottlenecks are resolved.” The analysts said that they expect coal inventories in China to remain elevated and domestic coal prices to further weaken in the second quarter. The domestic Chinese 5,500 kcal/kg NAR coal price had surged to a high of Yuan 770/mt FOB Qinhuangdao in February this year amid strong demand and supply tightness. However, ever since the government’s move to cap the price rise and boost production, the prices have come down to be assessed at Yuan 555/mt Friday, S&P Global Platts data showed.

The country’s move to restrict low calorific value coal imports, and shipping disruptions due to Daqin railway maintenance could be some of the factors impacting prices in the coming months, the analysts said. Coal shipments from China’s Daqin to Qinhuangdao railway are set to drop to lower levels when the rail corridor undergoes scheduled maintenance from April 7 to May 1. “The Chinese thermal coal market must navigate through seasonal demand weakness and incremental supply growth in the following months,” the analysts said. For the full year, the market should stay in a reasonably tight balance as the Chinese government has limited the bandwidth to raise production and fix spot prices in the range of Yuan 500-570/mt FOB Qinhuangdao for 5,500 kcal/kg NAR cargoes, they added.

(Source: Platts)