



**PETROVIETNAM POWER CORPORATION**  
**PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY**  
**DAILY NEWS**

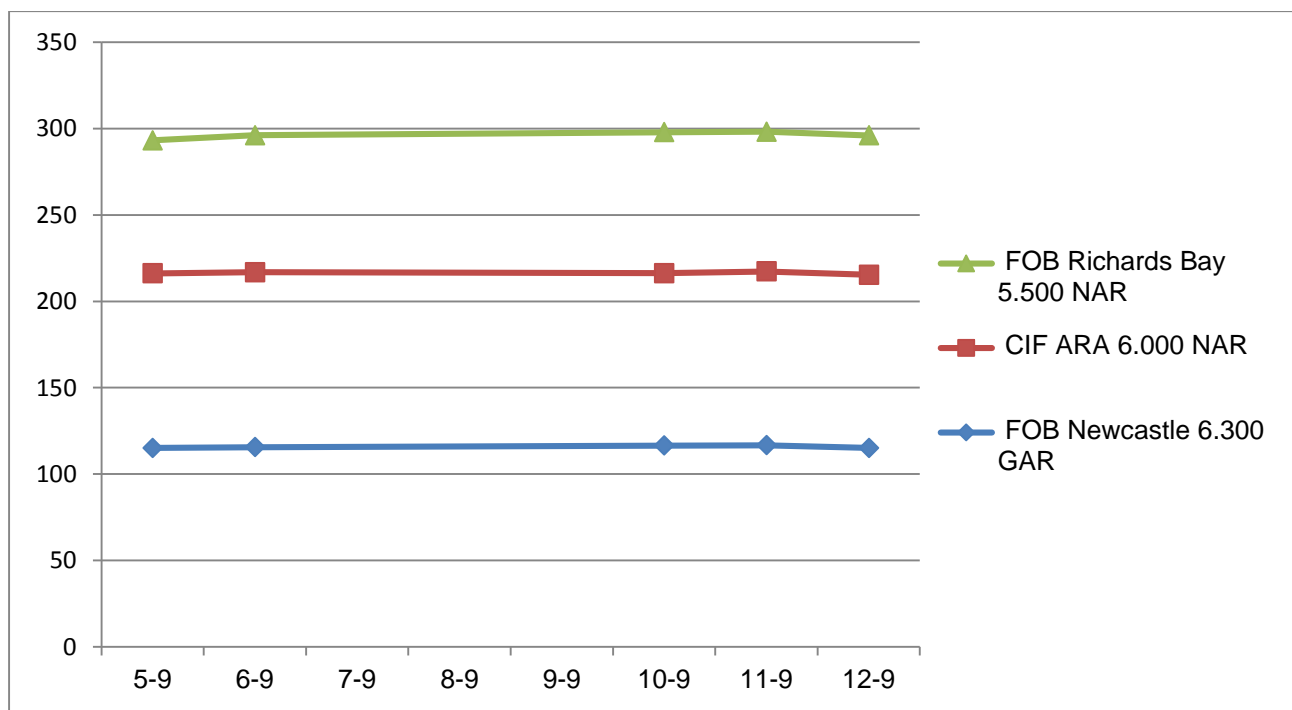
Date 14/09/2018

**INTERNATIONAL COAL PRICE ASSESSMENTS**

| Daily prompt physical thermal coal assessments | Window 7 – 45 day | +/-   | Window 90 - day | +/-   |
|--|-------------------|-------|-----------------|-------|
| FOB Newcastle 6,300 GAR                        | 115.15            | -1.55 | N/A             | N/A   |
| CIF ARA 6,000 NAR                              | 100.20            | -0.35 | N/A             | N/A   |
| FOB Richards Bay 5,500 NAR                     | 80.65             | -0.20 | N/A             | N/A   |
| FOB Kalimantan 5,900 GAR                       | N/A               | N/A   | 73.25           | +0.00 |
| FOB Kalimantan 5,000 GAR                       | N/A               | N/A   | 52.75           | +0.75 |

| China Coal Assessment            | USD/tons | +/-   | NDT/tons | +/-   |
|----------------------------------|----------|-------|----------|-------|
| PCC6 (CFR South China 3,800 NAR) | 47.00    | +0.00 | 373.01   | +0.14 |
| PCC7 (CFR South China 4,700 NAR) | 61.15    | +0.90 | 485.31   | +7.32 |
| PCC8 (CFR South China 5,500 NAR) | 76.00    | -0.50 | 603.17   | -3.74 |

**DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018**



*(Source: Platts Coal Trader International – Date 12/09/2018)*

## **NEWS**

### **Dip in hydropower output may stimulate Chinese coal import demand**

Flagging electricity output from China's hydropower generators may lead to some marginal demand for Australian 5,500 kcal/kg NAR thermal coal, market sources said Wednesday. "Hydropower may stop performing as well as it has," one market source said, adding this might lead to some Chinese extra demand for Australian thermal coal. Bid indications from China for Australian 5,500 kcal/kg NAR thermal coal had stagnated at low-\$60s/mt FOB Newcastle for October shipment, mostly due to tight import controls. "Port restrictions [in China] are not going to be relaxed any time soon," said one market source, adding he believed the import controls might be waived early in the new year.

Capesize freight rates on the Newcastle to south China trading route had fallen to around \$11.20/mt, from \$12-\$13/mt a week ago, according to shipping sources. Few offers for Australian 5,500 kcal/kg NAR shipments were seen in the seaborne market for China, though sources confirmed cargoes of this grade have moved to India, Turkey and Europe. In contrast, Chinese domestic prices climbed, with trades heard at Yuan 635-640/mt FOB Qinhuangdao for 5,500 kcal/kg NAR, while 5,000 kcal/kg NAR was heard traded at around Yuan 550/mt FOB. "Some buyers are restocking and they can't buy imported coal," a trader commented. Stockpiles at downstream plants were still heard to be high at some utilities. An end-user in southern China said it still has stocks to meet 40 days' demand as monthly consumption remains weak.

### **Indonesia sets September HBA thermal coal price at \$104.81/mt, up 14% on year**

Indonesia's Ministry of Energy and Mineral Resources set its September thermal coal reference price, also known as Harga Batubara Acuan or HBA, at \$104.81/mt, down 2.8% from August but up 13.8% year on year. The ministry had set the price for August at \$107.83/mt, and for September 2017 at \$92.03/mt. The HBA is a monthly average price based 25% each on Platts Kalimantan 5,900 kcal/kg GAR assessments, Argus-Indonesia Coal Index 1 (6,500 kcal/kg GAR), Newcastle Export Index (6,322 kcal/kg GAR) and globalCOAL Newcastle (6,000 kcal/kg NAR). In August, the daily Platts FOB Kalimantan 5,900 kcal/kg GAR coal assessment averaged \$77.68/mt, down from \$82.96/mt in July, while the daily 7-45 day Platts Newcastle FOB price for coal with a calorific value of 6,300 kcal/kg GAR averaged \$118.29/mt, compared with \$120.74/mt in the previous month. The HBA price for thermal coal is the basis for determining the prices of 77 Indonesian coal products and calculating the royalty producers have to pay for each metric ton of coal sold. It is based on 6,322 kcal/kg GAR coal with 8% total moisture content, 15% ash as received and 0.8% sulfur as received.

### **Coal stocks at Richards Bay begin to decline as spot demand picks up**

Thermal coal stockpiles at Richards Bay Coal Terminal in South Africa were 5.2 million mt at the start of the week, down from 5.5 million mt at the beginning of the month as spot demand for South African coal was heard to be increasing, data seen by S&P Global Platts showed Monday. Most of that demand has come from India as South African FOB Richards Bay prices have become more favorable compared with high ash FOB Newcastle 5,500 kcal/kg prices. The arbitrage for Australian high-ash thermal coal to India versus South African is now about \$16/mt, compared with \$20/mt in late July, S&P Global Platts data showed.

Stocks had built from 3.55 million mt in early July as high FOB prices for South African coal coupled with the Indian monsoon season had weakened spot demand. Faced with such low spot demand, sellers of South African coal were heard to widen their discounts from the benchmark financial contract – the pricing mechanism for all specs of South African coal – in order to stir up sales. The Platts FOB Richards Bay 5,500 kcal/kg NAR price declined from \$90.40/mt on July 9 to \$73.80/mt on September 4. "We expect more demand with the new discounts," a source in South Africa said. The discount from the financial 6,000 kcal/kg NAR grade to physical 5,500 kcal/kg NAR grade, which was heard at \$9.20/mt at the start of July, has widened to \$16/mt on Tuesday. A producer-trader in South Africa said since the price softened they had received more demand from buyers in South Asia looking to purchase on a fixed price basis in order to lock in lower prices.

## **INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS**

| <b>Size</b>     | <b>From</b>     | <b>To</b>   | <b>Freight rates</b> | <i>Unit: USD/ton</i><br><b>Change</b> |
|-----------------|-----------------|-------------|----------------------|---------------------------------------|
| <b>Capesize</b> | Australia       | China       | 9.15                 | -0.05                                 |
| (150,000 tons)  | Queensland      | Japan       | 10.45                | -0.05                                 |
|                 | New South Wales | South Korea | 11.30                | -0.05                                 |
| <b>Panamax</b>  | Richards Bay    | India West  | 14.20                | +0.00                                 |
| (70,000 tons)   | Kalimantan      | India West  | 10.15                | +0.20                                 |
|                 | Richards Bay    | India East  | 14.40                | +0.00                                 |
|                 | Kalimantan      | India East  | 8.55                 | +0.15                                 |
|                 | Australia       | China       | 13.60                | +0.20                                 |
|                 | Australia       | India       | 15.35                | +0.15                                 |

(Source: Platts Coal Trader International – Date 12/09/2018)