



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
WEEKLY NEWS – SECOND WEEK
OF MAY
 (From 07/05 – 11/05/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 16/04-20/04	Week 23/04-27/04	Week 30/04-04/05	Week 07/05-11/05
PCC 6 (CFR South China 3,800 NAR)	47.82	50.75	51.01	52.35
PCC 7 (CFR South China 4,700 NAR)	68.46	68.77	69.57	71.26
PCC 8 (CFR South China 5,500 NAR)	75.16	80.83	81.65	84.66
FOB Newcastle 6,300 GAR	93.16	95.53	100.67	102.21
CIF ARA 6,000 NAR	82.75	81.28	84.45	88.53
FOB Richards Bay 6,000 NAR	79.89	81.15	85.26	87.78
NEWC (FOB Newcastle 6,000 NAR)	93.78	102.30	101.35	103.75

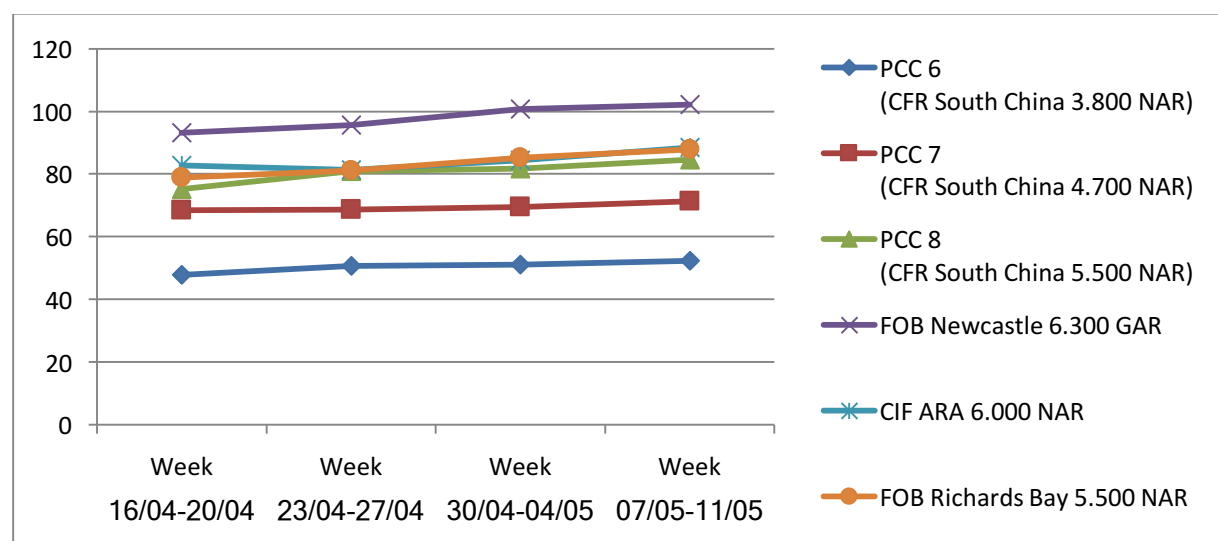


Chart 1: Average coal price week 2nd May (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 2 nd - May	03/05	04/05	08/05	09/05	11/05
Capesize (150,000 tons)						
1	Australia – China	9.35	9.35	9.70	10.20	10.10
2	Queensland – Japan	10.95	10.95	11.30	11.80	11.75
3	New South Wales – South Korea	11.50	11.50	11.95	12.45	12.40
Panamax (70,000 tons)						
1	Richards Bay - India West	13.00	13.00	13.00	12.80	13.05
2	Kalimantan - India West	9.25	9.60	9.75	9.75	9.75
3	Richards Bay - India East	13.20	13.20	13.20	13.00	13.25
4	Kalimantan - India East	7.75	8.10	8.20	8.20	8.20
5	Australia - China	12.15	12.15	12.75	12.80	12.80
6	Australia - India	13.75	13.75	14.15	14.25	14.25

(Source: Platts Coal Trader International)

II. NEWS

Early summer in China supports Asian thermal coal prices

The early start to China's summer season and tightening supply in Indonesia ahead of the Muslim holy month of Ramadan were seen further boosting prices in the near term, sources said Monday. A China-based source said domestic prices had gone up further as sellers saw an upward trend in prices and were holding onto their cargoes anticipating better bids. He said the bullish sentiment could be stemming from the earlier-than-expected start of summer and higher power consumption this year compared to 2017. People were stocking up and bracing themselves for what could be a very hot summer, he said.

Sources heard trade levels for domestic 5,500 kcal/kg NAR coal at Yuan 630-640/mt FOB, and 5,000 kcal/kg NAR at Yuan 535-540/mt FOB. Prices could stay stable or move even higher, the China-based trader said, as hydropower generation had not been strong so far, amid rising temperatures. According to a North China-based trader, prices are also supported by the upcoming Ramadan holidays, which would tighten Indonesian supply of thermal coal. "Typically, we see an upward trend in prices before the fasting month," he added. He heard that a mid-May Panamax shipment of 3,800 kcal/kg NAR — 4,200 kcal/kg GAR — coal traded to India last week at \$44.25/mt FOB. "Offer prices for Indonesian 3,800 kcal/kg NAR coal are increasingly high, but Chinese bids for this material can hardly match the offers," he said. This trader source heard an offer for an early June shipment of 3,400 kcal/kg NAR coal at \$36/mt FOB Kalimantan on a geared basis, but did not indicate any immediate counterbid. "There is some variance in the bids at the moment because of mixed origins for the shipment of this grade of coal, such as Sumatra and Kalimantan," he added.

Indian thermal coal shipments grow 24% on year

India's 12 major government ports handled 9.71 million mt of thermal coal in April, the first month of the current fiscal year 2018-19, up 24% year on year, Indian Ports Association data released Monday showed. The 12 ports received shipments of 4.2 million mt of coking coal, down 7% year on year, the data showed. Paradip port on the east coast handled the highest volume of thermal coal at 3.02 million mt, up 34% from a year ago. Kolkata port, also on the east coast, handled the highest volume of coking coal at 1.25 million mt during the period, up from 822,000 mt from the year ago month. The 12 ports are Kolkata, Paradip, Visakhapatnam,

Ennore, Chennai, VO Chidambaranar (Tuticorin), Cochin, New Mangalore, Mormugao, Mumbai, Jawaharlal Nehru Port Trust (JNPT) and Kandla. Chennai and JNPT ports did not receive any coal cargoes in April.

European thermal coal price begins week with higher trade

The delivered European thermal coal price continued its recent bull rally on Monday with a 75 cent increase although oversupply concerns lingered from many sources. A European utility trader was heard to purchase a 50,000 mt, multiorigin, July-loading cargo at \$91.75/mt; the highest reported trade since mid-January. Despite this high trade, sources felt the market was fundamentally oversupplied as coal burn was reported lower, while plenty of spot cargoes were offered. "US and Russian coals are both oversupplied to Europe," a European utility said.

The source said most coals were arriving on term contracts, but there were some spot cargoes being offered to very limited buyer interest. "There's some [Central Appalachian] and [Illinois Basin] coals being offered, but people aren't buying," the source added. "I don't see much spot demand for US coals coming from Europe," a broker said. The broker said spot US coal was more preferred by Indian consumers, particularly North Appalachian (NAPP) high-CV, high sulfur coals. Russian coal was heard offered at \$87.50/mt FOB Baltic, although spot demand for these coals was similarly weak to the demand for US coal. South African coal continued to push upward despite market expectation of a downward correction in prices. The discount for 5,500 kcal/kg NAR coals from the benchmark 6,000 kcal/kg NAR grade widened due to consumer pressure, but the strong performance of the benchmark grade overcame the wider discount. Platts 5,500 kcal/kg NAR price was assessed at \$88.75/mt FOB Richards Bay, up 50 cents and a new record high.

India's thermal coal imports rise over 15% in Q1

India's thermal coal imports rose by more than 15 percent in the first three months of 2018, with Indonesia accounting for about three-fifths of total supplies, according to vessel arrival data from Dubai-based coal trader American Fuels & Natural Resources. India's rising coal imports are contributing to higher demand across Asia this year, which has pushed benchmark Australian coal cargo prices above \$100/t, a price not seen at this time of year in more than half a decade. Imports rose to 39.6-million tonnes during the three months ended March 31, the data from American Fuels, a supplier of coal from the United States, showed. That is up from 34.4-million tonnes of thermal coal during the first three months of 2017, according to Indian government data which matched the data from American Fuels. India will likely increase 2018 thermal coal imports after two straight years of declines because of domestic logistics bottlenecks, regulatory changes and surging power demand.

Vasudev Pamnani, a senior trader at American Fuels, said India's demand for coal with a higher calorific value, most of which has to be imported, was increasing since buyers want more energy from the coal they purchase to offset higher prices and the logistical problems, mainly railway delays. South Africa was the second-largest source of foreign coal during the first quarter, supplying about one-quarter of the total imports, with the United States and Australia being the next largest sources, the data showed. Adani Enterprises, India's largest coal trader, accounted for about one-sixth of all the imports, purchasing about 6.51-million tonnes during the period, the data showed. The Tata Group imported 5.23-million tonnes of coal during the period with Swiss Singapore, part of the Aditya Birla Group, taking in 2.92-million and JSW Group bringing in 2.48-million. The companies did not respond to requests for comment. The ports of Mundra, Krishnapatnam and Kandla handled about the two-fifths of all of the imports, according to American Fuels.

(Source: Platts)