



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

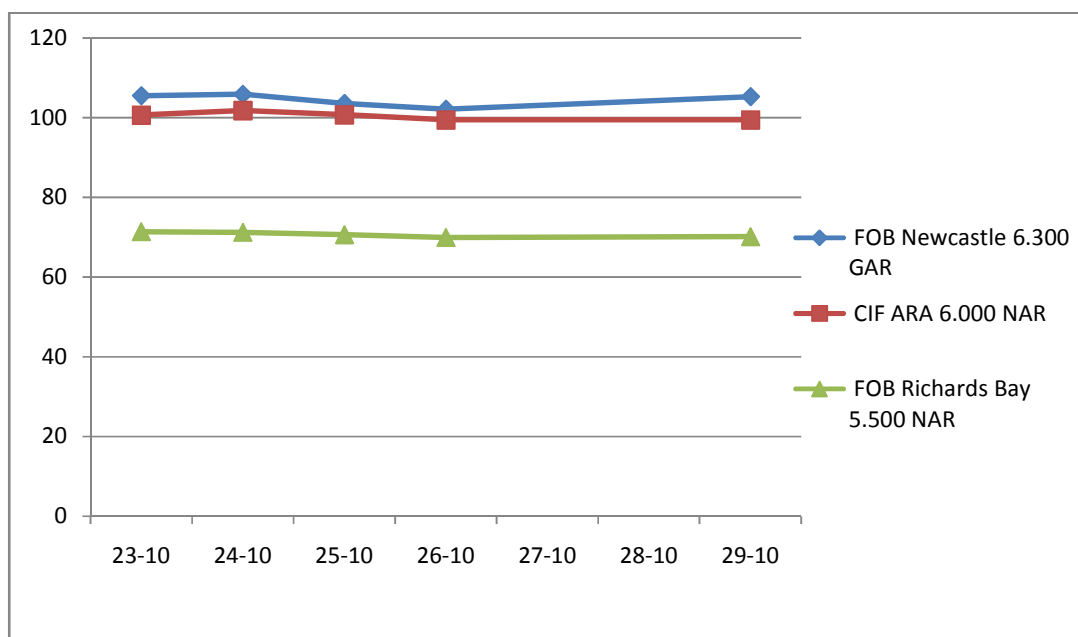
Date 30/10/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	105.30	+3.15	N/A	N/A
CIF ARA 6,000 NAR	99.45	+0.60	N/A	N/A
FOB Richards Bay 5,500 NAR	70.15	+0.20	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	72.50	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	53.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	45.30	-0.75	314.10	-4.56
PCC7 (CFR South China 4,700 NAR)	60.80	-0.20	412.57	-0.54
PCC8 (CFR South China 5,500 NAR)	77.75	+0.00	539.10	+1.08

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International –Date 29/10/2018)

NEWS

Korea South-East Power buys 260,000 mt Australian thermal coal for Jan 2019

Korea South-East Power Company, or KOEN, booked two Capesize cargoes of Australian thermal coal from a large Australian coal producer at \$92.50/mt FOB Newcastle on a 6,080 kcal/kg NAR price basis in its KOEN-Coal-2018-SP04 tender that closed October 24, market sources said Monday. This was, however, not confirmed by the company. In the tender KOEN-Coal-2018-SP04, the company was seeking 260,000 mt of minimum 5,600 kcal/kg NAR coal with maximum 0.9% sulfur for shipment in January 2019 in lots of 80,000 mt if from Indonesia or the US, or 130,000 mt from Australia, Canada, Colombia or South Africa on an FOB trimmed price basis.

The tender award was one of three tenders that closed October 24 for a total of 710,000 mt of sub-bituminous and bituminous thermal coal for delivery from December 2018 to January 2019 on an FOB and CFR basis to KOEN's Samcheonpo and Yeongheung power plants, according to company tender documents. In the tender KOEN-Coal-2018-SP02, KOEN was seeking 300,000 mt of minimum 4,300 kcal/kg NAR single-mine coal with maximum sulfur of 0.75% for shipping from H2 December 2018 to H1 January 2019 in lots of 80,000 mt from Indonesia or the US, or lots of 150,000 mt if from Australia, Canada, Colombia, Indonesia or South Africa on an FOB trimmed price basis.

In the tender KOEN-Coal-2018-SP03, KOEN requested 150,000 mt of minimum 5,100 kcal/kg NAR single-mine coal with maximum sulfur of 0.9% for loading in December 2018 in lots of 80,000 mt or 150,000 mt on an FOB trimmed or CFR Samcheonpo and Yeongheung price basis. Information on the results of these other two tenders are not yet available.

European traders doubtful of improved Chinese coal demand

Traders in the European thermal coal market are somewhat skeptical of a major increase in Chinese thermal coal demand despite the onset of winter. Recent import restrictions at Chinese ports and rising domestic production have disrupted flows in the seaborne market, causing offspec coals from Australia to flow into Europe instead owing to a favorable arbitrage. "China will be back in December. The question is how much will they take?" said a European-based analyst. The source said the volume of coal China imports for winter will dictate how much off-spec coal flows into Europe in the coming months. "We won't see a repeat of last year," the analyst said, relating to a shortage in stocks leading an aggressive purchasing period prior to the Lunar Festival in China.

According to S&P Global Platts Analytics, non-fossil fuel generation limited Chinese thermal generation growth to 3.7% in September. Alongside stronger coal production, this indicates domestic supply has been catching up to demand, limiting the upside to import demand. "What if they (China) don't come back like before?" said a European utility trader, speculating maybe the growing domestic production has been enough to satisfy demand. The source said China imported around 240 million mt of coal in 2017.

Domestic production up on year

According to data from the National Bureau of Statistics China, production of all coal totalled 30.6 million mt in September, an increase of 5% on month with a year to date total of 2.6 billion mt, also an increase of 5% from the year ago period. Domestic production came to 3.4 billion mt in 2017, an increase of 3.2% on year, data from the Bureau showed. "Europe is a natural home (for off-spec), but it can't take much more," said a European trader. According to Platts vessel tracking software, cFlow, three coalladen vessels are currently en-route to Rotterdam from Newcastle port in Australia. On August 25, Iskenderun port in Turkey received a Capesize vessel, Irene II, from Hay Point via Karadeniz Ereğli port in Turkey, cFlow data showed.

"The whole picture could change when China comes back," said the another European trader, highlighting the influence on the global seaborne market China has. The average S&P Global Platts FOB Newcastle 5,500 kcal/kg NAR 23% ash, 7-45 day price was \$65.29/mt for September, compared to the FOB Richards Bay 5,500 kcal/kg NAR, 7-45 day price at \$76.66/mt for the month. Normalized on a 6,000 kcal/kg NAR basis, with an adjustment for ash content, a Capesize of

FOB Newcastle 5,500 kcal/kg NAR high ashcoal would come to \$82.15/mt, based on Platts pricing Wednesday. Platts assessed the CIF ARA 6,000kcal/kg NAR, 15-60 day price at \$101.80/mt Wednesday, leaving an implied freight of \$19.65/mt. The Platts assessment for Capesize vessels travelling from Hay Point to ARA was assessed at \$13.20/mt Wednesday.

(Source: www.platts.com)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change	<i>Unit: USD/ton</i>
Capesize (150.000 tons)	Australia	China	10.70	+0.25	
	Queensland	Japan	12.30	+0.30	
	New South Wales	South Korea	13.15	+0.30	
Panamax (70.000 tons)	Richards Bay	India West	14.20	+0.00	
	Kalimantan	India West	10.05	+0.00	
	Richards Bay	India East	14.50	+0.00	
	Kalimantan	India East	8.40	+0.00	
	Australia	China	13.40	+0.00	
	Australia	India	15.00	+0.00	

(Source: *Platts Coal Trader International* –Date 29/10/2018)