



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

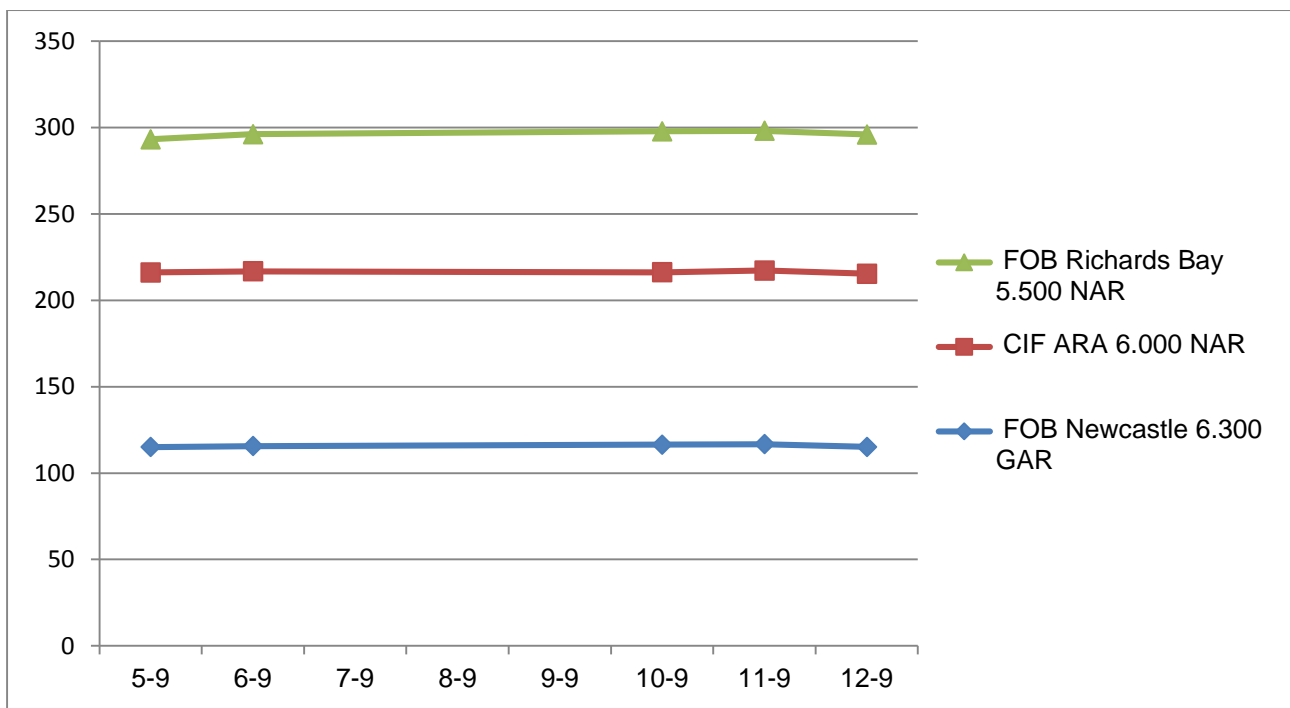
Date 17/09/2018

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

Glencore returns to Japan coal talks scuppered by high prices

Mining giant Glencore Plc and Japanese utilities have resumed thermal coal supply negotiations, restarting talks that fell apart earlier this year as prices hovered near a six-year high. Glencore and Japan's Tohoku Electric Power Co are discussing an annual supply contract starting in October at \$103 to \$118 a metric tonne. Spot prices for Australia's Newcastle coal, a regional benchmark, have been robust the past three months, trading near the highest in more than six years. A spokesman for the Japanese utility said the company holds discussions with suppliers as needed, but declined to comment specifically on talks with Glencore. "Tohoku usually buys more volume under the October-September contract, therefore, a settlement is more likely to be reached this time," said Prakash Sharma, research director at Wood Mackenzie Ltd, predicting they would eventually agree to around \$110. "Even if the April episode is repeated, we don't think it would be the end of the reference pricing system as some buyers in Japan and wider Asia continue to have a preference for contract pricing."

Newcastle coal on the Globalcoal index hit \$117.95 a ton in July, the highest since February 2012. The fuel has averaged about \$105 in 2018, heading for the most since 2011. Prices closed at \$114.40 on Thursday. Japanese coal users have raised concerns over Glencore's expansion in Australia, where Japan gets about three-quarters of its thermal coal. Jera Co, one of Japan's biggest buyers, warned the nation's antitrust regulators last year that Glencore's purchase of Rio Tinto Group's Hunter Valley mines in Australia would give it a dominant position as a supplier and hurt competition, Bloomberg News reported in December. Analysts at Credit Suisse see possible support for those worries. Major miners could avoid trading cargoes on platforms such as Globalcoal to keep visible pricing illiquid, they wrote in the September 12 note, citing a McCloskey report that Glencore won a tender to sell coal to Korean companies at \$95 a tonne. "We conclude that Glencore – the biggest Hunter Valley coal producer – would prefer to win contracts at lower prices than add liquidity to the spot market," they wrote. "Extreme illiquidity has probably helped the Newcastle spot coal price remain so resilient. It could be intentional – an expression of the pricing power that major miners are beginning to exercise over the price following consolidation."

Coal India wants a coal export policy before finalising commercial contracts for exporting the dry fuel

Coal India wants a policy on coal exports before it could finalise commercial contracts for exporting the dry fuel, a senior CIL official said. "There is need for a policy. But, we are not aggressive as we are facing high demand in the domestic market and the initial aim is to fulfil that," the senior Coal India official told PTI. "We are in process of dialogue for export to Nepal, Bangladesh and Bhutan to create a market for long term. A very small quantity of coal is exported to neighbouring countries through bilateral agreements," he said.

Earlier, government was planning to export coal with high ash content or of higher grades. Coal India was scouting for export opportunity at the time when pithead coal stock was high as close to 70 million tonne in May 2017. Pithead coal finds comparatively low interest due to evacuation and cost issues. With sudden spiralling demand from the power sector, the pithead stock had reduced to 23 million tonne now. In the recent months the miner was failing to fulfil coal demand for power and non-power sectors like aluminium and cement sector. Coal India had revised its internal production target to 652 million tonne against 630 million tonne fixed earlier following pressure from the ministry to increase production.

Australian Gladstone port's Aug coal exports hit 4-month low at 5.35 mil mt

Coal exports from Gladstone port in Australia's Queensland state hit a four-month low in August as volumes to key destinations Japan and India fell while to South Korea remained strong, Gladstone Ports Corporation data showed Thursday. A total 5.35 million mt of mostly metallurgical coal was shipped from Gladstone in the month, down 10% year on year and down 8% from July, the data showed. The total was also down from a 17-month high of 6.35 million mt in May, but had not been

above 5 million prior to that in 2018. Over January-August 42.89 million mt of coal was exported from Gladstone, equating to an annualized rate of 64.42 million mt; the 2017 total was 68.29 million mt.

Export volumes from Gladstone to Japan stood at 1.45 million mt in August, down 14% on year and down 15% from July, and to India hit a four-month low at 1.22 million mt, down 24% on year and down 31% from July, the data showed. However exports to South Korea, at 1.2 million mt, were up 108% on year and up 1% from July, and the highest since at least July 2013. Over January-August, exports to South Korea totaled 7.37 million mt, equating to an annualized rate of 11.07 million mt; the 2017 total was 9.95 million mt. Exports to China totaled 816,000 mt, down 37% on year but up 53% from July. Over January-August the total was 6.24 million mt, equating to an annualized rate of 9.38 million mt; the 2017 total was 12.98 million mt. Shipments to Taiwan totaled 268,000 mt, down 54% on year and up 238% from July. Over January-August the total was 1.37 million mt, equating to an annualized rate of 2.06 million mt; the 2017 total was 3.1 million mt. Approximately 70% of coal handled at Gladstone port is metallurgical coal and the balance 30% thermal, according to GPC.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	9.15	-0.05
	Queensland	Japan	10.45	-0.05
	New South Wales	South Korea	11.30	-0.05
Panamax (70,000 tons)	Richards Bay	India West	14.20	+0.00
	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)