



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

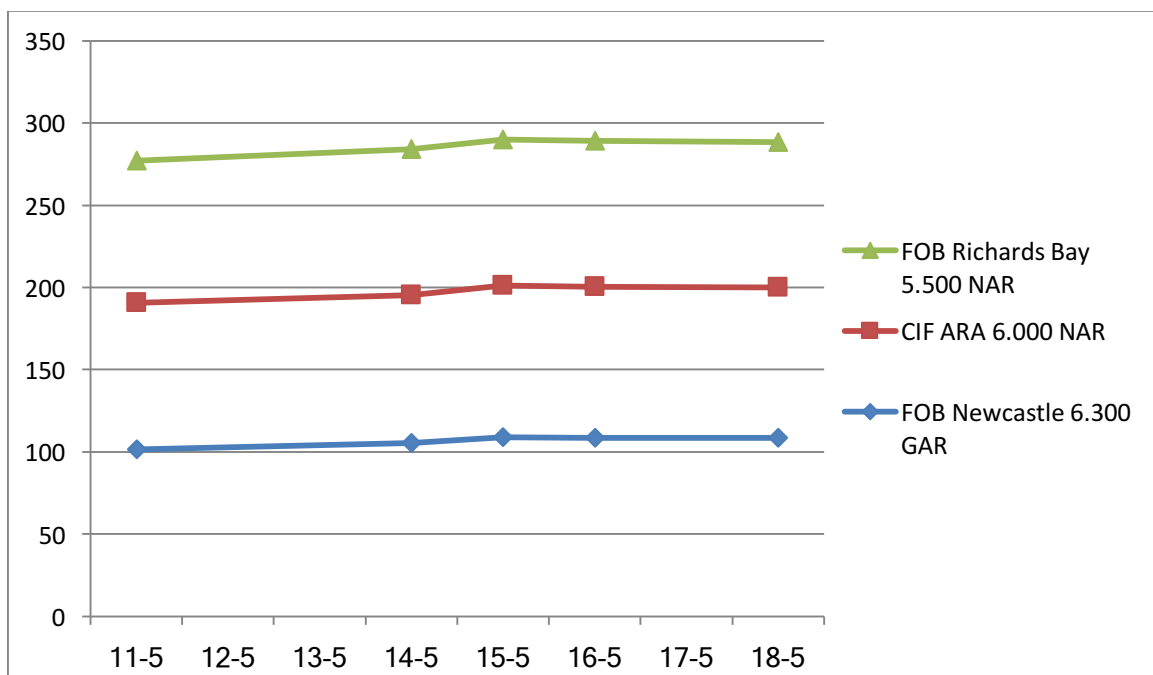
Date 21/05/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	108.40	-0.35	108.90	+0.75
CIF ARA 6,000 NAR	91.70	-1.30	92.70	-1.55
FOB Richards Bay 5,500 NAR	88.25	-1.35	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	79.25	+1.00
FOB Kalimantan 5,000 GAR	N/A	N/A	64.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	49.75	+0.40	342.83	+1.38
PCC7 (CFR South China 4,700 NAR)	72.50	+0.00	460.28	+0.58
PCC8 (CFR South China 5,500 NAR)	86.50	+0.35	549.16	+2.91

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 18/05/2018)

NEWS

US export interest picks up as ARA prices move higher

Sentiment among US producers for US exports is naturally bullish as overseas prices continue to show strength, particularly as demand in India, Europe and the Mediterranean remains strong. The S&P Global Platts price for delivered thermal coal into Northern Europe peaked this week at \$93/mt, which was the highest price seen for the prompt assessment since late January. On Friday, Platts assessed CIF ARA (basis 6,000 kcal/kg NAR) at \$91.70/mt. “At \$90/mt, you will see all kinds of guys in the market,” said one US Central Appalachia producer. A significant amount of CAPP tons should be available for export as well, given the decline in domestic demand, said the producer. The trade is also helped by declining heat quality in Colombia, where producers are having a hard time delivering a 6,000 kcal/kg spec, said the producer. In the Illinois Basin, the export trade is also gaining steam, with more producers booking tons, driven by demand from Europe and the Mediterranean, said the producer. “I’m running my tail off,” said an Illinois Basin producer, when asked about export interest. The IB producer said demand is strong, but logistical issues, particularly with the railroads, are stifling the speed of deals.

A European trader was offered Illinois Basin coal at \$60/mt, basis 6,000 kcal/kg NAR, 75,000 mt, June-loading. The source said this was up from offers last week at \$59-\$59.50/mt, and the price rise was reflective of global coal prices surging upward as well as continued draft restrictions on the Mississippi River. NAPP coal was offered at \$80/mt, 75,000 mt, June-loading, basis 6,000 kcal/kg NAR unchanged from the offer level a week previous, according to a European broker. “I would say nearly 100% of spot coals from the US are going to India currently,” the source said. The source added the European market was well supplied via term contracts agreed earlier in the year, although the high prices in Europe could create additional spot demand in the near term. As well as this, high pricing for South African coal created a favorable arbitrage for NAPP coal into the Indian market. Offers on a CFR India basis were heard between \$103-\$110/mt, with sources saying the difference in price was down to certain notable producers having different positions on the dry bulk freight market.

Surge in European thermal coal price pushes up Turkey CIF market despite low demand

The recent surge in the European thermal coal price has put upward pressure on the CIF Turkey market in the week to Friday, despite a low level of demand, which sources said would eventually put a cap on prices. “Prices are at least \$95/mt for Panamax cargoes into Turkey,” said a Turkey-based consumer. The source said, however, he has no need for material right now as he has enough stock to supply his cement plant for the next three months. Sources said the high European thermal coal prices have been a major factor for the sharp rise in Turkish prices, as well as other reasons like strong freight rates and firm mid-sulfur petcoke prices.

Sources said low demand could limit how much higher prices reach in the coming week, but for now were bullish on pricing. “Buyers are looking domestically,” said another Turkey-based consumer, explaining cheaper domestic coals have been considered more seriously by some buyers owing to a sharp rise in imported coal prices. The source said due to the CIF ARA price being over \$90/mt, the CIF Turkey price could be in the high \$90s/mt, but low demand has been limiting how quick prices have risen by. A June-loading Capesize cargo from Colombia traded this week at \$93.50/mt, with a July-loading cargo at \$91/mt, both to a major Turkish utility.

European thermal coal market bullish despite retracement

The delivered European thermal coal price regressed slightly at the end of the week after rising \$7.75/mt since the start of May, while sources were generally bullish regarding near-term sentiment. The Platts CIF ARA 15-60 day 6,000 kcal/kg NAR price fell to \$91.70/mt, down \$1.30 on day. Sentiment in Europe was fairly optimistic, as sources said low hydro stocks in China would serve as a bullish indicator for the global seaborne market. A second driver of sentiment from the region was the ongoing negotiations between Australian miners and Japanese utilities for year-long coal supply contracts. Sources previously mentioned a figure around \$95/mt FOB, 6,000 kcal/kg

NAR, but a figure closer to \$100/mt was rumored Friday, with sources saying this could add further bullish sentiment to the global market.

The higher delivered-Europe price as well as low dry bulk freight rates on the Baltic-Rotterdam route allowed Russian coal prices to increase; the Platts weekly 90-day FOB Baltic 6,000 kcal/kg NAR price was assessed at \$87.60/mt, up \$2.25 on week. Elsewhere in the Atlantic Basin, South African coal continued to hold at near-record levels as supply tightness across several export grades of coal, coupled with domestic utility Eskom having to purchase tons from the export market, kept upward pressure on pricing. The Platts FOB Richards Bay 5,500 kcal/kg NAR price was assessed at \$88.25/mt, down \$1.25 on from Thursday's record high and the first retracement since the beginning of the month.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
				<i>Unit: USD/ton</i>
Capesize	Australia	China	9.10	+0.35
(150,000 tons)	Queensland	Japan	10.55	+0.35
	New South Wales	South Korea	11.20	+0.35
Panamax	Richards Bay	India West	12.30	-1.00
(70,000 tons)	Kalimantan	India West	9.60	+0.05
	Richards Bay	India East	12.50	+1.00
	Kalimantan	India East	8.05	+0.05
	Australia	China	13.00	+0.15
	Australia	India	14.55	+0.25

(Source: Platts Coal Trader International – Date 18/05/2018)