



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
MONTHLY NEWS – MARCH
 (From 01/03 – 31/03/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 5/03-9/03	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)	56.84	54.94	52.46	51.45	49.73
PCC 7 (CFR South China 4,700 NAR)	79.43	77.43	75.20	72.15	71.18
PCC 8 (CFR South China 5,500 NAR)	87.79	83.62	81.52	80.58	79.25
FOB Newcastle 6,300 GAR	101.79	95.98	93.10	91.88	93.68
CIF ARA 6,000 NAR	80.60	80.30	77.51	76.83	79.12
FOB Richards Bay 6,000 NAR	76.85	75.08	74.25	74.83	78.42
NEWC (FOB Newcastle 6,000 NAR)	100.96	95.49	92.55	90.79	92.18

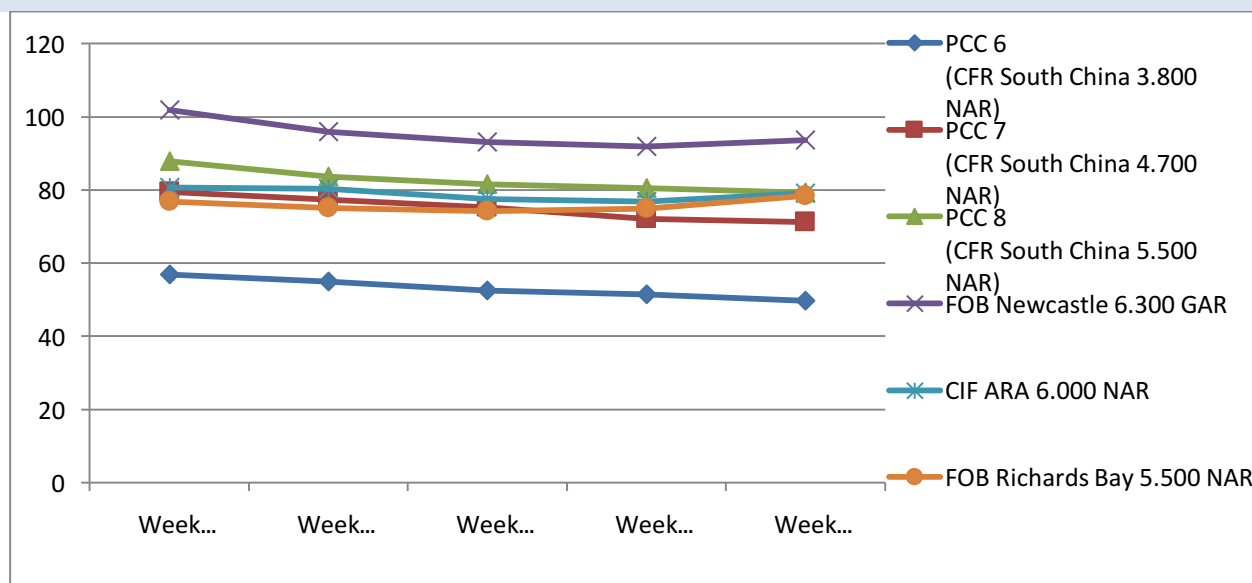


Chart 1: Average coal price March(2018)

(Source: Platts)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Month – March	01/03	06/03	12/03	15/03	21/03	23/03	29/03
Capesize (150,000 tons)								
1	Australia – China	7.55	8.00	7.50	7.30	7.15	7.45	7.05
2	Queensland – Japan	8.80	9.20	8.70	8.50	8.35	8.65	8.15
3	New South Wales – South Korea	9.30	9.75	9.25	9.05	8.90	9.20	8.70
Panamax (70,000 tons)								
1	Richards Bay - India West	13.65	13.75	13.80	13.80	14.15	14.45	13.80
2	Kalimantan - India West	9.15	9.10	9.40	9.55	10.00	10.00	9.50
3	Richards Bay - India East	13.85	13.95	14.00	14.00	14.35	14.65	14.00
4	Kalimantan - India East	7.75	7.70	8.00	8.15	8.60	8.60	8.05
5	Australia - China	12.50	12.45	12.90	13.00	13.25	13.40	12.25
6	Australia - India	13.70	13.60	14.00	14.35	14.75	14.90	14.00

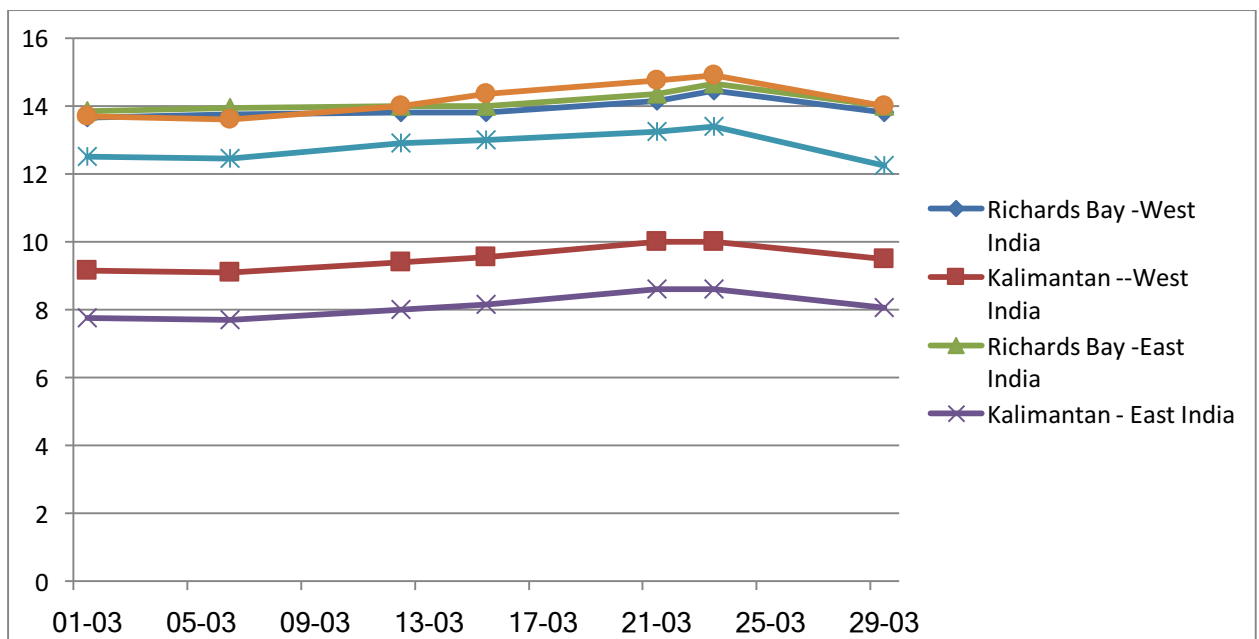


Chart 2: International spot dry bulk freight in March

(Source: Platts Coal Trader International)

II. NEWS

China reinstates import curbs in Fujian province

Asian thermal coal buying sentiment took another hit this week as news broke in China that certain ports in Fujian had restricted the flow of imports again, sources said Tuesday “There is no advance notice [of the import restrictions]. They just came up with this policy all of a sudden. It’s very tricky,” a Shanghai-based trader said, noting that it was informally decided by customs. “They didn’t release any [official] news. They just advised the local agents.” He was uncertain if other ports would soon adopt this policy but he said it was a signal from the government to the market that it was monitoring movements and was ready to impose stringent rules. A trader in south China noted that the restriction had more to do with excess supply.

A China-based source said there were no formal papers released concerning import restrictions in Fujian. But he expected this news to slow down activities at the customs similar to what happened last year. “But it doesn’t seem to affect the market much because of high stocks available right now,” he said. He heard domestic 5,500 kcal/kg NAR coal trading at Yuan 585-590/mt FOB, adding that miners in Shanxi Province were also lowering their price. “Too much supply and too few vessels [available for loading]. If one wants to release some supply, the only way is to lower the price,” he said. Domestic 5,000 kcal/kg NAR was trading at around Yuan 525-530/mt FOB.

According to the Shanghai-based trader, he heard that Capesize shipments are being restricted from entering certain ports in Fujian, though there were still chances for Panamax vessels to be allowed entry. The trader expected this renewed tightening of import volumes to hit Australian coal more, though he did not see much change in the price of Newcastle 5,500 kcal/kg NAR coal until after an industry gathering in Beijing next week. He said an April-loading Capesize shipment of Australian 5,500 kcal/kg NAR coal was heard traded at \$71/mt FOB.

Indonesia coal prices continue to fall

A west India-based trader said East Kalimantan 4,200 kcal/kg GAR coal traded into India last week at \$43/mt FOB on geared vessel basis and at \$43.50/mt FOB for a gearless shipment of South Kalimantan coal with similar heating value. But this week, he received a bid at \$40/mt FOB. “But when I checked with miners, no one is willing to supply below \$41.50/mt FOB on gearless vessel basis. An Indonesia-based trader said although Indian buyers have to procure cargoes as they are low on stocks, deals are not happening as they fear further price falls. “It’s still difficult to get cargoes in Indonesia due to rains, so I am a bit surprised at the rate lower-grade coal prices are falling,” he said. He expected Indian buying to pick up steam in the next two weeks as end-users stock up for the upcoming monsoon season.

He is offering geared vessel shipments of 5,200 kcal/kg GAR coal with 1.4% sulfur for end-April loading at \$64-\$65/mt FOB and 3,400 kcal/kg GAR at \$27/mt FOB. An Indonesia coal producer said his company is offering a gearless shipment of 4,800 kcal/kg GAR coal at \$63-\$64/mt FOB Kalimantan for end April.

3% global power demand gain met by renewables, coal in 2017

Coal generation increased in 2017, adding over a third of the additional demand required and extending its lead in the global power mix to 37%, the IEA’s preliminary data, published Thursday, shows, with coal generation mainly driven by Asia more than offsetting reduced coal output in the US and EU. World electricity demand rose 3.1% in 2017 with China and India accounting for 70% of the total 780 TWh increase in power demand, the International Energy Agency said in a new report. Advanced economies accounted for 10% of electricity demand growth, with demand in the European Union up 2.3% or 75 TWh, while the United States registered a demand decline by almost 80 TWh from 2016, it added. Renewables accounted for nearly half of the global additional generation required to meet higher demand, bringing their share in the global power mix to a record high of 25%, the IEA said. Gas-fired generation accounted for 12% of the additional global growth with reduced demand in the US offsetting gains elsewhere, it added. Overall, global energy demand grew by 2.1% in 2017 as world GDP increased 3.7% lifting global energy-related carbon emissions for the first time since 2014 to a new record-high, according to the IEA’s first ‘Global Energy and CO2 Status Report’.

Global Electricity Generation 2017

	Total (TWh)	Change on-year (TWh)	% share
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Coal	9,566	284	37
Renewables	6,426	383	25
Gas	5,944	94	23
Nuclear	2,637	26	10
Oil	997	-9	4

(Source: Platts)