



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

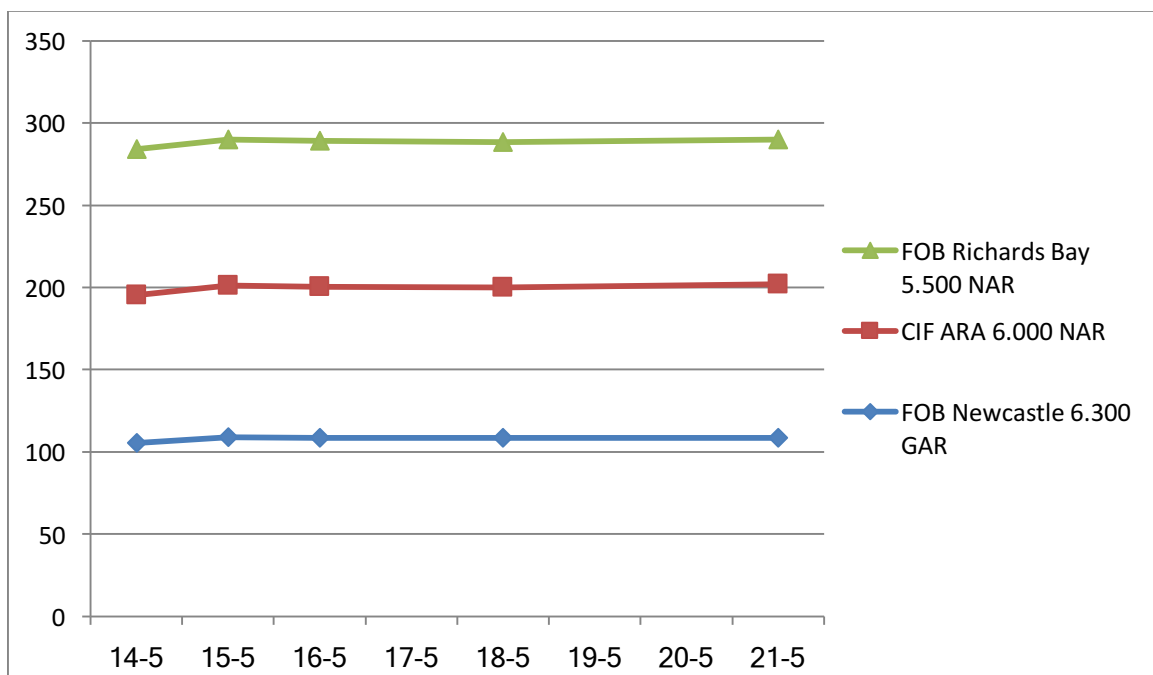
Date 24/05/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	108.40	-0.90	107.70	-1.40
CIF ARA 6,000 NAR	93.35	+0.65	91.80	+0.10
FOB Richards Bay 5,500 NAR	88.30	+0.05	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	80.25	+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)	54.05	+0.05	343.99	+1.16
PCC7 (CFR South China 4,700 NAR)	72.55	+0.05	461.73	+1.45
PCC8 (CFR South China 5,500 NAR)	86.80	+0.30	552.43	+3.27

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 21/05/2018)

NEWS

South African coal prices kept high on unclear outlook

Uncertainty continued to cloud the South African coal market Tuesday as reports of national utility Eskom needing to purchase material typically dedicated to the export market, coupled with supply tightness and a strongly bid index, had sources uneasy on the sustainability of current high price levels. Platts FOB Richards Bay 5,500 kcal/kg NAR 7-45 day price had been on a strong run since the end of March, recently peaking at \$89.60/mt on Thursday, from \$76.10/mt at the end of March. The record price levels had met with consumer resistance in the country's key export market of South Asia. "There is almost no physical demand," a South African trader said. "All the tons we have leaving [Richards Bay Coal Terminal] are on term contracts — there is no spot demand," the source added. The trader said the high prices had created favorable arbitrage into South Asian markets for nearly every other origin of coal, with the US, Australia, and Indonesia being the main competitors. "These prices are phenomenal, no one is buying spot at these levels," a consumer in Asia said. The source had ruled out South African coal for their last three spot purchases, saying Russian, US, and Colombian were all cheaper alternatives for high CV coal, quoting a recent offer for 6,000 kcal/kg NAR South African coal at \$122/mt FOB on Monday. Lower grades of South African coal — the more widely consumed by South Asian utilities — are priced on a discount basis from the 6,000 kcal/kg NAR grade, and sources said the underlying supply tightness was preventing the discounts from widening too far.

The initial price rises were caused by lower Q1 production from rainfall at several of the country's large open pit mines, and blending other grades to account for this shortfall had extended the supply tightness to other coals. Further supporting prices were reports circulating in early May that Eskom was facing domestic supply shortages — usually of lower heating values than export-grade coal — and was looking to purchase anywhere between 3 million to 11 million mt of coal. Sources questioned Eskom's ability to purchase additional tons as any purchase would need approval from the South African Treasury, which would likely resist current market prices. "It's easy to say you will buy more coal from the spot market, but the grades [Eskom] want simply don't exist right now," a consultant in South Africa said. "The only way for Eskom to meet their demand is to meet the market price, but export coal, domestic coal, is all too expensive," the source added. Eskom's typical purchase price for domestic coal is understood by S&P Global Platts to be around \$16/mt, while Platts most recent assessment for 5,500 kcal/kg NAR coal was \$87.65/mt on Tuesday. Eskom has declined to comment when contacted by Platts on the matter.

US thermal coal arbitrage into Europe open, flows unlikely to increase

US thermal coal is currently pricing into the CIF ARA market, but low spot demand, port issues and US coal sellers well sold on term contracts, mean flows are unlikely to increase, traders in Europe said Wednesday, despite an open arbitrage, putting no added price pressure on US coal. "Central Appalachian (CAPP) coal is already fairly well booked into Europe," one UK-based trader skid. The source said in principle, US coal is pricing into Europe, but in practice, through being well-committed via contracts, it would be hard for US producers to export significant additional volumes. A European trader said US producers were bullish regarding the current price in Europe, but he was skeptical they could produce enough to meet demand, which he felt could benefit sellers of lower sulfur Colombian and Russian coals. "Utilities in Europe seem relatively well stocked at the moment," said a broker, explaining despite CAPP coal pricing into Europe, there is unlikely to be much need on behalf of consumers in Europe to take advantage of this.

Utilities in Europe typically blend high sulfur US coal with low sulfur Russian or Colombian coal. A North Europe-based trader said owing to logistical issues at US East Coast ports and low utility demand in Northern Europe, there was not likely be much increase in CAPP flows to Europe. S&P Global Platts assessed the FOB Baltimore, 15-60 day price at \$74.31/mt, normalized to a 6,000 kcal/kg NAR basis, with a CIF ARA, 15-60 day, 6,000 kcal/kg NAR price at \$91.70/mt, Friday. The UK-based trader pegged the Panamax freight from the US East Coast to Rotterdam around \$12.50/mt, leaving US coal in the money by \$4.89/mt. In 2017, the US exported 9.89 million mt to Europe, making up around 32% of total coal exports from the US, according to customs data.

According to S&P Global Platts cFlow vessel tracking software, 127 coal-laden and part-laden vessels have arrived at Rotterdam so far in 2018, 29 of which have been from the US.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	9.25	+0.15
	Queensland	Japan	10.70	+0.15
	New South Wales	South Korea	11.35	+0.15
Panamax (70,000 tons)	Richards Bay	India West	12.35	-0.15
	Kalimantan	India West	9.60	+0.00
	Richards Bay	India East	12.35	-0.15
	Kalimantan	India East	8.05	+0.00
	Australia	China	13.00	+0.00
	Australia	India	14.55	+0.00

(Source: Platts Coal Trader International – Date 21/05/2018)